

CYPRESS HILLS RESOURCE CORP.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Cypress Hills Resource Corp.

Opinion

We have audited the accompanying financial statements of Cypress Hills Resource Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which indicates that the Company incurred a net loss of \$49,357 during the year ended December 31, 2024 and, as of that date, the Company's accumulated deficit was \$2,393,198. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year ended. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

February 6, 2025

CYPRESS HILLS RESOURCE CORP.

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	December 31, 2024	December 31, 2023
Assets		
Current assets		
Cash	\$ 20,231	\$ 68,169
Amounts receivable	-	171
Total assets	\$ 20,231	\$ 68,340
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities – Note 7	\$ 38,256	\$ 37,008
Total liabilities	38,256	37,008
Shareholders' equity (deficiency)		
Share capital – Note 6	2,375,173	2,375,173
Deficit	(2,393,198)	(2,343,841)
Total shareholders' equity (deficiency)	(18,025)	31,332
Total liabilities and shareholders' equity (deficiency)	\$ 20,231	\$ 68,340

Basis of presentation and going concern (Note 2)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

Signed: Ted J. Fostey, Director

Signed: Brian Bayley, Director

The accompanying notes are an integral part of these financial statements.

CYPRESS HILLS RESOURCE CORP.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

<i>For the years ended December 31,</i>	2024	2023
Operating and administrative expenses		
Corporate and administrative services – Note 7	\$ 9,150	\$ 25,000
Professional fees	28,211	23,859
Transfer agent, listing, filing and shareholder communications fees	14,548	20,879
Office and other	135	237
Total operating and administrative expenses	(52,044)	(69,975)
Other expenses		
Exploration and evaluation expenses – Notes 4 and 7	(15,000)	(31,146)
Gain on write-off of accounts payable – Note 5	17,687	-
Net loss and comprehensive loss for the year	\$ (49,357)	\$ (101,121)
Weighted average number of common shares outstanding (basic and diluted)	19,986,965	19,986,965
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)

The accompanying notes are an integral part of these financial statements.

CYPRESS HILLS RESOURCE CORP.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital	Deficit	Total
Balance, December 31, 2022	\$ 2,375,173	\$ (2,242,720)	\$ 132,453
Net loss and comprehensive loss	-	(101,121)	(101,121)
Balance, December 31, 2023	2,375,173	(2,343,841)	31,332
Net loss and comprehensive loss	-	(49,357)	(49,357)
Balance, December 31, 2024	\$ 2,375,173	\$ (2,393,198)	\$ (18,025)

The accompanying notes are an integral part of these financial statements.

CYPRESS HILLS RESOURCE CORP.

STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

<i>For the years ended December 31,</i>	2024	2023
OPERATING ACTIVITIES		
Net loss for the year	\$ (49,357)	\$ (101,121)
Item not affecting cash:		
Gain on write-off of accounts payable	(17,687)	-
Change in non-cash working capital items:		
Amounts receivable	171	544
Accounts payable and accrued liabilities	18,935	(4,569)
Net cash used in operating activities	(47,938)	(105,146)
Change in cash for the year	(47,938)	(105,146)
Cash, beginning of year	68,169	173,315
Cash, end of year	\$ 20,231	\$ 68,169

Supplemental cash flow information

There were no non-cash investing or financing activities during the years ended December 31, 2024 and 2023.

The accompanying notes are an integral part of these financial statements.

CYPRESS HILLS RESOURCE CORP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Expressed in Canadian Dollars)

NOTE 1 – NATURE OF BUSINESS

Cypress Hills Resource Corp. (the “Company” or “Cypress”) is listed on the NEX tier of the TSX Venture Exchange (“TSXV”). Following the expiry of mineral claims previously held (Note 4), the Company has no commercial operations and seeks new business assets or an operating entity for a reverse take-over or other such transaction.

The Company is incorporated in the Province of British Columbia and the address of its registered office is 12 Waterfront Centre, 200 Burrard St., Vancouver, BC V6C 3L6.

NOTE 2 – BASIS OF PRESENTATION AND GOING CONCERN

a) Statement of compliance

These financial statements are prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Material accounting policy information and the applicable basis of measurement used in the preparation of these financial statements are described in Note 3.

These financial statements were authorized by the Board of Directors on February 6, 2025.

b) Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operations for the next 12 months and will be able to realize its assets and discharge its liabilities in the normal course of operations. For the year ended December 31, 2024, the Company reported a net loss and comprehensive loss of \$49,357 (2023 - \$101,121) and it has an accumulated deficit of \$2,393,198 as at December 31, 2024 (December 31, 2023 - \$2,343,841).

The Company has a working capital deficiency of \$18,025 as at December 31, 2024 (December 31, 2023 – working capital of \$31,332). Working capital deficiency as at December 31, 2024 includes \$20,231 in cash which is insufficient to pay the \$38,256 in accounts payable and accrued liabilities then outstanding, for routine operations for the next 12 months and some exploration of the Amar Property, but the Company will require additional funding for more comprehensive exploration of the Amar Property. While the Company has been able to raise capital by way of equity financings and shareholder loans in the past, there is no certainty it will be able to do so in the future. As a result, there is significant uncertainty as to the Company's ability to continue as a going concern.

The accompanying financial statements do not include any adjustments that might result if the Company is unable to continue as a going concern. If the going concern basis is not appropriate, adjustments may be necessary to the carrying amounts and classification of the Company's assets and liabilities and such adjustments may be significant.

CYPRESS HILLS RESOURCE CORP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Expressed in Canadian Dollars)

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. These financial statements have been prepared based on the accrual basis of accounting, except for cash flow information, and are presented in Canadian dollars, which is also the functional currency of the Company.

b) Financial instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss. The Company classifies its financial assets and financial liabilities in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- ii) those to be measured at amortized cost.

Financial assets

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

The Company has classified its financial assets as follows:

- Cash is measured at fair value with changes to fair value subsequent to initial recognition being recorded in profit or loss for the period in which they occur.
- Amounts receivable are measured at amortized cost using the effective interest rate method. Interest income, where material, is recorded in profit or loss.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. During the years ended December 31, 2024 and 2023, the Company did not recognize any impairment of financial assets.

CYPRESS HILLS RESOURCE CORP.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in Canadian Dollars)**

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company's financial liabilities include accounts payable and accrued liabilities which are measured at amortized cost using the effective interest rate method. Interest expense, where material, is recorded in profit or loss.

The Company derecognizes a financial liability when the liability is extinguished by way of discharge, cancellation or expiry.

c) Exploration and evaluation assets

Amounts paid for the acquisition of exploration and evaluation assets as well as on-going exploration expenditures are charged to operations as incurred. Acquisition costs may include cash consideration or the fair value of common shares issued for mineral property interests. These assets may include claims staked by the Company and those acquired under an option agreement.

After a property is determined by management to be commercially feasible, development expenditures on the property are capitalized. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

During the years ended December 31, 2024 and 2023, all exploration and evaluation expenditures were incurred for early-stage properties and the Company had no properties in development.

d) Asset retirement obligations

The Company is required to remediate environmental disturbances caused by the exploration or development of a mineral property interest, and to decommission and remove any facilities and equipment at the property, to the satisfaction of regulatory bodies. When the Company has a specific and known asset retirement obligation for actual environmental disturbances, it records a liability for the expected reclamation or decommissioning costs, discounted to their present value using discount rates in line with prevailing market interest rates.

An asset retirement obligation related to a property for which exploration and evaluation expenditures are not capitalized are also charged to operations in the period they arise. Liabilities recognized for properties in the development or production stage will be capitalized and amortized over the life of the mine on the same basis as any other capitalized development costs. An additional expense will be recognized to reflect the accretion of the discounted present value of future expenditures through the discounted period.

As at December 31, 2024 and 2023, the Company did not have any asset retirement obligations.

CYPRESS HILLS RESOURCE CORP.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in Canadian Dollars)**

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Share issue costs

Costs incurred to issue shares, which may include cash or equity-settled payments, are accounted for as a reduction in share capital.

f) Share-based compensation

The Company recognizes a share-based compensation charge in profit or loss for stock options granted to employees, officers and directors of the Company. The share-based compensation charge is based on the fair value of option awards granted, measured using the Black-Scholes option pricing model at the date of issue. The fair value of stock options granted is amortized to expense on a graded basis over the vesting periods of the option granted with an off-setting amount recorded in equity reserves. Any expense recorded for options that are forfeited because non-market vesting conditions are not satisfied is reversed in the period in which forfeiture occurs.

When stock options are exercised, the related fair value is reclassified from equity reserves to share capital. The Company has adopted a policy to reclassify the fair value of expired stock options from equity reserves to other components of shareholders' equity.

g) Income taxes

Income taxes comprise current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using enacted tax rates at the reporting date. Deferred tax is calculated using the liability method on temporary differences between the carrying values of assets and liabilities and their respective income tax bases, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the enacted tax rates that are expected to apply when the assets are recovered and the liabilities settled. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that future taxable income will be available against which they can be used.

CYPRESS HILLS RESOURCE CORP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Expressed in Canadian Dollars)

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

h) Per share amounts

Basic loss or earnings per share is calculated by dividing loss or earnings attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss or earnings per share is determined by adjusting the loss or earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

For the years ended December 31, 2024 and 2023, no dilutive stock options or share purchase warrants were outstanding.

i) Critical accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts and presentation of assets, liabilities, revenues, expenses and disclosures of contingencies and commitments. Although these estimates are based on management’s expectations for the likely outcome, timing and amounts of events or transactions, actual results may differ from these expectations and the corresponding amounts and disclosures reported in these financial statements.

Areas where management is required to make significant judgments or where measurements are uncertain are as follows:

i) Taxation

Estimates

Deferred tax assets and liabilities are determined using the tax rates expected to be in effect at the time the assets are realized and liabilities settled. The actual tax rate in effect at that time may vary from the expected tax rates.

Judgments

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company’s current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters. However, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recovered.

CYPRESS HILLS RESOURCE CORP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Expressed in Canadian Dollars)

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) New, amended and future accounting pronouncements

On April 9, 2024, the IASB issued a new standard – IFRS 18, “Presentation and Disclosure in Financial Statements” with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information.

Adoption of IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’.

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

Amar Property

In October 2022, the Company staked 20 mineral cells covering 418 hectares known as the Amar Property, an exploration-stage graphite property in British Columbia. Following the transfer of the Company’s TSXV listing to the NEX tier and because of limited working capital, the Company elected not to maintain its claims in British Columbia, effectively forfeiting its rights to the Amar Property on June 14, 2024.

Prior to forfeiting its rights to the Amar Property, the Company incurred \$15,000 in the year ended December 31, 2024 (2023 - \$18,646) in exploration expenses for the Amar Property.

Other Properties

During the year ended December 31, 2024, the Company incurred \$nil (2023 - \$12,500) in preliminary evaluations of various properties for which it holds no claims or option rights.

NOTE 5 – GAIN ON WRITE-OFF OF ACCOUNTS PAYABLE

During the year ended December 31, 2024, the Company wrote off accounts payable totaling \$17,687 (2023 - \$nil). These charges related to previous operating activity, were disputed by the Company with no response from the vendors and are statute-barred.

CYPRESS HILLS RESOURCE CORP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Expressed in Canadian Dollars)

NOTE 6 – SHAREHOLDERS' EQUITY

a) Share capital

- i. Authorized: Unlimited common shares and preferred shares without par value.
- ii. Issued and outstanding:

No preferred shares were issued and outstanding as at or during the years ended December 31, 2024 and 2023.

There were no changes to the number of common shares issued and outstanding during the years ended December 31, 2024 and 2023.

	Number of Common Shares	Carrying Value \$
Balance, December 31, 2022, 2023 and 2024	19,986,965	2,375,173

b) Stock options

The Company may grant stock options for up to 10% of the issued and outstanding common shares of the Company. The options are exercisable for a period of up to five years from the date of grant, as determined by the Board of Directors, and the exercise price cannot be less than the last price on the TSX Venture Exchange immediately preceding the grant of the options. The Board of Directors determines the time at which any options may vest. No stock options were outstanding as at or during the years ended December 31, 2022, 2023 or 2024.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company is party to a corporate service agreement with Earlston Management Corp. ("Earlston"), a company related by virtue of providing management services to the Company and having certain officers and directors in common. Effective August 1, 2023, Earlston reduced its monthly service charge from \$2,500 per month to \$1,500 per month, and a second reduction to \$500 per month was effective April 1, 2024. During the year ended December 31, 2024, Earlston charged \$9,150 (2023 - \$25,000) for corporate and administrative services of which \$3,696 was owing to Earlston and is included in accounts payable and accrued liabilities as at December 31, 2024 (December 31, 2023 - \$1,575).

On July 1, 2023, the Company entered into a consulting agreement (the "Agreement") with Graham's Geological Data Ltd. ("GGDL"), a company controlled by the Company's former Chief Executive Officer who resigned on June 1, 2024. Pursuant to the Agreement, the Company paid GGDL \$5,000 per month starting July 1, 2023 for general project management and geological services, and reimbursed GGDL for out-of-pocket expenses. GGDL ceased to charge for services on April 1, 2024, and the Agreement was terminated effective June 1, 2024. Exploration and evaluation expenses for the year ended December 31, 2024, includes \$15,000 (2023 - \$30,000) charged by GGDL prior to the termination of the Agreement, of which \$15,750 was owing to GGDL and is included in accounts payable and accrued liabilities as at December 31, 2024 (December 31, 2023 - \$5,250).

CYPRESS HILLS RESOURCE CORP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (Expressed in Canadian Dollars)

NOTE 8 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024, the Company's financial instruments comprise cash and accounts payable and accrued liabilities. The fair values of amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2024, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at December 31, 2024, the Company had a cash balance of \$20,231 which is insufficient to pay current liabilities of \$38,256.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. As the Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash, assets or liabilities denominated in a foreign currency, and marketable securities or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have exposure to these market risks.

CYPRESS HILLS RESOURCE CORP.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in Canadian Dollars)**

NOTE 9 – CAPITAL STRUCTURE

The Company manages capital to safeguard its ability to operate as a going concern while pursuing opportunities for growth through identifying and evaluating potential acquisitions or businesses. The Company defines capital as the Company's shareholders' equity. The Company manages its capital structure in the context of its financial position as well as broader economic and financial market conditions. The Company is not subject to any externally imposed capital requirements and its Board of Directors does not establish a quantitative return on capital criteria for management.

There were no changes in the Company's approach to capital management during the year ended December 31, 2024.

NOTE 10 – TAXATION

The Company's effective tax rate for the years ended December 31, 2024 and 2023 was 27% and a reconciliation of income taxes at statutory rates with the reported taxes is as follows:

<i>For the years ended December 31,</i>	2024	2023
	\$	\$
Loss before income taxes	(49,357)	(101,121)
Expected income tax (recovery)	(13,000)	(27,000)
Adjustment to prior year	(5,000)	-
Change in unrecognized deductible temporary differences	18,000	27,000
Total income tax recovery	-	-

Deferred tax assets as at December 31, 2024 and 2023 have been calculated using a combined federal and provincial substantively-enacted tax rate of 27% (and include the following items which are not reported on the statement of financial position:

<i>As at December 31,</i>	2024	2023
	\$	\$
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	181,000	174,000
Share issuance costs	-	1,000
Allowable capital losses	668,000	668,000
Non-capital losses available for future periods	952,000	939,000
Total potential deferred tax assets	1,801,000	1,782,000
Unrecognized deferred tax assets	(1,801,000)	(1,782,000)
Net deferred tax assets	-	-

CYPRESS HILLS RESOURCE CORP.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in Canadian Dollars)**

NOTE 10 – TAXATION (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

<i>As at December 31,</i>	2024	Expiry Date Range	2023	Expiry Date Range
	\$		\$	
Temporary Differences				
Exploration and evaluation assets	671,000	No expiry date	645,000	No expiry date
Property and equipment	1,000	No expiry date	1,000	No expiry date
Share issuance costs	-	Not applicable	2,000	2023 to 2047
Allowable capital losses	2,475,000	No expiry date	2,475,000	No expiry date
Non-capital losses available for future periods	3,524,000	2026 to 2043	3,475,000	2026 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.