REGAL RESOURCES INC.
RESPONSIBLE EXPLORATION & DEVELOPMENT

Consolidated Financial Statements

For the Fiscal Years Ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)

INDEX

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Regal Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Regal Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2024 and 2023, and the consolidated statements of net loss and comprehensive loss, changes in deficit, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 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 Consolidated 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 consolidated 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 1 of the consolidated financial statements, which indicates 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current year 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 Daniel Nathan.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

December 19, 2024

Regal Resources Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	July 31, 2024 $	July 31, 2023 $
ASSETS			
Current			
Cash		1,944	1,852
Sales taxes receivable		57,395	84,207
Prepaid expenses		865	10,865
		60,204	96,924
Non-current			
Mineral property interests	3	671,634	671,634
		671,634	671,634
		731,838	768,558
LIABILITIES			
Current			
Trade and other payables	4,8	1,884,015	1,322,516
Due to related parties	8	160,121	148,754
Loans payable	6	286,790	81,442
Convertible debenture	5,8	2,782,774	2,777,898
		5,113,700	4,330,610
		5,113,700	4,330,610
DEFICIT			
Share capital	7	6,667,641	6,667,641
Reserves		2,762,896	2,762,896
Deficit		(13,812,399)	(12,992,589)
		(4,381,862)	(3,562,052)
		731,838	768,558

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Gregory Thomas", Director *"Tony Louie"*, Director

– See Accompanying Notes –

Regal Resources Inc.

CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

		Twelve Months Ended July 31,	
	Note	2024 $	2023 $
Expenses			
Finance costs	(5,6)	532,598	560,781
Gain on modified debt		(102,226)	-
Foreign exchange		1,622	1,283
Management fees	(8)	216,000	216,000
Office and miscellaneous		8,840	12,667
Professional fees		117,267	54,028
Regulatory fees		7,582	4,670
Write-off of sales tax receivable		38,127	13,740
Net loss and comprehensive loss for period		(819,810)	(863,169)
Basic and diluted loss per share		(0.01)	(0.01)
Weighted average number of common shares outstanding		66,515,719	64,369,829

- See Accompanying Notes -

Regal Resources Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital $	Reserves $	Deficit $	Total Deficit $
Balance at July 31, 2022	**63,015,719**	**6,317,641**	**2,762,896**	**(12,129,420)**	**(3,048,883)**
Private placement	3,500,000	350,000	-	-	350,000
Net loss	-	-	-	(863,169)	(863,169)
Balance at July 31, 2023	**66,515,719**	**6,667,641**	**2,762,896**	**(12,992,589)**	**(3,562,052)**
Net loss	-	-	-	(819,810)	(819,810)
Balance at July 31, 2024	**66,515,719**	**6,667,641**	**2,762,896**	**(13,812,399)**	**(4,381,862)**

- See Accompanying Notes -

Regal Resources Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Fiscal Years ended July 31,
(Expressed in Canadian Dollars)

	2024 $	2023 $
OPERATING ACTIVITIES:		
Net loss for the year	(819,810)	(863,169)
Items not involving cash:		
Accretion of discounts on convertible debentures	107,102	174,168
Gain under modified debt	(102,226)	-
Accrued interest expense	371,865	351,060
Foreign exchange on loan payable	1,173	794
Write-off of sales taxes receivable	38,127	13,740
Changes in non-cash working capital:		
Sales taxes receivable	(11,315)	(9,135)
Prepaid expenses	10,000	(6,769)
Trade and other payables	189,634	142,837
Net cash used in operating activities	(215,450)	(196,474)
FINANCING ACTIVITIES:		
Proceeds from private placement	-	350,000
Proceeds (payment) from (to) related party	11,367	(209,280)
Proceeds from loan payable	204,175	55,000
Net cash provided by financing activities	215,542	195,720
Increase in cash	92	(754)
Cash at beginning of year	1,852	2,606
Cash at end of period	1,944	1,852
Supplemental cash flow information:		
Interest paid (note 6)	131,316	15,000

- See Accompanying Notes –

1. NATURE OF OPERATIONS AND GOING CONCERN

Regal Resources Inc. (the "Company") was incorporated under the *Business Corporations Act* of British Columbia on January 24, 2006 and maintains its head office and registered office at 1406 – 1166 Alberni Street, Vancouver, British Columbia, Canada, V6E 3Z3. The Company is engaged in the acquisition, exploration and development of its mineral properties, located in Arizona, USA. The Company was suspended from trading on the Canadian Securities Exchange on April 25, 2016 and trading has not been reinstated to date.

The Company has not yet achieved profitable operations. These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral property interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their development and establish future profitable operations or realize proceeds from their sale.

The Company has sustained losses from operations and has an ongoing requirement for capital investment for its mineral property interests; these conditions cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent primarily upon its ability to obtain necessary financing from the issuance of shares, borrowing or from other sources. These consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements are prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these consolidated financial statements are prepared using the accrual basis of accounting, except for cash flow information. All financial information is presented in Canadian dollars, the Company and its subsidiaries' functional currency, unless otherwise stated.

Approval of consolidated financial statements

The consolidated financial statements of the Company were authorized for issue by the Board of Directors on December 18, 2024.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and subsidiaries the Company controls, 100% controlled Regal Resources USA, Inc. and Arizona Standard LLC, a joint operation with Barksdale Capital Corp. ("Barksdale") which will begin operations once Barksdale meets the minimum earn in requirements. All significant intercompany balances and transactions were eliminated upon consolidation.

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Recent and Future Accounting Pronouncements

New and amended IFRS standards that are effective for the current year:

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023, with earlier application permitted. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments— Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments were applied early effective August 1, 2022 and did not have a material impact on the Company's financial statements.

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported expenses during the fiscal year. Actual outcomes could differ from these estimates.

Critical accounting judgments and estimates

Significant judgments made by management in the application of IFRS during the preparation of the consolidated financial statements and estimates with a risk of material adjustment are as follows:

(a) Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investment and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumptions may be inappropriate.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Significant accounting estimates and judgments (Cont'd)

(b) Impairment assessment

At each financial position reporting date, the carrying amounts of the Company's long-term assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

While management believes these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive loss and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis.

Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- Monetary assets and liabilities, at the rate of exchange in effect as at the date of the consolidated statement of financial position;
- Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- Revenues and expenses (excluding depreciation, which is translated at the same rate as the related asset), at the rates of exchange at the date of the transaction.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss.

Mineral property interests

The Company defers all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

All deferred mineral property expenditures are reviewed quarterly, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the interest for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Impairment of mineral property interests

The Company assesses each cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered the higher of fair value less cost to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of mineral property interests (Cont'd)

unit to which the asset belongs. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral property interests is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value of money and the risks specific to the asset.

The Company has determined that no impairment of mineral property interests is applicable.

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of estimated costs is capitalized by increasing the carrying amount of related mining assets to the extent that it was incurred by the development/construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The Company has determined that no rehabilitation provision is applicable.

Income taxes

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous periods.

Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are determined for each temporary difference based on currently enacted or substantively enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets.

Loss per share

Basic income (loss) per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income (loss) per share is computed using the treasury stock method, under which the weighted average number of shares outstanding is

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Loss per share (Cont'd)

increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised.

Financial instruments

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value, plus transaction costs that are directly attributable to its acquisition, except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVOCI remain within accumulated other comprehensive income (loss).

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. The repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using effective interest method.

(Expressed in Canadian Dollars)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Warrants issued in equity financial transactions

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the quoted bid price on the issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants on exercise is recorded as equity. If warrants issued are subsequently cancelled or expire without being exercised, then the historical fair value of the equity reserve is transferred from reserve to share capital. If the warrants are exercised the related reserves are reclassified from reserves to share capital.

3. MINERAL PROPERTY INTERESTS

The Company holds certain mineral claims located in Santa Cruz County, Arizona known as the Sunnyside Property. In August 2017, the Company entered into an arm's length definitive agreement (the "Sunnyside Agreement") with Barksdale Resources Corp. ("Barksdale") to option (the "Option") up to 67.5% of the Sunnyside Property.

The Option is exercisable in two stages with Barksdale entitled to acquire an initial 51% interest in the Sunnyside Property upon making payments to the Company totalling $2,950,000 cash and the issuance of 10,100,000 common shares of Barksdale to the Company and cumulative expenditures of $6,000,000 on the property during the first two years of the Option (following receipt of all required governmental permits).

Upon acquiring an initial 51% interest in the Sunnyside Property, Barksdale will be entitled to increase its interest to 67.5% upon payment of an additional $550,000 cash and the issuance of 4,900,000 common shares of Barksdale to the Company and the expenditure of an additional $6,000,000 on the property within a further two year period.

The following is a summary of Barksdale's Option earn-in requirements:

Period	Cash $	Exploration Requirement $	Number of Shares
To Earn 51% Interest			
Upon execution of Sunnyside Agreements	100,000 (paid)	-	-
Within 3 days following TSXV acceptance of Option	650,000 (paid)	-	1,250,000 (received)
On or before end of Year 1 *	1,200,000	3,000,000	3,850,000
On or before end of Year 2	1,000,000	3,000,000	5,000,000
To Increase Interest to 67.5%			
On or before end of Year 3	-	3,000,000	-
On or before end of Year 4	550,000	3,000,000	4,900,000
Total	**3,500,000**	**12,000,000**	**15,000,000**

*Year 1 commenced on September 7, 2023 ("Commencement Date"), which is the date Barksdale received all required governmental permits including drilling permits to carry out an initial exploration program on the Sunnyside Property. Subsequent to July 31, 2024, on September 5, 2024, the Company received $717,071 from Barksdale and delivery of a share certificate for 3,850,000 shares of Barksdale common stock released from escrow to complete the year 1 cash and share payments under the terms of the Option agreement. The payment received of $717,071 reflects the required gross payment of $1.2 million, net $254,700 previously remitted by Barksdale on behalf of Regal to the original optionors of the Sunnyside property and reflects further offsets by Barksdale of $150,000 of transaction costs and double the costs related to Regal's retention of a proxy agent totaling $78,229, as approved by prior Regal management with respect to a terminated agreement between Barksdale and Regal in May 2021, whereunder Barksdale attempted to acquire a 100% interest in the Sunnyside property, but did not receive Regal shareholder approval for same. Concurrent with the earn in of a 51% interest by Barksdale, the Company has the option to audit Barksdale's total expenditures on the Sunnyside Property to confirm the validity of proposed qualified expenditures under the terms of the Sunnyside Agreement.

(Expressed in Canadian Dollars)

3. MINERAL PROPERTY INTERESTS (Continued)

Upon Barksdale earning either a 51% interest or 67.5% interest in the Sunnyside Property, the Company and Barksdale will enter into and participate in a joint venture for the purpose of further exploring and developing the property. The Sunnyside Agreements contain provisions for dilution of a party's working interest for failure to fund joint venture cash calls, subject to automatic conversion of a party's interest into a 5% net proceeds interest (not to exceed 90% of the net amount of the party's contributed capital) if diluted to less than 10%. Barksdale will be the operator of the Sunnyside Property during the term of the Option and, if applicable, the joint venture.

The Sunnyside Agreement further provides that:

a) Barksdale drill a minimum of 25,000 feet within one year from Commencement date to earn a 51% interest in the Sunnyside Property and to drill a further 25,000 feet within year two from commencement date to increase their ownership interest in the Sunnyside Property to 67.5%;
b) until such time as Barksdale has earned a 51% interest in the Sunnyside Property, Barksdale will not acquire, directly or indirectly, any common shares of Regal without the prior consent of Regal;
c) Barksdale and the Company have a mutual 15 day right of first refusal to acquire all or any part of Regal's remaining interest in the Sunnyside Property in the event of a proposed sale or transfer of such interest by either party;
d) Barksdale is subject to an acceleration payment clause in the case of change of control or a transfer of the interest in the Sunnyside Property to a third party during the Option earn-in period; and
e) the Sunnyside Agreement is subject to arm's length net smelter returns ("NSR") between 1.5% to 3%.

Barksdale may terminate the Option at any time, in its discretion, subject to satisfying any accrued obligations or liabilities including reclamation requirements, as required. For the periods ended July 31, 2024 and each fiscal year ended July 31, 2023 and 2022, the Company had the following capitalized mineral property interests:

	Sunnyside Property ($)
Balance, July 31, 2024, 2023, and 2022	671,634

Realization of assets

The investment in and expenditures on mineral property interests comprise substantially all of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(Expressed in Canadian Dollars)

3. MINERAL PROPERTY INTERESTS (Continued)

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company’s operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

4. TRADE AND OTHER PAYABLES

Trade and other payables for the Company are comprised of the following:

	Note	July 31, 2024 $	July 31, 2023 $
Trade payables and accruals		478,127	370,003
Trade payable related parties		623,899	410,899
Interest payable	7	45,274	29,389
Interest payable due to related parties	7, 6	711,715	487,225
Advance payable		25,000	25,000
Total		1,884,015	1,322,516

Included in trade payables are accrued interest and penalties of $321,976 (2023 - $284,958) related to Canadian and United States tax filings.

5. CONVERTIBLE DEBENTURE

On February 10, 2022, the Company completed debenture financing for an aggregate principal amount of $2,885,000 with maturity date of February 10, 2024 of which $2,850,000 was provided by a relative of the CEO and director of the Company. The Debentures accrue interest at a rate of 12% per annum, payable annually in cash, or, at the election of the Company, in common shares of the Company (each a “Share”) at $0.10 per Share. The Debentures are secured against the common shares of the Company’s wholly-owned subsidiary, Regal Resources USA, Inc., which holds an interest in the Sunnyside project. The Debentures are convertible by the holders thereof at any time into units (each a “Unit”) at a price of $0.10 per Unit, with each Unit being comprised of a Share and one-half of a common share purchase warrant (each whole warrant a “Warrant”). Each whole Warrant will be exercisable by the holder thereof to acquire an additional Share at an exercise price of $0.20 for a period of two years after issuance. On initial recognition, the Company allocated the proceeds of the compound financial instruments between the liability component and the equity component using the residual value method. The liability component was measured at fair value. Fair value is based on the market price of the debentures, or if no market price exists, fair value is determined by discounting the cash flows using a discount rate for a similar instrument with no conversion feature, which management has estimated to be 20%. The residual value was allocated to the equity component in reserves.

(Expressed in Canadian Dollars)

5. CONVERTIBLE DEBENTURE (Continued)

On February 10, 2022	Face Value $	Equity Portion $	Liability Portion $
Convertible debenture	2,885,000	352,611	2,532,389

In February 2024 the Company entered into agreements to extend the maturity date of its outstanding convertible debentures originally issued on February 10, 2022 and due on February 12, 2024 (the "**Convertible Debentures**") by one year to February 12, 2025 (the "**Extension**"). Pursuant to the Extension, all accrued and unpaid interest along with the principal amounts will become due and payable on February 12, 2025. As a result of the Extension the Company recorded a gain on modification as detailed below.

The carrying value of the liability portion of the convertible debenture is as follows:

Balance, July 31, 2022	$	2,603,730
Accretion		174,168
Balance, July 31, 2023		2,777,898
Accretion		107,102
Gain on modification		(102,226)
Balance, July 31, 2024		2,782,774

The interest expense recorded in finance costs and interest payable included in trade and other payables during the fiscal years ended July 31, 2024 and 2023 are as follows:

	Twelve Months Ended July 31,	
	2024 $	**2023 $**
Accretion	107,102	174,168
Interest on the note	348,097	346,200
Total	455,199	520,368

Balance, July 31, 2022	$	162,192
Interest expense		346,200
Cash payment		(15,000)
Balance, July 31, 2023		493,392
Interest expense		348,097
Cash payment		(120,915)
Balance, July 31, 2024*	$	720,574

*Of this amount $710,183 ($487,225 – July 31, 2023) reflects interest due and payable to a related party (Note5)

6. LOANS PAYABLE

Loans payable consists of the following loans:

		July 31, 2024 $	**July 31, 2023 $**
May 2017 Loan	(1)	27,615	26,442
Various demand loans	(2)	259,175	55,000
Total		286,790	81,442

6. LOANS PAYABLE (Continued)

Interest and financing costs recorded for the fiscal years ended July 31, 2024 and 2023 are as follows:

		Twelve Months Ended July 31,	
		2024 **$**	**2023** **$**
May 2017 Loan	(1)	4,120	4,020
Various on demand loans	(2)	18,116	840
Total		22,236	4,860

(1) May 2017 Loan

On May 1, 2017, the Company entered into an unsecured loan with a third party in the amount of US$20,000. The loan bears interest at 15% per annum, was due for repayment in 6 months, and the Company will issue US$2,000 worth of stock at $0.10 per share as a bonus.

During the fiscal year ended July 31, 2023, the Company made cash payments in the amount of US$3,500. During the fiscal year ended July 31, 2024, the Company made cash payments in the amount of US$8,350. Subsequent to the year ended July 31, 2024 the Company retired the loan and accrued interest in full. Shares issuable under the agreement are expected to be issued upon the Company's receipt of a Cease Trade Revocation Order.

Interest payable included in trade and other payables and the principal outstanding in Canadian dollars as at July 31, 2024 and July 31, 2023 as follows:

	July 31, 2024 **$**	**July 31, 2023** **$**
Interest payable ($) (including stock payable)	15,928	22,382
Loan payable ($)	27,615	26,442

(2) Demand Loans

During the year ended July 31, 2023, the Company entered into various loans with third parties in the accumulated amount of $55,000. The loans bear interest at 10% per annum and are due on demand.

During the year ended July 31, 2024, the Company entered into various loans with third parties in the accumulated amount of $204,175. The loans bear interest at 10% per annum and are due on demand.

Interest payable included in trade and other payables and the principal outstanding as at July 31, 2024 and July 31, 2023 are as follows:

	July 31, 2024 **$**	**July 31, 2023** **$**
Interest payable ($)	18,956	840
Loans payable ($)	259,175	55,000

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Issued

There were no share issuances during the fiscal year ended July 31, 2024.

During the fiscal year ended July 31, 2023, the Company raised gross proceeds of up to $350,000 through the issuance of units of its securities (the "PP Units") priced at $0.10 per PP Unit. Each PP Unit will be comprised of one common share (each a "PP Share") and one half of one PP Share purchase warrant (each whole warrant, a "PP Warrant"). Each PP Warrant will be exercisable by the holder to acquire an additional PP Share at an exercise price of $0.20 for a period of two years after issuance, subject to the grant of a partial revocation order from the British Columbia Securities Commission, which partial revocation order was successfully granted prior to the closing of each tranche of financing set out below. The warrants were allocated a residual value of $0.

- 250,000 PP shares issued January 5, 2023 for gross proceeds of $25,000
- 1,250,000 PP shares issued January 20, 2023 for gross proceeds of $125,000
- 1,000,000 PP shares issued February 21, 2023 for gross proceeds of $100,000
- 1,000,000 PP shares issued March 2, 2023 for gross proceeds of $100,000

Stock options

On April 9, 2013, the Company adopted a new stock option incentive plan that reserves for issuance a maximum of 6,972,627 common shares in the capital of the Company (which was 20% of the Company's then issued and outstanding common shares) for exercise of incentive stock options granted to persons eligible under and governed by the 2013 Plan (the "Plan"). The Company's prior 10% rolling stock option plan was concurrently terminated and all options outstanding under the prior plan are now governed by the Plan.

Under the Plan, the exercise price of any stock option granted may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less discount permitted by the policies of the Exchange. The options can be granted for a maximum of ten years and vesting is determined by the Board of Directors at the time of the grant.

There were no stock options issued or outstanding at July 31, 2024 and 2023. The 2013 Stock Option Plan terminated on April 9, 2023. There are currently no stock options plans in effect.

Warrants

A summary of the Company's warrants and changes for the fiscal years ended July 31, 2024 and 2023 are as follows:

	July 31, 2024			July 31, 2023		
	Number of Warrants	Weighted Average Exercise Price		Number of Warrants	Weighted Average Exercise Price	
Opening balance	1,750,000	$	0.20	14,493,761	$	0.20
Expired	-		-	-		-
Issued	-		-	-		-
Closing balance	1,750,000	$	0.20	14,493,761	$	0.20

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

Warrants (continued)

A summary of the warrants outstanding is as follows:

	July 31, 2024			July 31, 2023		
Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
January 5, 2025	125,000	$0.20	0.45	125,000	$ 0.20	1.45
January 20, 2025	625,000	$0.20	0.48	625,000	$ 0.20	1.48
February 21, 2025	500,000	$0.20	0.56	500,000	$ 0.20	1.56
March 2, 2025	500,000	$0.20	0.59	500,000	$ 0.20	1.59
Total	1,750,000	$0.20	0.53	1,750,000	$ 0.20	153

8. RELATED PARTY TRANSACTIONS

Key management compensation

The following related party transactions are in addition to those disclosed elsewhere in these consolidated financial statements:

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation comprises during the fiscal years ended July 31, 2024 and 2023 as below:

	Twelve Months Ended July 31,	
	2024 $	2023 $
Management fees [1]	120,000	120,000
Consulting fees [2]	96,000	96,000
Total	216,000	216,000

[1] During the fiscal years ended July 31, 2024 and 2023 the Company paid or accrued management fees of $10,000 per month for the Company's CEO. A total of $120,000 was paid or accrued for the CEO in the fiscal years ended July 31, 2024 and 2023.

[2] During fiscal years ended July 31, 2024 and 2023, the Company paid or accrued fees of $4,000 per month each for two members of the Board of Directors for consulting fees commencing October 2021.

As at July 31, 2024 and July 31, 2023, the following amounts were included in trade and other payables and due to related parties owing to certain directors, offices and related persons:

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

	July 31, 2024 $	July 31, 2023 $
Included in trade and other payables:		
Interest payable on loan[5]	1,532	-
Interest payable on convertible debenture (Notes 5 and 6(b)) [1]	710,183	487,225
Trade payables directors and officers	623,899	410,899
	1,335,614	**898,124**
Included in due to related parties:		
Due to CEO and director [2]	135,616	143,164
Due to entity controlled by director [3]	2,505	2,505
Loans payable to a director[5]	22,000	-
Due to a family member of a director and officer[4]	-	3,085
	160,121	**148,754**

1 Interest accrued on the convertible debenture due to a family member of the CEO and director;
2 Advances for working capital purposes provided by the CEO and director. These amounts are interest-free and payable on demand.
3 TAC Gold Corp., an entity controlled by a former director of the Company, advanced $2,505 to the Company for working capital purposes. These amounts are interest-free and payable on demand.
4 Advances for working capital purposes provided by a family member of the CEO and director. These amounts are interest-free and payable on demand.
5 During the fiscal year ended July 31, 2024, the Company entered into loans with members of the Board of Directors in the cumulative amount of $22,000. The loans bear interest at 10% per annum and are due on demand.

9. SEGMENTED INFORMATION

The Company has one industry segment, the exploration and development of mineral property interests, and operates in two geographic segments, Canada and the USA. As at July 31, 2024 and July 31, 2023 end, mineral property interests are held in the USA as below:

July 31, 2024	July 31, 2023
$671,634	$671,634

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The carrying values of loan receivable, trade and other payables, loans payable, and due to related parties approximate their fair values of these financial instruments.

Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash.

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's approach to mitigating liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company has a working capital deficiency at July 31, 2024 of $5,053,496 and will be required to generate additional funding to meet its contractual financial liabilities.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

All of the Company's loans payable have fixed interest rates and therefore the Company has no interest rate risk.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily US dollars). The Company does not manage currency risk through hedging or other currency management tools.

The Company's net exposure to foreign currency risk is as follows:

	2024 **$**	**2023** **$**
Cash	-	-
Accounts payable	45,521	48,331
Total exposure to currency risk Canadian dollar equivalent	62,853	63,607
Estimated fluctuations in FX	10%	10%
Estimated impact on Company's net loss and comprehensive loss	6,300	6,300

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

There is no change to the Company's approach to risk management during the fiscal years ended July 31, 2024 and 2023.

(Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT

The Company is an exploration stage company and currently does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal and is not subject to any externally imposed capital requirements.

The Company defines its capital as a component of deficit. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget to manage its costs and commitments.

The Company's capital management objective is to maximize investment returns to its equity-linked stakeholders within the context of relevant opportunities and risks associated with the Company's operating segment. Achieving this objective requires management to consider the underlying nature of exploration activities, availability of capital, the cost of various capital alternatives and other factors. Establishing and adjusting capital requirements is a continuous management process. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the fiscal years ended July 31, 2024 and 2023.

12. CONTINGENCIES

On January 16, 2024 Maxis Law Corporation filed a Notice of Civil Claim in the Supreme Court of British Columbia (the "Court") with respect to unpaid legal fees of $37,791, including a request for interest and costs.

13. INCOME TAXES

A reconciliation of income tax provisions computed at the statutory rate to the reported income tax provisions is as follows:

	2024 $	2023 $
Net loss	(819,810)	(863,169)
Statutory income tax rate	27%	27%
Income tax benefit computed at statutory rate	(221,000)	(233,000)
Adjustment to prior years provisions versus statutory tax returns and expiry of non-capital losses	-	-
Others	-	-
Unused tax losses and tax offsets not recognized	211,000	233,000
Permanent differences	10,000	-
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2024 $	2023 $
Deferred tax assets (liabilities)		
Non-capital losses	28,000	29,000
Debt with accretion	(28,000)	(29,000)
Net deferred tax liability	-	-

(Expressed in Canadian Dollars)

13. INCOME TAXES (Continued)

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

	2024 ($)	Expiry Date Range	2023 ($)	Expiry Date Range
Temporary Differences				
Allowable Capital losses	135,000	No expiry date	135,000	No expiry date
Property and equipment	9,000	No expiry date	9,000	No expiry date
Non-Capital losses	10,429,000	2026 to 2044	10,472,000	2026 to 2043
Canada	10,407,000	2026 to 2044	10,450,000	2026 to 2043
USA	22,200	2025 onwards	22,200	2024 onwards

14. SUBSEQUENT EVENTS

Between July 31, 2024 and December 19, 2024, the Company repaid loans from various third parties totaling $84,270.

Between July 31, 2024 and December 19, 2024, the Company repaid related parties amounts totaling $190,000 with respect to repayment of previous working capital advances, interest payable on certain convertible loans and management fees.

On September 5, 2024 the Company received $717,071 from Barksdale as well as delivery of a share certificate for 3,850,000 shares of Barksdale common stock from escrow to complete the year 1 cash and share payments required under the terms of that certain Option agreement discussed above in Note 3. The payment received of $717,071 reflects the required gross payment of $1.2 million, net $254,700 previously remitted by Barksdale on behalf of Regal to the original optionors of the Sunnyside property and further offsets by Barksdale of $150,000 in transaction costs and double Barksdale's costs related to Regal's retention of a proxy agent totaling $78,229, as approved by prior Regal management, with respect to a terminated agreement between Barksdale and Regal in May 2021 whereunder Barksdale attempted to acquire a 100% interest in the Sunnyside property, which transaction did not receive the required approval from Regal shareholders.

On August 16, 2024 the Court issued a default judgement in favor of Maxim Law for such amount as assessed by the Registrar. On October 10, 2024 the Company remitted $54,130 in full settlement of the claim including interest, costs and penalties. (Note 12 above)

On November 22, 2024, the Company received a loan from an unrelated third-party lender in the amount of $5,500. The loan is payable on demand and bears interest at 10% per annum.