



**CHAKANA**  
C O P P E R

**CHAKANA COPPER CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2025 AND 2024**

**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM  
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Chakana Copper Corp. (the "Corporation") have been prepared by and are the responsibility of the Corporation's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with IFRS Accounting Standards and reflect management's best estimates and judgment based on information currently available.

The Corporation's independent auditor has not performed a review of these condensed interim consolidated financial statements.

April 29, 2025

**CHAKANA COPPER CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT FEBRUARY 28, 2025 (UNAUDITED) AND MAY 31, 2024**  
*(Expressed in Canadian Dollars)*

	February 28, 2025 (Unaudited)	May 31, 2024 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 12)	\$ 266,724	\$ 2,280,298
Prepays and other current assets	126,089	166,939
	392,813	2,447,237
<b>Non-current Assets</b>		
Property and Equipment (Note 6)	631,640	419,138
Value-added tax receivable (Note 7)	180,739	88,713
Prepays	81,898	75,534
Exploration and evaluation assets (Note 5)	365,575	7,800,296
<b>Total Assets</b>	<b>\$ 1,652,665</b>	<b>\$ 10,830,918</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Notes 12 and 15)	\$ 611,849	\$ 639,465
Current portion of lease obligation (Note 8)	58,135	53,233
	669,984	692,698
<b>Non-current Liabilities</b>		
Lease obligation (Note 8)	285,230	58,204
<b>Total Liabilities</b>	<b>955,214</b>	<b>750,902</b>
<b>Shareholders' Equity</b>		
Common shares (Note 9)	47,622,191	47,550,208
Stock option reserve (Note 9)	2,299,156	2,299,156
Accumulated other comprehensive income	1,524,407	1,155,808
Deficit	(50,748,303)	(40,925,156)
<b>Total Shareholders' Equity</b>	<b>697,451</b>	<b>10,080,016</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,652,665</b>	<b>\$ 10,830,918</b>

Approved on behalf of the Board of Directors

/s/ Tom Wharton  
Tom Wharton, Director

/s/ Darren Devine  
Darren Devine, Director

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**CHAKANA COPPER CORP.**  
**CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2025 AND 2024**  
*(Unaudited - Expressed in Canadian Dollars)*

	Three Months Ended February 28, 2025	Three Months Ended February 28, 2024	Nine Months Ended February 28, 2025	Nine Months Ended February 28, 2024
<b>OPERATING EXPENSES</b>				
Consulting fees (Note 15)	\$ 51,465	\$ 48,365	\$ 155,491	\$ 144,242
Depreciation (Note 6)	24,165	23,588	71,614	72,867
Exploration and evaluation expenditures (Note 5 and 10)	128,098	186,097	901,941	633,711
General and administrative	45,765	81,645	156,784	212,389
Investor relations	4,901	17,098	48,434	39,092
Legal and professional fees (Note 15)	34,250	56,250	110,750	115,049
Salaries and wages (Note 15)	90,856	79,232	257,530	236,979
Stock-based compensation (Notes 9 and 15)	-	12,488	-	43,230
Travel and meals	1,709	-	12,999	7,989
<b>Operating Expenses</b>	<b>(381,208)</b>	<b>(504,763)</b>	<b>(1,715,543)</b>	<b>(1,505,548)</b>
<b>Other</b>				
Foreign exchange gain (loss)	(2,431)	(12,441)	(25,690)	(60,070)
Write-off of mineral property (Note 5)	(2,462,190)	-	(8,100,300)	-
Interest income	1,879	10,397	18,386	18,030
	(2,462,721)	(2,074)	(8,107,604)	(42,040)
<b>Net Loss</b>	<b>(2,843,950)</b>	<b>(506,837)</b>	<b>(9,823,147)</b>	<b>(1,547,588)</b>
<b>Other Comprehensive Loss</b>				
<b>Item that may be reclassified to profit or loss</b>				
Foreign currency translation	307,290	(54,053)	368,599	(136,558)
<b>Comprehensive Loss</b>	<b>\$ (2,536,660)</b>	<b>\$ (560,890)</b>	<b>\$ (9,454,548)</b>	<b>\$ (1,684,146)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.11)</b>	<b>\$ (0.03)</b>	<b>\$ (0.37)</b>	<b>\$ (0.09)</b>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>	<b>26,700,850</b>	<b>22,457,520</b>	<b>26,644,349</b>	<b>19,274,765</b>

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**CHAKANA COPPER CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED FEBRUARY 28, 2025 AND 2024**  
*(Unaudited - Expressed in Canadian Dollars)*

	<b>Nine Months Ended February 28, 2025</b>	<b>Nine Months Ended February 28, 2024</b>
<b>Cash Flows Used in Operating Activities</b>		
Net loss	\$ (9,823,147)	\$ (1,547,588)
Adjustments to reconcile net loss to cash used in operating activities		
Depreciation	71,614	72,867
Stock-based compensation	-	43,230
Unrealized foreign exchange	99,499	28,349
Impairment of exploration property	8,100,300	-
Prepays and other current assets	48,357	9,746
Value-added tax receivable	(92,026)	(13,565)
Accounts payable and accrued liabilities	(27,616)	88,412
	(1,623,019)	(1,318,548)
<b>Cash Flows Used in Investing Activities</b>		
Acquisition of exploration and evaluation assets	(349,955)	5,718
	(349,955)	(1,604,911)
<b>Cash Flows Provided by Financing Activities</b>		
Repayment of lease obligation	(44,535)	(30,149)
Proceeds from private placement, net of share issuance costs	-	2,883,650
	(44,535)	2,853,501
<b>Foreign exchange on cash</b>	3,935	
<b>Changes in cash during the year</b>	(2,013,574)	(64,241)
<b>Cash – beginning of the year</b>	2,280,298	(269)
<b>Cash – end of the year</b>	\$ 266,724	\$ 2,251,365
<b>Non-cash items</b>		
Shares issued for property	\$ 71,983	\$ 82,558
Amendment to lease agreement	\$ 262,559	-

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**CHAKANA COPPER CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited - Expressed in Canadian Dollars)

	Common Shares		Subscription Receipts	Accumulated Other Comprehensive Income	Reserves	Deficit	Total
	Shares	Amount					
<b>Balance – May 31, 2023</b>	17,301,331	\$ 43,716,860	\$ -	\$ 1,176,188	\$ 2,236,275	\$ (38,449,273)	\$ 8,680,050
Units issued on private placement	7,500,085	3,000,034	-	-	-	-	3,000,034
Share issue cost	-	(122,597)	-	-	6,213	-	(116,384)
Share issued for property	375,884	284,818	-	-	-	-	82,558
Other comprehensive income for the period	-	-	-	(136,558)	-	-	(136,558)
Stock-based compensation	-	-	-	-	43,230	-	42,432
Net loss for the period	-	-	-	-	-	(1,547,588)	(1,546,790)
<b>Balance – February 28, 2024</b>	25,177,300	\$ 46,676,855	\$ -	\$ 1,039,630	\$ 2,285,718	\$ (39,996,861)	\$ 10,207,602
Units issued on private placement	-	-	-	-	-	-	2,178,374
Share issue costs	-	-	-	-	101,692	-	(126,723)
Shares issued for property	-	202,260	-	-	-	-	202,260
Exercise warrants for cash	1,317,885	796,944	-	-	(6,213)	-	790,731
Fair value of expired warrants	-	-	-	-	(111,636)	111,636	-
Other comprehensive income for the year	-	-	-	62,125	-	-	62,125
Stock-based compensation	-	-	-	-	42,083	-	42,083
Net loss for the period	-	-	-	-	-	(1,546,768)	(1,546,768)
<b>Balance – May 31, 2024</b>	26,495,185	\$ 47,550,208	\$ -	\$ 1,155,808	\$ 2,299,156	\$ (40,925,156)	\$ 10,080,016
Shares issued for property	205,665	71,983	-	-	-	-	71,983
Other comprehensive income for the year	-	-	-	61,309	-	-	61,309
Net loss for the period	-	-	-	-	-	(6,979,197)	(6,979,197)
<b>Balance – February 28, 2025</b>	26,700,850	\$ 47,622,191	\$ -	\$ 1,217,117	\$ 2,299,156	\$ (47,904,353)	\$ 3,234,111

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

## **1. Nature of Operations and Going Concern**

Chakana Copper Corp. (the "Corporation" or "Chakana") was incorporated on May 2, 2011, under the laws of the province of British Columbia, Canada. The Corporation is listed on the TSX Venture Exchange under the symbol "PERU". The Corporation is currently engaged in exploration of mineral properties, with its principal focus at this stage on the exploration of the expanded Soledad copper-gold-silver project located in central Peru (the "Soledad Project").

The head office and principal address is Suite 1012 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3, Canada. The records office of the Corporation is located at 1055 West Pender Street, Suite 1500, Vancouver, British Columbia, V6E 4V7, Canada.

The Corporation is in the process of exploring and developing its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, successful permitting, the ability of the Corporation to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from the disposition of each mineral property. Furthermore, the acquisition of title to mineral properties is a complicated and uncertain process, and while the Corporation has taken steps in accordance with normal industry standards to verify its title to the mineral properties in which it has an interest, there can be no assurance that such title will ultimately be secured. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Corporation will be able to continue in operation for the foreseeable future and meet its obligations in the normal course of business. The Corporation has incurred ongoing losses and will continue to incur further losses in the course of exploring its mineral properties. As at February 28, 2025, the Corporation has a deficit of \$50,748,303 (May 31, 2024 - \$40,925,156) and a working capital deficiency of \$277,171 (May 31, 2024 – positive working capital of \$1,754,539). During the period ended February 28, 2025, the Corporation incurred a net loss of \$9,823,147 (2024 - \$1,547,588) which includes the impairment of the Condor and Aija options (note 5). The Corporation will require further financing to meet its financial obligations, fund its exploration programs and sustain its operations in the normal course of business. Management is seeking additional sources of financing through equity or debt offerings and joint venture partners to fund exploration. The Corporation has historically relied on the issuance of share capital to fund its operations. Although the Corporation has been successful in raising equity financing in the past, there is no assurance that such financing will continue to be available with acceptable terms. These uncertainties may cast significant doubt about the Corporation's ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern. Such adjustments could be material.

## **2. Basis of Preparation and Statement of Compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as applicable to interim financial reports, including International Accounting Standard 34 Interim Financial Reporting. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended May 31, 2024 ("Annual Financial Statements"), which have been prepared in accordance with IFRS.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are the same as those applied in the most recent Annual Financial Statements and were consistently applied to all the periods presented. These condensed interim consolidated financial statements were approved by the Board of Directors on January 28, 2025.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information and are presented in Canadian dollars except where otherwise indicated.

## **2. Basis of Preparation and Statement of Compliance (Continued)**

The Corporation's consolidated financial statements include the accounts of the Corporation and its subsidiaries. Subsidiaries are entities controlled by the Corporation, where control is achieved by the Corporation being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are deconsolidated from the date that control ceases. The Corporation currently has one wholly owned subsidiary: Chakana Resources S.A.C., a Peruvian company.

All inter-company transactions, balances, income, and expenses are eliminated on consolidation.

## **3. Significant Accounting Judgments and Estimates**

The preparation of the Corporation's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

Significant judgments and estimates that have the most significant effect on the amounts recognized in the Corporation's condensed interim consolidated financial statements are as follows.

### ***Critical accounting judgments:***

Judgments that have the most significant effect on the amounts recognized in the Corporation's condensed interim consolidated financial statements are as follows:

- *Impairment of Exploration and Evaluation Asset*

The net carrying value of an exploration asset is reviewed regularly for conditions that suggest potential indications of impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

- *Going Concern*

The assessment of the Corporation's ability to continue as a going concern involves critical judgment based on historical experience and expectations of the Corporation's ability to generate adequate financing. Significant judgment is used in the Corporation's assessment of its ability to continue as a going concern.

- *Functional Currency*

The functional currency of Chakana Resources S.A.C. is the Peruvian Sol – the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

## **3. Significant Accounting Judgments and Estimates (continued)**

- *Income taxes*



Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

**Critical accounting judgments (continued):**

- *Income taxes (Continued)*

The determination of the ability of the Corporation to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Corporation. Management is required to assess whether it is probable that the Corporation will benefit from these prior losses and other deferred tax assets. Change in economic conditions, metal prices and other factors could result in revision to the estimates of the benefits to be realized or the timing of utilizing the losses.

- *Value Added Tax ("VAT")*

Management's assumptions regarding the recoverability of Value Added Tax ("VAT") receivable at the end of each reporting period is made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country to determine if a write-down of the VAT is required. Collection of the amount receivable depends on processing and payment of the claims by the local government, which historically has been very slow. The Corporation has been receiving its VAT from prior years and as such, management has determined as at May 31, 2024 and 2023 that it is appropriate to record the VAT as a receivable without any allowance for collectability. The timing and amount of the VAT ultimately collectable could be materially different from the amount recorded in the consolidated financial statements.

**Critical accounting estimates:**

- *Stock-based compensation*

Stock-based compensation is valued using the Black-Scholes option pricing model at the date of grant and expensed in profit or loss over vesting period of each award for stock options and recorded as share issue cost for broker warrants issued in conjunction with financings. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Stock-based compensation expense also utilizes subjective assumption on forfeiture rate. Changes in these input assumptions can significantly affect the fair value estimate.

**4. Exploration and Evaluation Assets**

	Condor Option	Aija Project	Barrick	Total
<b>Balance – May 31, 2023</b>	\$ 4,212,021	\$ 1,386,624	\$ 348,193	\$ 5,946,838
Acquisition costs	1,437,861	472,993	-	1,910,854
Foreign exchange on translation	(41,150)	(12,411)	(3,835)	(57,396)
<b>Balance – May 31, 2024</b>	5,608,732	1,847,206	344,358	7,800,296
Acquisition costs	40,627	309,329	-	349,956
Foreign exchange on translation	(11,249)	42,924	21,216	52,891
Impairment of exploration asset	(5,638,110)	(2,199,459)	-	(7,837,568)
<b>Balance – February 28, 2025</b>	\$ -	\$ -	\$ 365,573	\$ 365,573

## **5. Exploration and Evaluation Assets (continued)**

The Corporation's wholly owned subsidiary, Chakana Resources S.A.C., holds the following:

- (i.) An option to acquire a 100% ownership interest in the adjacent Aija Project, Peru ("Aija Project"); and
- (ii.) An option to acquire up to a 100% ownership in other adjacent mineral concessions owned by Minera Barrick Misquichilca S.A. ("Barrick") (the "Barrick Option").

These options are collectively referred to as the "expanded Soledad Project".

The Corporation is the operator of all related mineral exploration activities on these projects.

### **(a) Barrick Option**

On July 11, 2018, Barrick granted the Corporation an option to acquire a 100% interest in three concessions adjoining the southern extent of the Aija Project (the "Barrick Option"). Under terms of the agreement, the Corporation has five years in total to complete a minimum of 2,000 metres of drilling and produce a Preliminary Economic Assessment report compliant with National Instrument 43-101. In October 2021, the Corporation amended the July 11, 2018 agreement. Under terms of the amended agreement, the Corporation must obtain the Authorization to Immitate Activities ("AIA") for exploration drilling on or before September 27, 2023 (first option). It then has four years from the date of the AIA to complete a minimum of 4,000 metres of drilling and produce a Preliminary Economic Assessment report compliant with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (second option). Upon exercise of the Barrick Option, Barrick will retain a 2% NSR subject to the Corporation's right to purchase 50% of the royalty for US\$2,000,000.

Barrick will have a one-time right to reacquire a 70% interest in the concessions within 120 days of exercising the option by paying the Corporation three times the aggregate amount of exploration expenditures incurred since the execution date and cancelling the 2% NSR. If a production decision is then not made by Barrick within seven years of the Back-in Closing Date, Barrick will make pre-royalty payments of US\$75,000 per year until a production decision is made for a maximum of five years (US\$375,000). If the Corporation does not contribute its share of project costs its interest will be diluted to 10%, upon which its interest will be converted to a 2% NSR with Barrick retaining a right to purchase 50% of the royalty for US\$2,000,000. If Barrick declines, an undivided 100% interest in the concessions will be transferred to the Corporation.

### **(b) Aija Project**

On March 20, 2018, the Corporation entered into an Option Agreement (the "Aija Option") with an arms-length third party to acquire 100% of the rights and interest in the Aija Project (the "Aija Project") subject to a 2% NSR. Under the terms of the agreement and subsequent amendments, the Corporation was to pay a total of US\$2,100,000 and issue shares equivalent to US\$500,000 using the price which is the greater of (i) the ten-day volume weighted average trading price of the Chakana common shares as of the date of issuance of such Chakana shares, or (ii) the market value at the time the obligation arises, provided that the shares for each payment may not be issued at a price lower than \$0.05 per share. As at February 28, 2025 the Corporation has paid a total of US\$1,250,000 and issued a total of 792,030 Shares.

On February 11, 2025, the Corporation announced that the Board decided to relinquish its option to acquire an interest on the Aija Project given insufficient resources identified during exploration. The required payments to keep the option were in excess of what the Board determined to be the value of the project. As a result, the company recognized an impairment of \$2,462,190 using a fair value less costs of disposal measure. The Corporation has no obligation to pay any of the remaining \$850,000 option payments or issue any additional shares.

## **6. Exploration and Evaluation Assets (continued)**

### **(c) Condor**

On April 17, 2017, the Corporation entered into a Mining Assignment and Option Agreement (“Condor Option”) with Minera Vertiente del Sol S.A.C. (“MVS”) (the “Agreement”), a subsidiary of Condor Resources Inc. (“Condor”), pursuant to which the Corporation had the sole and exclusive option to acquire 100% of the rights and interests in the Soledad Copper/Gold Project, Peru (the “Soledad Project”), subject to a 2% net smelter return royalty (“NSR”). The agreement was amended on March 18, 2019 and November 13, 2020, relating to the Soledad Project.

The Condor Option was exercisable by issuing 50,000 common shares by June 23, 2018 (issued), making aggregate cash payments of US\$5,375,000, and completing 12,500 metres of drilling on the Soledad Project. During the year ended May 31, 2018, the Corporation fulfilled the 12,500 metres of exploration drilling requirement on the Soledad Project. On April 14, 2022, the Corporation reached an agreement with Condor to amend the terms of the Condor Option whereby the final payment of US\$4.425 million dollars which was due to Condor on April 23, 2022, was extended and amend the terms of the option provided that Chakana may complete the exercise of the option by making cash and share payments over the following three-year period as shown below. During the term of this option agreement and up to October 8, 2024 the Corporation made total payments of \$2,950,000 and issued 325,862 shares related to the option agreement.

On October 8, 2024, the Corporation announced that the Board decided to relinquish its option to acquire three concessions from Condor Resources Inc. given insufficient resources identified during exploration. The required payments to keep the option were in excess of what the board determined to be the value of the project. As a result, the company recognized an impairment of \$5,638,110 using a fair value less costs of disposal measure.

As part of a previous royalty purchase agreement with Condor, Condor has granted a 1% net smelter returns royalty in favor of the Corporation over the Condor Concessions with a 2 km area of interest. Condor will have the right to purchase half of the royalty (0.5%) for US\$1,000,000. The Corporation controls the surface rights over the expanded Soledad project, including the Condor Concessions, which means that Condor will not have access to the Condor Concessions without establishing an access agreement with the Corporation.

The Corporation has no additional obligation to pay any of the \$2,450,000 option payments or issue any of the shares that were remaining under the option agreement.

**CHAKANA COPPER CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED NOVEMBER 30, 2025 AND 2024**  
*(Unaudited - Expressed in Canadian Dollars)*

**7. Property and Equipment**

	Right-of-use Asset	Equipment	Total
<b>Cost</b>			
<b>As at May 31, 2023</b>	\$ 286,976	\$ 619,228	\$ 906,204
Additions	-	-	-
Foreign exchange on translation	(4,053)	(8,378)	(12,431)
Amendment to lease agreement	(25,005)	-	(25,005)
<b>As at May 31, 2024</b>	257,918	610,850	868,768
Additions	-	-	-
Foreign exchange on translation	33,100	47,661	80,761
Amendment to lease agreement	242,254	-	242,254
<b>As at February 28, 2025</b>	\$ 533,272	\$ 658,511	\$ 1,191,783
<b>Accumulated Depreciation</b>			
<b>As at May 31, 2023</b>	\$ (119,614)	\$ (237,912)	\$ (357,526)
Depreciation	(49,260)	(47,264)	(96,524)
Foreign exchange on translation	1,355	3,065	4,420
<b>As at May 31, 2024</b>	(167,519)	(282,111)	(449,630)
Depreciation	(37,496)	(32,641)	(70,136)
Foreign exchange on translation	11,696	(17,068)	(5,372)
<b>As at February 28, 2025</b>	\$ (191,319)	\$ (368,823)	\$ (560,143)
<b>Net Book Value</b>			
<b>As at May 31, 2024</b>	\$ 90,399	328,739	419,138
<b>As at February 28, 2025</b>	\$ 341,953	289,687	631,640

**8. VAT Receivable**

	February 28 2025	May 31 2024
VAT receivable	\$ 180,739	\$ 88,713

As at February 28, 2025, the Corporation has \$180,739 (May 31, 2024 - \$88,713) in VAT receivable refundable from Peruvian tax authorities, net of VAT that is available to the Corporation which is not refundable but can be offset against future VAT payable. Management has determined to classify VAT receivable as long-term due to uncertainty of timing when it will be received.

**CHAKANA COPPER CORP.**  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED NOVEMBER 30, 2025 AND 2024  
(Unaudited - Expressed in Canadian Dollars)

**9. Lease Obligation**

Balance – May 31, 2023	\$	178,150
Amendment to lease agreement		(25,005)
Interest expense		10,043
Lease payments		(48,762)
Currency translation adjustment		(2,989)
Balance – May 31, 2024		111,437
Amendment to lease agreement		262,559
Interest expense		13,871
Lease payments		(43,680)
Currency translation adjustment		(822)
Balance – February 28, 2025	\$	343,365
Which consists of:		
Current portion of lease obligation	\$	58,135
Non-current portion of lease obligation		285,230
	\$	343,365

On May 1, 2021, the Corporation entered into a lease agreement for its Peruvian warehouse for a five-year term, expiring April 30, 2026. Pursuant to this lease, the Corporation is obligated to pay basic rent of 15,000 soles (approximately \$4,737) on a monthly basis. On September 2023 the lease agreement was amended and the monthly payments were reduced to 10,000 soles per month for a period of 12 months resulting in a reduction of the right-of-use asset of \$25,005 and lease liability of \$25,005. On June 2024, the lease agreement was extended to 2031, the company paid an initial deposit of 120,000 soles (CAD\$43,680) representing the first 12 months of rent, starting June 2025 the company will resume payments of 10,000 soles per month and will increase to 15,000 soles per month starting September 2025. The amendment resulted in an increase in the right of use asset of 262,559. The right-of-use asset and lease obligation were measured at the present value of the lease payments and discounted using an incremental borrowing rate of 5.99%.

**10. Share Capital**

**(a) Authorized Share Capital**

The Corporation is authorized to issue an unlimited number of common shares without par value.

Effective February 28, 2025 the company completed the consolidation of its common shares on the basis of one new-post consolidation common share for every ten pre-consolidation common shares. All share data in these financial statements have given effect to this consolidation on a retroactive basis.

**(b) Issued Capital**

During the Nine months ended February 28, 2025, the Corporation issued common shares (“Shares”) as follows:

On August 14, 2024, the Corporation issued 205,665 common shares with respect to the Aija Project and paid US\$75,000 (Note 5).

## **9. Share Capital (continued)**

### **(b) Issued Capital (continued)**

During the year ended May 31, 2024, the Corporation issued common shares ("Shares") as follows:

- During June 2023, the Corporation issued 137,931 shares valued at \$82,558 issued as part of the Condor Option payments.
- On November 6, 2023, the Corporation completed the first tranche of a non-brokered private placement of 2,054,149 units at a price of \$0.04 per unit for gross proceeds of \$821,660. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of \$0.60 per share for a period of two years. The Corporation may accelerate the expiry of the warrants in the event that for any ten consecutive trading days the closing price of the shares is greater than \$0.90. The Corporation paid aggregate finder's fees of \$13,720 and issued 34,300 finder's warrants in connection with the first tranche of the private placement. Each finder's warrant is exercisable to purchase one share at a price of \$0.60 per share for a period of two years from closing of the private placement. The finder's warrants were valued at \$6,213 using the Black-Scholes option pricing model.
- On January 15, 2024, the Corporation completed the second and final tranche of a private placement issuing 5,445,936 units of the Corporation at a price of \$0.40 per unit for gross proceeds of \$2,178,374. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of \$0.60 per share for a period of two years from closing of the private placement. The Corporation may accelerate the expiry of the warrants in the event that for any ten consecutive trading days the closing price of the shares is greater than \$0.90. The Corporation paid aggregate finder's fees of \$102,564 and issued 2,996,100 finder's warrants in connection with the second tranche of the private placement. Each finder's warrant is exercisable to purchase one share at a price of \$0.06 for period of two years from closing of the private placement. The finder's warrants were valued at \$125,072 using the Black-Scholes option pricing model.
- On January 25, 2024, the Company issued 237,953 shares valued at \$202,260 as part of the Aija Option agreement.
- During the year ended May 31, 2024, 1,317,885 shares were issued on exercise of warrants for total proceeds of \$790,731.

**9. Share Capital (continued)**

**(c) Stock Options**

The Corporation adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees and consultants of the Corporation. The maximum number of common shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Corporation at any time.

The changes in incentive stock options outstanding are summarized as follows:

	<b>Weighted Average Exercise Price</b>	<b>Number of Shares Issued or Issuable on Exercise</b>
<b>Balance – May 31, 2023</b>	\$4.10	898,500
Granted	\$0.75	420,000
Forfeited/Cancelled	\$3.70	(316,000)
<b>Balance – May 31, 2024</b>	\$2.80	1,002,500
Expired	\$2.00	(90,000)
<b>Balance – February 28, 2025</b>	\$2.80	912,500

Incentive stock options outstanding and exercisable at February 28, 2025 and May 31, 2024 are summarized as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>February 28, 2025</b>	<b>May 31, 2024</b>
December 12, 2024	\$2.00	-	90,000
July 10, 2025	\$4.00	165,000	165,000
April 22, 2026	\$5.00	327,500	327,000
September 29, 2027	\$0.75	420,000	420,000
Weighted average life remaining		1.68	2.25
Total outstanding options	\$2.80	912,500	1,002,500
Total exercisable options	\$2.80	912,500	1,002,500

**11. Share Capital (continued)**

**(d) Warrants (continued)**

The changes in warrants outstanding are summarized as follows:

	Weighted Average Exercise Price	Number of Shares Issued or Issuable on Exercise
<b>Balance – May 31, 2023</b>	\$1.40	3,129,435
Issued	\$0.60	7,833,995
Expired	\$0.90	(1,136,647)
Exercised	\$0.60	(1,317,885)
<b>Balance – May 31, 2024</b>	\$0.90	8,508,899
Expired	\$1.40	(2,888,353)
<b>Balance – February 28, 2025</b>	\$0.60	5,620,546

During the year ended May 31, 2024, the Corporation issued 7,500,085 investor warrants and 333,910 Finder's Warrants as part of the private placement, which closed November 6, 2023 and January 15, 2024 (Note 9(b)).

During the year ended May 31, 2024, the Company extended the term of 2,836,979 share purchase warrants that were set to expire on May 20, 2024 and June 21, 2024 with an exercise price of \$2.00 to October 31, 2024, these warrants were also repriced to \$0.14.

The fair value of Finder's Warrants uses the Black-Scholes option pricing model, assuming a weighted average risk-free interest rate of N/A (May 31, 2024 – 3.86%) per annum, an expected life of N/A (May 31, 2024 - 2 years), a weighted average volatility of N/A (May 31, 2024 – 105.18%) based on historical data and no expected dividends. The Corporation has estimated the dividend and forfeiture rate to be N/A (May 31, 2024 - 0.00%) based on historical dividend payments and historical forfeiture rates. Expected volatility was determined based on the historical movements in the closing price of the Corporation's common shares for a length of time equivalent to the expected life of each warrant.

Warrants outstanding at February 28, 2025 and May 31, 2024 are summarized as follows:

Expiry Date	Exercise Price	February 28, 2025	May 31, 2024
October 31, 2024	\$1.40	-	2,836,979 <sup>(1)</sup>
January 12, 2026	\$0.60	5,620,546 <sup>(2)</sup>	5,620,546 <sup>(2)</sup>
<b>Total outstanding warrants</b>	<b>\$0.90</b>	<b>5,620,546</b>	<b>8,508,899</b>

<sup>(1)</sup> The Corporation may accelerate the expiry of the Warrants in the event that for any ten consecutive trading days the closing price of the shares is greater than \$3.00 per unit.

<sup>(2)</sup> The Corporation may accelerate the expiry of the Warrants in the event that for any ten consecutive trading days the closing price of the shares is greater than \$0.90 per unit.



## 12. Exploration and Evaluation Expenditures

The Corporation incurred exploration and evaluation expenditures as follows:

	Three Months Ended February 28, 2025	Three Months Ended February 28, 2024	Nine Months ended February 28, 2025	Nine Months ended February 28, 2024
Drilling	\$ 9,019	\$ 27,164	\$ 233,691	\$ 27,164
Exploration support and administration	89,890	93,194	441,910	403,189
Field operations and consumables	16,535	14,097	106,783	62,727
Geological consultants	6,598	1,652	64,640	26,510
Permitting and environmental consulting	3,888	40,388	40,897	94,327
Sampling and geological costs	-	5,562	-	5,562
Transportation	2,168	4,040	14,020	14,232
	\$ 128,098	\$ 186,097	\$ 901,941	\$ 633,711

## 13. Financial Instruments

### ***Credit Risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's primary exposure to credit risk is on its cash, which are being held in bank accounts. The cash is deposited in bank accounts held with one major bank in Canada, therefore, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution, as determined by rating agencies.

### ***Foreign Currency Risk***

The Corporation incurs expenditures in Canada and Peru. Foreign currency risk arises as the amount of the Peruvian sol and US dollar cash, intercompany balances and payables will vary in Canadian dollar terms due to changes in exchange rates.

As at February 28, 2025 and May 31, 2024, the Corporation has not hedged its exposure to currency fluctuations.

### ***Foreign Currency Risk (continued)***

As at February 28, 2025 and May 31, 2024, the Corporation is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	February 28, 2025	May 31, 2024
Cash	30,986	199,243
Accounts payable and accrued liabilities	(45,611)	(172,060)
Net	(14,625)	27,183
Canadian dollar equivalent (\$)	(21,116)	37,069

Based on the above net exposures as at February 28, 2025, a 5% (May 31, 2024 - 5%) change in the Canadian/US dollars exchange rate would impact the Corporation's income (loss) and comprehensive income (loss) by approximately \$5 (May 31, 2024 - \$2,000).

## 12. Financial Instruments (continued)

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The risk is minimal.

### Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in satisfying financial obligations as they become due. The Corporation manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At February 28, 2025, the Corporation has cash of \$523,295 (May 31, 2024 - \$2,280,298), current liabilities of \$554,852 (May 31, 2024 - \$692,698) and non-current liabilities of \$287,804 (May 31, 2024 - \$58,204).

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Corporation:

As at		February 28, 2025	May 31, 2024
Due Date			
0 – 90 days	\$	611,849	\$ 655,890
91 – 365 days		47,064	49,275
More than 1 year		364,746	60,225
	\$	1,023,659	\$ 765,390

### Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Management considers that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash, and accounts payables and accrued liabilities are assumed to approximate their fair values. Lease liabilities are valued in accordance with level 3 of the fair value hierarchy.

### Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 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 for the asset or liability that are not based on observable market data (unobservable inputs).

## 14. Management of Capital

The Corporation's primary objectives in capital management are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the development of the Soledad and Aija Projects. Capital is comprised of the Corporation's shareholders' equity. The Corporation manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. To maintain or adjust its capital structure, the Corporation may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Corporation is not subject to any externally imposed capital requirements. The Corporation did not change its approach to capital management during the period ended February 28, 2025.

## 15. Segmented Information

The Corporation operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Corporation's primary exploration and evaluation assets are located in Peru and its corporate assets, comprising mainly cash, are located in Canada. The Corporation is in the exploration stage and has no reportable segment revenues or operating results.

The Corporation's total assets are segmented geographically as follows:

	Canada		Peru		Total
<b>As at February 28, 2025</b>					
Current assets	\$	242,292	\$	150,521	\$ 392,813
Prepays		-		81,898	81,898
Property and equipment		-		631,640	631,640
Value-added tax receivable		-		180,739	180,739
Exploration and evaluation assets		-		365,575	365,575
	\$	242,292	\$	1,410,373	\$ 1,652,665
<b>As at May 31, 2024</b>					
Current assets	\$	2,077,257	\$	369,980	\$ 2,447,237
Prepays		-		75,534	75,534
Property and equipment		999		418,139	419,138
Value-added tax receivable		-		88,713	88,713
Exploration and evaluation assets		-		7,800,296	7,800,296
	\$	2,078,256	\$	8,752,662	\$ 10,830,918

## 16. Related Party Disclosures

The Corporation's related parties include key management personnel and companies related by way of directors or shareholders in common.

### (a) Key Management Personnel Compensation

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. During the Nine months ended February 28, 2025 and 2024, the Corporation paid and/or accrued the following compensation for salaries, fees and stock-based compensation to key management personnel:

	February 28, 2025		February 28, 2024	
<b>Fees</b>				
Management fees included in salaries and wages	\$	196,047	\$	177,328
Accounting fees		76,500		76,500
Director fees included in consulting fees		125,692		108,878
Stock-based compensation		-		35,790
	\$	398,239	\$	398,466

**16. Related Party Disclosures (continued)**

**(b) Due to Related Parties**

The Corporation has the following amounts due to related parties included in accounts payable and accrued liabilities. The amounts owing are non-interest-bearing, unsecured and due on demand.

	<b>February 28, 2025</b>		<b>May 31, 2024</b>
Officers and Directors	\$ 374,774	\$	229,050
	\$ 374,774	\$	229,050