



## **CHAKANA COPPER CORP.**

**MANAGEMENT DISCUSSION & ANALYSIS**

**FOR THE YEAR ENDED MAY 31, 2025**

**(EXPRESSED IN CANADIAN DOLLARS)**

## **GENERAL**

This Management Discussion and Analysis (“MD&A”) of Chakana Copper Corp. (the “Corporation” or “Chakana”) dated September 29, 2025 provides an analysis of the Corporation’s financial results for the year ended May 31, 2025. The following information should be read in conjunction with the accompanying consolidated financial statements for the years ended May 31, 2025 and 2024, with accompanying notes, which have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

All dollar figures are expressed in Canadian dollars (“CDN”), unless otherwise stated. The Corporation’s consolidated financial statements and MD&A are available on [www.sedarplus.ca](http://www.sedarplus.ca).

## **CORPORATION OVERVIEW**

Chakana was incorporated on May 2, 2011, under the laws of the province of British Columbia, Canada. The Corporation is a mineral exploration corporation listed on the TSX Venture Exchange (“TSX-V”) under the symbol “PERU”. The Corporation is currently engaged in the exploration and development of mineral properties, with prospects for copper, gold and silver in Peru.

The head office and principal address is Suite 1012 – 1030 West Georgia St., 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 currently advancing the La Joya Project (previously referred to as part of the “Soledad Project”) near Aija in the Ancash region of the highly prolific Miocene mineral belt of Peru. Please refer to the section “Exploration and Evaluation Expenses” for details of the La Joya Project (hereinafter referred to as the “La Joya Project”). The Corporation’s goal is to find and advance mineral projects to an economic resource within a single commodity cycle for further development by mid-tier and/or major mining companies. The Corporation looks for de-risked projects that have the characteristics of large above average grade mineral systems with significant upside potential. The Corporation employs the latest technological innovations to test the upside potential of projects with aggressively funded exploration programs. The Corporation initially focused their exploration efforts on tourmaline breccia hosted mineralization in the northern and central part of the former Soledad Project (Condor and Aija options).

This exploration failed to identify sufficient resources to justify additional investment in exploration and property payments so these areas have been relinquished to focus on the southern part of the Soledad Project, being the La Joya Project, which is under option from Barrick Mining Corp (Barrick”), where porphyry copper-gold, high sulfidation epithermal precious metals, and additional breccia-hosted mineralization potential has been identified.

## **GENERAL OVERVIEW OF MARKET CONDITIONS**

The global economic climate has become increasingly favorable, with financial markets at or near historic highs and precious metal prices, including gold recently reaching its all-time high. This positive market trend has provided a strong impetus for the mining sector.

The current administration is led by President Dina Boluarte, who succeeded Pedro Castillo on December 7, 2022, after he was impeached and removed from office. President Boluarte has focused on improving Peru’s economy, infrastructure development, and cracking down on crime, including illegal mining. Responding to criticism about delays and protracted timelines for mining-related permitting, President Boluarte’s administration has implemented a “Single Window for Mining” process to streamline and accelerate the permitting process. For exploration permitting, all environmental and water permitting is handled through the Ministry of Energy and Mines. Currently, Peru is experiencing problems with illegal miners throughout much of the country, in part related to high metal prices. Dealing with the illegal miners is likely to be an important theme in the next Presidential election, to be held on April 12, 2026. President Boluarte is term-limited so she cannot run for re-election.

During the period from May 31, 2024 through to the date of this MD&A, copper prices have fluctuated between a low of US \$3.98 per pound and a high of US \$5.81 per pound, closing at approximately US \$4.64 per pound. During the same period, gold and silver prices fluctuated in value, with gold trading between US \$2,310 per ounce and US \$3,785 per ounce, closing at approximately US \$3,785 per ounce, and silver trading between US \$26.65 per ounce and US \$44.40 per ounce, closing at approximately US \$44.40 per ounce.

Peru is the world’s second largest copper producer, and a significant producer of gold, silver, lead, zinc, and other metals. Mining is one of Peru’s most significant industries. Peru has some US \$56 billion of open mining investments,

primarily in copper, and is home to mines owned by large foreign companies. Victor Gobitz, president of the Peruvian Institute of Mining Engineers, stated that if the government properly approaches an open dialogue with the mining industry and properly defines the way to develop the country's sustainability, it could create a perfect environment to develop its copper projects.

## **HIGHLIGHTS**

### Exploration developments

The La Joya Project makes up the southern half of the former Soledad Project, located in the Ancash province of central Peru, approximately 260 kilometres north-northwest of Lima and 35 kilometres south of Barrick's Pierina mine. The La Joya Project is part of the Aija-Ticapampa Mining District in the Cordillera Negra, a region with a long history of exploration and mining. Initial exploration focused on tourmaline breccia pipes in the Soledad Project on concessions optioned from Condor Resources Inc. in 2017. As exploration expanded to the south, two subsequent option agreements (Aija and Barrick options) were established based on the recognition of 1) porphyry copper potential related to multiple intrusions centered upon the Lincuna fault forming the Mega-Gold target area, 2) distal high-sulfidation precious metals mineralization outcropping at surface in the La Joya zone, and 3) numerous additional mineralized outcropping breccias in the Compañero Breccia target area. On October 8, 2024, the Corporation relinquished the Condor concessions and on February 11, 2025, the Corporation relinquish its interest in the Aija option agreement to focus on the more prospective La Joya Project.

### **Permitting Update**

The Corporation received approval of the environmental permit for the modification of the semi-detailed environmental impact assessment (EIAsd) to allow exploration drilling on the majority of the south half of the on June 28, 2023. The permit allowed drilling in the Mega-Gold and La Joya target areas. Additional permitting (Initiation of Activities) is required before drilling in the Compañero Breccia target area can begin.

### **Exploration Targeting and Drilling Program**

On April 5, 2024 the Corporation announced that it had initiated a fully-funded 3,000m drill program in the newly permitted area on the southern half of the project. The drill program primarily focused on two target areas: 1) Mega-Gold porphyry target and, 2) La Joya high-sulfidation epithermal (HSE) zone. This new area of exploration covers different geological environments, including multiple intrusions centered upon the Lincuna fault, and distal high-sulfidation precious metals mineralization. The Lincuna fault is an important regional arc-normal structure related to the Querococha Arch, extending to the northeast just north of the Antamina mine. Intrusive phases at Soledad cut Jurassic to Cenozoic sedimentary and volcanic rocks and are closely related in space and time to the tourmaline breccia pipes and mineralization. The young intrusive rocks include granodiorite, dacite porphyry, and monzodiorite, ranging in age from 15.2 +/- 0.3 million years. These intrusive rocks are cut by tourmaline breccias, which are probably coeval with the waning stages of intrusive and hydrothermal activity. Thirteen drill holes were completed through June 24, 2024.

### **Mega-Gold Copper-Gold Porphyry Target**

The Mega-Gold target is a very large area occupying 2.5 km<sup>2</sup> with anomalous gold in soil overlying pervasive tourmaline-quartz-white mica alteration, overprinted by localized advanced argillic alteration zones and tourmaline breccias. The target area is oriented northeast and is underlain by older andesitic tuff (Calipuy Formation) and a premineral granodiorite, thought to be the first pulse of intrusive activity in the Soledad mineral system. Within the anomaly is a distinct Offset (3D) induced polarization chargeability feature with a similar orientation as the soil anomaly. Soil gold values over the chargeability body reach up to 0.325 g/t. The chargeability feature is interpreted to be a high-level blind intrusion cutting the earlier granodiorite. Drill results confirmed a pyrite shell with strongly zoned alteration defining two discrete porphyry targets that warrants additional drilling. Hyperspectral core scanning studies provide a clear vector to higher temperature alteration sitting beneath the pyrite shell within an area of strong conductivity. Although untested, this target is believed by management to be the core of a mineralized porphyry intrusion.

### **La Joya High-Sulfidation Epithermal (HSE) Target Area**

The La Joya target area is associated with high-sulfidation advanced argillic alteration consisting of vuggy silica, alunite, dickite, zunyite, diaspore, and pyrophyllite. The zone of alteration extends 700 metres in a north-south direction at an elevation of approximately 4,500 metres. Surface rock samples collected from the alteration zone have silver and gold values up to 1,300 g/t and 0.36 g/t, respectively. An access road from off-property leads to five scattered historic drill pads on the southernmost 200 metre segment of La Joya, and locals report that Buenaventura completed seven short drill holes, encountering silver mineralization and some gold. We are unable to confirm the Buenaventura history with a QP. Drill results reported on August 29, 2024 confirmed strong near-surface mineralization with 1,005 gpt Ag and 0.45 gpt Au over 0.75 m within 4.5 m of 323.6 gpt Ag and 0.25 gpt Au from 58.0 m. The high-grade silver results suggest preservation of the HSE system with potential for strong gold mineralization at depth and warrants additional drilling.

The target is a horizontal or manto-like body of mineralization extending away from the feeder structure within favorable permeable stratigraphy in the Calipuy volcanic section. Mineralized manto mineralization is mined elsewhere in the Aija Ticapampa district.

#### Corporate matters

- On August 14, 2024, the Corporation issued 205,665 common shares with respect to the Aija Project and paid US\$75,000.
- On October 8, 2024, the Corporation announced that it had relinquished its option to acquire three concessions from Condor Resources Inc. As a result, the Corporation recognized an impairment of \$5,533,578. The Corporation tried to negotiate a reasonable buyout price but were not successful. The Corporation determined that the remaining property payments in addition to payments already made significantly exceeded the current value of the Condor Concessions.

As part of a previous royalty purchase agreement with Condor, Condor will grant a 1% net smelter return royalty in favor of the Corporation over the Condor Concessions. Condor will have the right to purchase half of the royalty (0.5%) for US\$1,000,000. Refer to the Corporation's News Release dated October 8, 2024.

- Effective February 28, 2025 the Corporation completed the consolidation of its common shares on the basis of one new-post consolidation common share for every ten pre-consolidation common shares.
- On February 28, 2025 the Corporation announced it had terminated the Aija Option agreement. As a result the Corporation recognized an impairment of \$2,238,101.

With the relinquishment of the Condor and Aija projects the Corporation is focusing on the highly prospective Barrick option, now referred to as the La Joya Project, which has no cash payments and is based on expenditures in the ground.

- On September 26, 2025, the Corporation completed a non-brokered private placement of 17,857,156 units at a price of \$0.07 per unit for gross proceeds of \$1,250,000. 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 \$0.09 per share for a period of three years. The Corporation paid aggregate finder's fees of \$1,929 and issued 27,552 finder's warrants in connection with the private placement. Each finder's warrant is exercisable to purchase one share at a price of \$0.09 per share for a period of three years from closing of the private placement.
- On September 11, 2025, the Corporation entered into agreements to fully settle outstanding debt of \$644,791 owed to certain board and management creditors. The settlement will be affected through a combination of share issuance, debt forgiveness, and cash payments. The Corporation will issue 2,529,487 common shares at a deemed price of \$0.0975 per share, representing an aggregate settlement amount of \$246,625. In addition, the creditors have agreed to forgive fees owing to them of \$353,455. The remaining balance of \$44,711 will be settled through cash payments. Upon completion, this transaction will result in the full extinguishment of all outstanding board and management debt obligations. The Corporation received the TSX Venture approval for these transactions on September 25, 2025.

#### **EXPLORATION AND EVALUATION EXPENDITURES**

The Corporation is engaged in investigation, evaluation, exploration and development of mineralized precious and base metal properties and related activities in Peru. The Corporation's wholly owned indirect subsidiary, Chakana Resources S.A.C., holds; (i) an option to acquire up to a 100% ownership in mineral concessions owned by Barrick (the "Barrick Option") subject to certain "back-in" rights; and (ii) a 1% net smelter return royalty right ("NSR") on the Condor Concessions. The Barrick option is referred to as the "La Joya Project". The Corporation is the operator of all related mineral exploration activities on this project.

Acquisition costs of the Soledad Project are as follows:

	Condor Option	Aija Project	Barrick and other	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
Reclassification	(328,209)	-	328,209	-
Acquisition costs	29,273	309,349	11,358	349,980
Foreign exchange on translation	223,782	81,546	719	306,047
Disposal	(5,533,579)	(2,238,101)	(59,660)	(7,831,339)
<b>Balance – May 31, 2025</b>	\$ -	\$ -	\$ 624,984	\$ 624,984

During the years ended May 31, 2025 and 2024, the Corporation incurred exploration and evaluation expenditures as follows:

	Year ended May 31, 2025	Year ended May 31, 2024
Drilling	\$ 233,161	\$ 350,500
Exploration support and administration	593,228	644,299
Field operations and consumables	129,201	205,103
Geological consultants	65,215	45,239
Permitting and environmental consulting	40,897	116,386
Sampling and geological costs	299	5,562
Transportation	20,630	28,256
	\$ 1,082,631	\$ 1,395,345

### Selected Annual Information

The following table sets forth selected financial information for the fiscal years ended May 31, 2025, 2024 and 2023. The selected financial information set out below has been derived from the audited annual financial statements and accompanying notes, in each case prepared in accordance with IFRS Accounting Standards. The selected financial information set out below may not be indicative of the Corporation's future performance. The following discussion should be read in conjunction with the audited financial statements.

	2025	2024	2023
Total revenue	\$ —	\$ —	\$ —
Net loss for the fiscal year	(10,004,821)	(2,587,519)	(3,482,147)
Loss per share, basic and fully diluted <sup>(1)</sup>	(0.36)	(0.12)	(0.21)
Total assets	1,202,687	10,830,918	9,242,069
Total liabilities	728,465	750,902	562,019

<sup>(1)</sup> Diluted loss per common share is equivalent to the basic loss per common share as the effects of outstanding warrants and options disclosed are anti-dilutive for all periods presented.

## SUMMARY OF QUARTERLY RESULTS

Key financial information for the three months ended May 31, 2025, as well as the most recent preceding seven quarters is summarized as follows:

	May 31, 2025	February 28, 2025	November 30, 2024	August 31, 2024
Current Assets	\$ 322,846	\$ 392,813	\$ 647,718	\$ 1,115,081
Current Liabilities	\$ 728,465	\$ 669,984	\$ 554,852	\$ 460,381
Total Assets	\$ 1,202,687	\$ 1,652,665	\$ 4,076,767	\$ 4,347,279
Total Liabilities	\$ 728,465	\$ 955,214	\$ 287,804	\$ 751,878
Operating Expenses	\$ (372,976)	\$ (381,208)	\$ (458,183)	\$ (876,152)
Net Loss	\$ (181,674)	\$ (2,843,950)	\$ (470,466)	\$ (6,508,731)
Loss per Share	\$ (0.01)	\$ (0.11)	\$ (0.02)	\$ (0.24)

	May 31, 2024	February 29, 2024	November 30, 2023	August 31, 2023
Current Assets	\$ 2,447,237	\$ 2,343,801	\$ 883,260	\$ 599,569
Current Liabilities	\$ 692,698	\$ 518,183	\$ 540,882	\$ 567,595
Total Assets	\$ 10,830,918	\$ 10,797,848	\$ 9,106,598	\$ 8,835,755
Total Liabilities	\$ 750,902	\$ 590,246	\$ 628,664	\$ 672,265
Operating Expenses	\$ (1,059,088)	\$ (504,763)	\$ (447,842)	\$ (552,943)
Net Loss	\$ (1,039,931)	\$ (506,837)	\$ (450,132)	\$ (590,619)
Loss per Share	\$ (0.05)	\$ (0.03)	\$ (0.03)	\$ (0.03)

**KEY VARIATIONS FOR THE CORPORATION'S NET LOSSES FOR THE PERIODS ABOVE PRESENTED RESULTED PRIMARILY FROM THE FOLLOWING FACTORS:**

- Increase in net loss for the quarter ended May 31, 2024 resulted from the Corporation executing its 2024 exploration plan which was funded in part from proceeds from the private placement as well as proceeds from the exercise of warrants.
- The significant net loss incurred during the quarter ended August 31, 2024 resulted mainly to the impairment of the Condor property which was relinquished which resulted in an impairment charge during the quarter of \$5,533,578. In addition, the Corporation also incurred exploration expenditures during the period as it completed its 2024 exploration program.
- The significant net loss incurred during the quarter ended February 28, 2025 resulted mainly to the impairment of the Aija property which was relinquished which resulted in an impairment charge during the quarter of \$2,238,101.
- The reduction in net loss for the quarter ended May 31, 2025 resulted from reduced costs incurred in Peru as a result of relinquishing the Condor and Rosales properties in the prior quarters.
- Operating losses from period to period for the last 8 quarters remained relatively consistent from quarter to quarter other than for the May 31, 2024 and August 31, 2024 quarters where the Corporation was executing its 2024 exploration program which resulted in higher expenditures and for the quarters ended February 28, 2025 and May 31, 2025 where the Corporation reduced costs as a result of relinquishing its two properties.

## **RESULTS OF OPERATIONS FOR THE YEAR ENDED MAY 31, 2025**

Total operating expenses for the year ended May 31, 2025 were \$2,088,519 (2024 - \$2,564,636). The significant expenditures for the current year were as follows:

- Exploration and evaluation expenditures were \$1,082,631 during the year ended May 31, 2025 (2024 - \$1,395,345),
  - Inclusive of drilling expenses of \$233,161 (2024 - \$350,500).
  - Exploration support and administrative were \$593,228 (2024 - \$644,299),
  - Field expenses were \$129,201 (2024 - \$205,103),
  - Geological consulting fees of \$65,215 (2024 - \$45,239),
  - Permitting and environmental consulting fees were \$40,897 (2024 - \$116,386),
  - Sampling and geological costs of \$299 (2024 - \$5,562) and
  - Transportation expenses were \$20,630 (2024 - \$28,256).

Decreased exploration expenses were a result of the Corporation's current year drill program being smaller than the prior year's program due to the limited available resources to conduct a larger program and the Corporation eventually relinquishing the Condor and Aija properties.

- Consulting expenses were \$206,582 and salaries and wages were \$288,863 during the year ended May 31, 2025, compared to \$194,757 of consulting fees and \$309,751 of salaries and wages for the year ended May 31, 2024. Both salaries and wages and consulting fees represent a net decrease of \$9,063 which remained relatively consistent from year to year.
- General and administrative expenses were \$131,315 during the year ended May 31, 2025, compared to \$274,075 during the year ended May 31, 2024. These expenditures decreased as the Corporation reduced certain of its operations in Peru as well as its at head office in Vancouver, Canada.
- During the year ended May 31, 2025, the Corporation incurred \$150,653 of legal and professional fees (2024 - \$160,541). These expenditures remained relatively consistent year on year.
- Stock-based compensation and was \$nil (2024 - \$49,445) during the year ended May 31, 2025. There was no stock-based compensation expense during the current year as this expense is the result of amortization of share-based expense from stock options granted during prior periods, these options have fully vested resulting in no expense for the current period.
- Investor relations expenses was \$35,276, (2024 - \$71,621) during the year ended May 31, 2025. These decreased as the Corporation reduced its expenditures related to conferences and related investor relations activities for the year.
- During the year ended May 31, 2025, the Corporation recognized a total impairment charge of \$7,831,339. This total is comprised of a \$5,533,578 impairment resulting from relinquishing its option to acquire an interest in the Condor Project, a \$2,238,101 impairment for the Aija Project, and an additional \$59,660 charge for other claims.

As a result of the foregoing, the Corporation recorded a net loss of \$10,004,821 during the year ended May 31, 2025 (2024 - \$2,587,519).

## **SUMMARY OF MINERAL PROPERTIES**

### **(i) Barrick Option Agreement**

The Barrick Option Agreement covers concessions referred to as the La Joya Project.

On July 11, 2018, Barrick granted the Corporation an option (the "Barrick Option") to acquire a 100% interest in three concessions covering the La Joya Project. Under terms of the Barrick Option, the Corporation has five years to complete a minimum of 2,000 metres of exploration drilling and produce a Preliminary Economic Assessment report compliant with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. Upon exercise of the Barrick Option, Barrick will retain a 2% NSR subject to the Corporation's right to purchase 50% of the NSR (1%) 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 (the "Back-in Closing Date") 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 not made 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 their interest will be diluted to 10%, upon which their interest will be converted to a 2% NSR with Barrick's right to purchase 50% of the royalty for US \$2,000,000.

The Corporation has completed detailed soil and rock sampling, geological mapping, surface electromagnetic surveys and ground magnetics surveys within the portions of the Barrick Option concessions where mineralization is known or expected based upon soil sampling and geological modeling. Results are encouraging with the identification of seven confirmed breccia pipes, areas of intrusive-hosted mineralization, and an area with high sulfidation alteration within the Barrick Option concessions. The Corporation has obtained access agreements with private surface rights owners and is in the process of modifying the semi-detailed Environmental Impact Assessment (EIASd) to allow drilling in this area.

In October 2021, the Corporation amended the July 11, 2018 option agreement with Barrick regarding the three concessions that make up the La Joya Project. Under the amendment, Chakana must obtain the drill permit for exploration drilling on or before September 27, 2023. The Corporation then has four years from the date of the drill permit to complete a minimum of 4,000 metres of drilling and a National Instrument 43-101-compliant Preliminary Economic Assessment. The start date for this 4-year period is July 5, 2023. Barrick will have a one-time right to reacquire the property with a 70% interest. If Barrick declines, an undivided 100% interest in the concessions will be transferred to Chakana. Six drill holes were completed as of May 31, 2024 for a total of 1,840.3 metres. Five additional holes were completed after May 31, 2024 for 1,030.2 metres. In total, 2,870.5 metres have been completed on the Barrick concessions.

#### **(ii) Aija Option Agreement**

The Aija Option Agreement (which was relinquished on February 28, 2025) covered ten concessions in the central part of the expanded Soledad 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 Corporation recognized an impairment of \$2,238,101. The Corporation has no obligation to pay any of the remaining \$850,000 option payments or issue any additional shares.

#### **(iii) Condor Option Agreement**

The Condor Option (which was relinquished on October 8, 2024) covered three concessions on the northern end of the expanded Soledad Project.

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 a following three-year period. During the term of this option agreement and up to October 8, 2024 the Corporation made total payments of \$2,950,000 and issued 325,682 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 Corporation recognized an impairment of \$5,538,578.

As part of a previous royalty purchase agreement with Condor, Condor has granted a 1% net smelter return 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 has no additional obligation to pay any of the US\$2,425,000 option payments or issue any of the shares that were remaining under the Aija Option Agreement.

## **CAPITAL STRUCTURE**

As of the date of this MD&A, the Corporation has 26,700,850 (May 31, 2025 – 26,700,850) common shares, 5,620,546 (May 31, 2025 – 5,620,546) common share purchase warrants and 595,000 (May 31, 2025 – 730,000) stock options issued and outstanding.

Effective February 28, 2025 the Corporation 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 the financial statements and MD&A have given effect to this consolidation on a retroactive basis.

### Issued capital

Subsequent to May 31, 2025, the Corporation issued common shares as follows:

- On September 26, 2025, the Corporation completed a non-brokered private placement of 17,857,156 units at a price of \$0.07 per unit for gross proceeds of \$1,250,000. 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 \$0.09 per share for a period of three years. The Corporation paid aggregate finder's fees of \$1,929 and issued 27,552 finder's warrants in connection with the private placement. Each finder's warrant is exercisable to purchase one share at a price of \$0.09 per share for a period of three years from closing of the private placement.
- On September 11, 2025, the Corporation entered into agreements to fully settle outstanding debt of \$644,791 owed to certain board and management creditors. The settlement will be effected through a combination of share issuance, debt forgiveness, and cash payments. The Corporation will issue 2,529,487 common shares at a deemed price of \$0.0975 per share, representing an aggregate settlement amount of \$246,625. In addition, the creditors have agreed to forgive fees owing to them of \$353,455. The remaining balance of \$44,711 will be settled through cash payments. Upon completion, this transaction will result in the full extinguishment of all outstanding board and management debt obligations. The Corporation received the TSX Venture approval for these transactions on September 25, 2025.

During the year ended May 31, 2025, the Corporation issued common 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.

During the year ended May 31, 2024, the Corporation issued common shares as follows:

- On June 22, 2023, the Corporation issued 137,931 common shares valued at US \$82,558, as per the amended Condor Option Agreement.
- 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 \$0.40 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 299,610 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 \$0.60 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 Corporation 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.

As of September 29, 2025 the Corporation had 47,087,487 (May 31, 2025 – 26,700,850) common shares issued and outstanding.

The following incentive stock options were outstanding at September 29, 2025 and May 31, 2025:

Expiry Date	Exercise Price	September 29, 2025	May 31, 2025
July 10, 2025	\$4.00	-	135,000
April 22, 2026	\$5.00	222,500	222,500
September 29, 2027	\$0.75	372,500	372,500
Total outstanding options	\$2.80	595,000	730,000
Total exercisable options	\$2.80	595,000	730,000

The following share purchase warrants were outstanding at September 29, 2025 and May 31, 2025:

Expiry Date	Exercise Price	September 29, 2025	May 31, 2025
January 12, 2026	\$0.60	5,620,546 <sup>(1)</sup>	5,620,546 <sup>(1)</sup>
September 26, 2028	\$0.09	17,884,708	-
Total outstanding warrants	\$0.60	23,505,254	8,508,899

<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 \$0.90 per unit.

## CAPITAL RESOURCES

The Corporation defines capital as consisting of shareholders' equity and cash. The Corporation manages its capital structure to maximize its financial flexibility by making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Corporation does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Corporation's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

As at May 31, 2025, the Corporation is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Corporation's approach to capital management during the year ended May 31, 2025.

#### **LIQUIDITY**

The Corporation's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Corporation has historically financed its operations primarily through the sale of share capital by way of private placements.

As at May 31, 2025, the Corporation had cash of \$158,124 and negative working capital of \$405,619.

Cash used in operating activities was \$1,731,758 during the year ended May 31, 2025. The cash used in operating activities is mainly for exploration and evaluation expenditures.

Cash used in investing activities was \$349,981 during the year ended May 31, 2025, and was primarily related to option payments related to the Corporation's properties.

Cash used in financing activities was \$43,680 during the year ended May 31, 2025, related to repayments of lease obligations.

The development of the Corporation in the future will depend on the Corporation's ability to obtain additional financings. In the past, the Corporation has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Corporation's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Corporation will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Corporation's properties. These uncertainties may cast significant doubt about the Corporation's ability to continue as a going concern.

#### **OUTLOOK**

The Corporation plans to conduct further exploration on its exploration projects and evaluate new opportunities. Further exploration and corporate costs are expected to be funded through future equity financing or other means.

#### **RELATED PARTY TRANSACTIONS**

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

During the years ended May 31, 2025 and 2024, the Corporation paid and/or accrued the following fees to key management personnel:

- During the year ended May 31, 2025, the Corporation incurred \$265,703 (2024 - \$228,670) of consulting fees from David Kelley, the Corporation's Chief Executive Officer. As of May 31, 2025, the amount of \$271,549 (May 31, 2024 - \$72,271) was owed to David Kelley, which is included in accounts payable and accrued liabilities.
- The Corporation is party to a consulting agreement with a firm for which Xavier Wenzel works to provide services as the Corporation's Chief Financial Officer, as well as financial consulting services, accounting and bookkeeping services to the Corporation for \$8,500 per month. For the year ended May 31, 2025, the total fees incurred under this agreement are \$102,000 (2024 - \$102,000). As of May 31, 2025, the amount of \$41,769 (May 31, 2024 - \$9,282) was owed to this firm, which is included in accounts payable and accrued liabilities. The amount owed is non-interest-bearing, unsecured and due on demand.
- During the year ended May 31, 2025, the Corporation incurred \$12,000 (2024 - \$12,000) of consulting expense from John Black, a director of the Corporation. As of May 31, 2025, the amount of \$48,500 (May 31, 2024 - \$36,500) was owed to Mr. Black, which is included in accounts payable and accrued liabilities. The amount owed is non-interest-bearing, unsecured and due on demand.
- During the year ended May 31, 2025, the Corporation incurred \$60,000 (2024 - \$48,000) of consulting expense from Chelmer Consulting Corp., a company controlled by Darren Devine, a director of the

Corporation. As of May 31, 2025, the amount of \$31,500 (May 31, 2024 - \$5,250) was owed to Chelmer Consulting Corp., which is included in accounts payable and accrued liabilities. The amount owed is non-interest-bearing, unsecured and due on demand.

- During the year ended May 31, 2025, the Corporation incurred \$83,783 (2024 - \$81,393) of consulting expense from Balfour Holdings LLC, a company owned by Douglas Silver, a director of the Corporation. As of May 31, 2025, the amount of \$110,704 (May 31, 2024 - \$47,457) was owed to Balfour Holdings LLC, which is included in accounts payable and accrued liabilities. The amount owed is non-interest-bearing, unsecured and due on demand.
- During the year ended May 31, 2025, the Corporation incurred \$12,000 (2024 - \$12,000) of consulting expense from Tom Wharton, a director of the Corporation. As of May 31, 2025, the amount of \$9,000 (May 31, 2024 - \$2,000) was owed to Mr. Wharton, which is included in accounts payable and accrued liabilities. The amount owed is non-interest-bearing, unsecured and due on demand.

#### **OFF BALANCE SHEET ARRANGEMENTS**

The Corporation has no off-balance sheet arrangements.

#### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The fair value of cash under the fair value hierarchy is measured using Level 1 inputs. The Corporation considers that the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

#### **FINANCIAL RISK FACTORS**

The Corporation's risk exposure and the impact on the Corporation's financial instruments are summarized below:

##### *Credit Risk*

Credit risk is the risk of potential loss to the Corporation if the counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's credit risk is primarily attributable to its liquid financial assets, including cash. The Corporation limits exposure to credit risk on liquid financial assets through maintaining its cash with a high credit quality financial institution.

##### *Liquidity Risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations with cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Corporation is exposed to liquidity risk.

### *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 has no interest-bearing debt. The Corporation's sensitivity to interest rates is minimal.

### *Foreign Currency Risk*

Foreign currency risk is the risk on fluctuation of currency related to monetary items with a settlement currency other than the Canadian dollar. The functional currency of Chakana is the Canadian dollar and the functional currency of the subsidiary is the Peruvian sol. The Corporation is exposed to foreign currency risk on fluctuations related to cash, receivables, prepayments and accrued liabilities that are denominated in Peruvian soles, US dollars and Canadian dollars. The Corporation has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

## **BUSINESS RISKS AND UNCERTAINTIES**

Additional information on risks and uncertainties relating to Chakana's business is provided in Remo Resources Inc.'s Filing Statement dated December 4, 2017 under the heading **Financial Risk Factors**. This Filing Statement is accessible under the Corporation's profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## **CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Corporation's 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 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.

Areas requiring a significant degree of judgment relate to the recoverability and measurement of deferred tax assets and liabilities, the ability to continue as a going concern and the capitalization of development costs. Actual results may differ from those estimates and judgments. Areas requiring a significant degree of estimation include allowances for doubtful accounts.

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

- *Impairment of Exploration and Evaluation Assets*

The net carrying value of each mineral property 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.

- *Value-added Tax Receivable*

The Corporation has a signed agreement with the Peruvian Ministry of Energy and Mines to receive a refund on value-added taxes for certain exploration related expenditures incurred by the Corporation in Peru, prior to the Corporation generating sales. These value-added tax receivables are subject to review by the Peruvian tax authorities. Management is required to assess the likelihood of approval for the expenditures filed for refund and collectability of the value-added tax receivables from the Peruvian Ministry of Energy and Mines.

- *Recoverable value of exploration and evaluation assets*

Determining whether facts and circumstances indicate an impairment loss or a reversal of a previously recognized impairment loss is a subjective process that involves significant judgment, estimates, and interpretations.

When an indication of impairment or reversal exists, management is required to estimate the recoverable amount of the individual asset. In assessing recoverable amounts, management applies various assumptions about future events and circumstances, including estimates of commodity prices, operating and capital costs, discount rates, production profiles, and other factors that may affect expected future cash flows. These assumptions are inherently uncertain and subject to change as new information becomes available.

Actual results may differ from these estimates, and such differences could have a material impact on the carrying value of assets.

- *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.

## **MATERIAL ACCOUNTING POLICIES**

The Corporation's material accounting policies are summarized in Note 3 to the audited consolidated financial statements for the year ended May 31, 2025.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A contains certain statements that may be deemed "forward-looking statements", including statements regarding developments in the Corporation's operations in future periods, adequacy of financial resources, and future plans and objectives of the Corporation. All statements in this document, other than statements of historical fact, which address events or developments that the Corporation expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, liquidity and effects of accounting policy changes.

Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals, and general economic, market or business conditions, including but not limited to the impact of the war in Ukraine and the conflict in the middle east, see **General Overview of Market Conditions** on page 2 of this MD&A. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information.

Forward-looking statements are based on the beliefs, estimates and opinions of the Corporation's management on the date the statements are made. The Corporation undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates, opinions or other factors should change, except as required by law.

These statements are based on a number of assumptions, including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Corporation and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Corporation's transactions and exploration and development programs on reasonable terms, and the ability of third party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.