CHAKANA COPPER CORP.

CONDENSED INTEIRM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 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 International Financial Reporting 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.

October 28, 2025

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

		August 31, 2025 (Unaudited)		May 31, 2025 (Audited)
ASSETS				
Current Assets				
Cash (Note 12)	$	126,864	$	158,124
Prepaids and other current assets		144,735		164,722
		271,599		322,846
Non-current Assets				
Property and Equipment (Note 6)		117,685		125,998
Value-added tax receivable (Note 7)		12,785		69,150
Prepaids		57,163		59,707
Exploration and evaluation assets (Note 5)		647,742		624,986
Total Assets	$	1,106,974	$	1,202,687
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities (Notes 12 and 15)	$	884,560	$	728,465
Total Liabilities		884,560		728,465
Shareholders' Equity				
Common shares (Note 9)		47,622,191		47,622,191
Stock option reserve (Note 9)		1,687,924		1,687,924
Accumulated other comprehensive income		1,504,681		1,482,852
Deficit		(50,592,382)		(50,318,745)
Total Shareholders' Equity		222,414		474,222
Total Liabilities and Shareholders' Equity	$	1,106,974	$	1,202,687

Approved on behalf of the Board of Directors

/s/ David Kelley
David Kelley, 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 INTEIRM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED AUGUST 31, 2025 AND AUGUST 31, 2024
(Unaudited - Expressed in Canadian Dollars)

		Three Months Ended August 31, 2025		Three Months Ended August 31, 2024
OPERATING EXPENSES				
Consulting fees (Note 15)	$	50,584	$	50,335
Depreciation (Note 6)		7,706		23,717
Exploration and evaluation expenditures (Note 5 and 10)		81,264		599,552
General and administrative		19,065		54,882
Investor relations		1,173		30,743
Legal and professional fees (Note 15)		34,500		34,250
Salaries and wages (Note 15)		75,460		82,673
Operating Expenses		(269,752)		(876,152)
Other				
Foreign exchange gain (loss)		(760)		(5,564)
Impairment of exploration property (Note 5)		-		(5,638,110)
Loss on sale of assets		(3,480)		-
Interest income		355		11,095
		(3,885)		(5,632,579)
Net Loss		(273,637)		(6,508,731)
Other Comprehensive Loss				
Item that may be reclassified to profit or loss				
Foreign currency translation		21,829		(47,867)
Comprehensive Loss	$	(251,808)	$	(6,556,598)
Basic and diluted loss per share	$	(0.01)	$	(0.24)
Weighted average number of common shares outstanding (basic and diluted)		26,700,850		26,532,386

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 THREE MONTHS ENDED AUGUST 31, 2025 AND AUGUST 31, 2024
(Unaudited - Expressed in Canadian Dollars)

		Three Months Ended August 31, 2025		Three Months Ended August 31, 2024
Cash Flows Used in Operating Activities				
Net loss	$	(273,637)	$	(6,508,731)
Adjustments to reconcile net loss to cash used in operating activities				
Depreciation		7,706		23,717
loss on disposal of assets		3,480		-
Unrealized foreign exchange		3,694		(5,528)
Impairment of exploration property		-		5,638,110
Prepaids and other current assets		22,531		27,832
Value-added tax receivable		56,365		(70,637)
Accounts payable and accrued liabilities		156,095		(193,641)
		(23,766)		(1,088,878)
Cash Flows Used in Investing Activities				
Acquisition of exploration and evaluation assets		(7,863)		(174,303)
		(7,863)		(174,303)
Cash Flows Provided by Financing Activities				
Repayment of lease obligation		-		(41,260)
		-		(41,260)
Foreign exchange on cash		369		(1,203)
Changes in cash during the year		(31,260)		(1,305,644)
Cash – beginning of the year		158,124		2,280,298
Cash – end of the year	$	126,864	$	974,654
Non-cash items				
Shares issued for property	$	-	$	71,983
Amendment to lease agreement	$	-	$	237,619

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					
	Shares	Amount	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance – May 31, 2024	26,495,192	$ 47,550,208	$ 2,299,156	$ 1,155,808	$ (40,925,156)	$ 10,080,016
Shares issued for property	205,665	71,983	-	-		71,983
Other comprehensive income for the year	-	-	-	(47,867)	-	(47,867)
Net loss for the period	-	-	-	-	(6,508,731)	(6,508,731)
Balance – August 31, 2024	26,700,857	$ 47,622,191	$ 2,299,156	$ 1,107,941	$ (47,433,887)	$ 3,595,401
Fair value of expired warrants	-	-	(611,232)		611,232	-
Other comprehensive income for the year	-	-	-	374,911		374,911
Net loss for the period	-	-	-	-	(3,496,090)	(3,496,090)
Balance – May 31, 2025	26,700,857	$ 47,622,191	$ 1,687,924	$ 1,482,852	$ (50,318,745)	$ 474,222
Other comprehensive income for the year	-	-	-	21,829	-	21,829
Net loss for the period	-	-	-	-	(273,637)	(273,637)
Balance – August 31, 2025	26,700,857	$ 47,622,191	$ 1,687,924	$ 1,504,681	$ (50,592,382)	$ 222,414

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. During the period ended August 31, 2025, the Corporation incurred a net loss of $273,637 (2024 - $6,508,731) and as of that date has a deficit of $50,592,382 (May 31, 2025 - $50,318,745). 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. Accordingly, these 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 International Financial Reporting 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, 2025 ("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 October 29, 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.

- *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.

3. Significant Accounting Judgments and Estimates (continued)

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, 2025 and 2024 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
Balance – May 31, 2024	$ 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
Impairment	(5,533,578)	(2,238,101)	(59,660)	(7,831,339)
Balance – May 31, 2025	$ -	$ -	$ 624,984	$ 624,984
Acquisition costs	-	-	7,865	7,865
Foreign exchange on translation	-	-	14,893	14,893
Balance – August 31, 2024	$ -	$ -	$ 647,742	$ 647,742

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

(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 plus a 2 km area of interest.

The Barrick option is referred to as the "La Joya Project".

4. Exploration and Evaluation Assets (continued)

The Corporation is the operator of all related mineral exploration activities on these projects. During the year, the Corporation relinquished its concessions under the Condor and Aija option agreements These concessions, together with concessions acquired from Barrick option agreement other adjoining concessions, were collectively considered as the Condor Project. As a result of the relinquishment, certain amounts that had previously been recorded within the Condor Project were reclassified to the Barrick and other, as they related to exploration activities that are independent of the Condor option agreements.

(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 *Standards of Disclosure for Mineral Projects*. In October 2021, the Corporation amended the July 11, 2018 agreement. Under terms of the amended agreement, the Corporation must obtain the Authorization to Imitate 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 (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 ("Back-in"). 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.

During the year ended On May 31, 2025, the Corporation relinquish its option on the Aija Project given insufficient resources identified during exploration. As a result, during the year ended May 31, 2025, the Corporation recognized an impairment of $2,238,101 using a fair value less costs of disposal measure. The Corporation has no further obligations regarding the Property.

(c) Condor Option

On April 17, 2017, the Corporation entered into a Mining Assignment and Option Agreement with Minera Vertiente del Sol S.A.C. ("MVS"), a subsidiary of Condor Resources Inc., pursuant to acquire 100% of the rights and interests in the Soledad Copper/Gold Project, Peru (the "Soledad Project"), subject to a 2% NSR.

During the year ended May 31, 2025, the Corporation relinquish its option to acquire three concessions from Condor Resources Inc. As a result, during the year ended May 31, 2025, the Corporation recognized an impairment of $5,533,578 using a fair value less costs of disposal measure. As part of the purchase agreement with Condor, Condor granted a 1% NSR 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 further obligations regarding the Property.

5. Property and Equipment

	Right-of-use Asset	Equipment	Total
Cost			
As at May 31, 2024	$ 257,918	$ 610,850	$ 868,768
Amendment to lease agreement	244,267	-	244,267
Foreign exchange on translation	6,592	23,389	29,981
Disposal and termination of lease agreement	(508,777)	(230,667)	(739,444)
As at May 31, 2025	-	403,572	403,572
Additions	-	-	-
Foreign exchange on translation	-	8,961	8,961
Disposal	-	(60,643)	(60,643)
As at August 31, 2024	$ -	$ 351,890	$ 351,890
Accumulated Depreciation			
As at May 31, 2024	$ (167,519)	$ (282,111)	$ (449,630)
Depreciation	(47,528)	(48,117)	(95,645)
Foreign exchange on translation	(5,449)	(10,843)	(16,292)
Disposal	220,496	63,497	283,993
As at May 31, 2025	-	(277,574)	(277,574)
Depreciation	-	(7,706)	(7,706)
Foreign exchange on translation	-	(6,089)	(6,089)
Disposal		57,164	57,164
As at August 31, 2024	$ -	$ (234,205)	$ (234,205)
Net Book Value			
As at May 31, 2025	$ -	$ 125,998	$ 125,998
As at August 31, 2025	$ -	$ 117,685	$ 117,685

6. VAT Receivable

	August 31 2025	May 31 2025
VAT receivable	$ 12,785	$ 69,150

As at August 31, 2025, the Corporation has $12,785 (May 31, 2025 - $69,150) 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.

7. Share Capital

(a) Authorized Share Capital

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

(b) Issued Capital

During the three months ended August 31, 2024, the Corporation did not issue any shares.

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 Option and paid US$75,000 (note 5).

(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:

	Weighted Average Exercise Price	Number of Shares Issued or Issuable on Exercise
Balance – May 31, 2024	$2.80	1,002,500
Expired	$3.16	(272,500)
Balance – May 31, 2025	$2.65	730,000
Expired	4.00	(135,000)
Balance – August 31 2025	$2.34	595,000

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

Expiry Date	Exercise Price	August 31, 2025	May 31, 2024
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
Weighted average life remaining		2.34	2.65
Total outstanding options	$2.65	595,000	730,000
Total exercisable options	$2.80	595,000	730,000

8. Share Capital (continued)

(d) Warrants

The changes in warrants outstanding are summarized as follows:

	Weighted Average Exercise Price	Number of Shares Issued or Issuable on Exercise
Balance – May 31, 2024	$0.90	8,508,898
Expired	$1.40	(2,888,353)
Balance – May 31, 2025 and August 31, 2025	$0.60	5,620,545

Warrants outstanding at August 31, 2025 and May 31, 2025 are summarized as follows:

Expiry Date	Exercise Price	August 31, 2025	May 31, 2025
January 12, 2026	$0.60	5,620,546[(1)]	5,620,546[(1)]
Total outstanding warrants	$0.60	5,620,546	5,620,546

(1) 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 $0.60 per unit.

9. Exploration and Evaluation Expenditures

The Corporation incurred exploration and evaluation expenditures as follows:

	Three Months ended August 31, 2025	Three Months ended August 31, 2024
Drilling	$ -	$ 218,887
Exploration support and administration	75,667	237,766
Field operations and consumables	4,358	75,689
Geological consultants	1,154	31,336
Permitting and environmental consulting	-	25,846
Transportation	85	10,028
	$ 81,264	$ 599,552

10. 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 August 31, 2025 and May 31, 2025, the Corporation has not hedged its exposure to currency fluctuations.

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

	August 31, 2025	May 31, 2025
Cash	40,162	28,346
Accounts payable and accrued liabilities	(94,331)	(68,120)
Net	(54,169)	39,774
Canadian dollar equivalent ($)	(74,428)	(54,721)

Based on the above net exposures as at August 31, 2025, a 5% (May 31, 2025 - 5%) change in the Canadian/US dollars exchange rate would impact the Corporation's income (loss) and comprehensive income (loss) by approximately $4,000 (May 31, 2025 - $3,000), respectively.

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 August 31, 2025, the Corporation has cash of $126,864 (May 31, 2025 - $158,124), current liabilities of $884,560 (May 31, 2025 - $728,465) and non-current liabilities of $nil (May 31, 2025 - $nil).

12. Financial Instruments (continued)

Liquidity Risk (continued)

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

As at	August 31, 2025	May 31, 2025
Due Date		
0 – 90 days	$ 884,560	$ 728,465
91 – 365 days	-	-
More than 1 year	-	-
	$ 884,560	$ 728,465

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).

11. 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 August 31, 2025.

12. 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
As at August 31, 2025			
Current assets	$ 83,558	$ 188,041	$ 271,599
Prepaids	-	57,163	57,163
Property and equipment	-	117,685	117,685
Value-added tax receivable	-	12,785	12,785
Exploration and evaluation assets	-	647,742	647,742
	$ 83,558	$ 1,023,416	$ 1,106,974
As at May 31, 2025			
Current assets	$ 114,765	$ 208,081	$ 322,846
Prepaids		59,707	59,707
Property and equipment	77	125,921	125,998
Value-added tax receivable	-	69,150	69,150
Exploration and evaluation assets	-	624,986	624,986
	$ 114,842	$ 1,087,845	$ 1,202,687

13. 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 three months ended August 31, 2025 and 2024, the Corporation paid and/or accrued the following compensation for salaries, fees and stock-based compensation to key management personnel:

	August 31, 2025	August 31, 2024
Fees		
Management fees included in salaries and wages	$ 68,600	$ 63,058
Accounting fees	25,500	25,500
Director fees included in consulting fees	41,583	41,535
Stock-based compensation	-	-
	$ 135,683	$ 130,093

14. 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.

		August 31, 2025		May 31, 2025
Management		409,764		313,318
Directors	$	242,037	$	199,704
	$	651,801	$	513,022

4. Subsequent Event

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 settle all of debt owing to related parties described in note 13, totaling $644,791, through a combination of share issuances and debt forgiveness. As part of the settlement, the Corporation issued 2,529,487 common shares at a deemed price of $0.0975 per common share, representing an aggregate settlement amount of $246,625. In addition, the same creditors forgave $353,455 of remaining debt owed to them leaving a balance of $44,711 which 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.