# CHAKANA COPPER CORP.

**MANAGEMENT DISCUSSION & ANALYSIS**

**FOR THE THREE MONTHS ENDED AUGUST 31, 2025**
**(EXPRESSED IN CANADIAN DOLLARS)**

## GENERAL

This Management Discussion and Analysis ("MD&A") of Chakana Copper Corp. (the "Corporation" or "Chakana") dated October 28, 2025 provides an analysis of the Corporation's financial results for the three months ended August 31, 2025. The following information should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the three months ended August 31, 2025 with accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

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.

## 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 for gold and silver recently reaching all-time highs. This positive market trend has provided a strong impetus for the mining sector.

President Dina Boluarte was impeached on October 10, 2025 by unanimous decision. The ouster came amid mounting frustration over a surge in crime, corruption allegations, and her overall unpopularity, with approval ratings as low as 2%. Following her removal, José Jerí, the head of Congress, was sworn in as the new interim president who will likely serve until the next Presidential election to be held April 12, 2026. President Boluarte's focus while in office was 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.

During the period from May 31, 2024 through to the date of this MD&A, copper prices have fluctuated between a low of US $3.94 per pound and a high of US $5.81 per pound, closing at approximately US $5.00 per pound. During the same period, gold and silver prices fluctuated in value, with gold trading between US $2,310 per ounce and US $4,376 per ounce, closing at approximately US $4,250 per ounce, and silver trading between US $26.65 per ounce and US $54.45 per ounce, closing at approximately US $51.90 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 HSE zone, and 3) numerous additional mineralized outcropping breccias in the Compañero Breccia Complex 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 15.65 - 14.9 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 km2 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 pre-mineral 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 warrant 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 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 expanded Soledad Project are as follows:

| | 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 |

During the three months ended August 31, 2025 and 2024, the Corporation incurred exploration and evaluation expenditures over the Aija and Barrick portions of the expanded Soledad Project 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 |

**SUMMARY OF QUARTERLY RESULTS**

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

| | August 31, 2025 | May 31, 2025 | February 29, 2025 | November 30, 2024 |
|---|---|---|---|---|
| Current Assets | $ 271,599 | $ 322,846 | $ 392,813 | $ 647,718 |
| Current Liabilities | $ 884,560 | $ 728,465 | $ 669,984 | $ 554,852 |
| Total Assets | $ 1,106,974 | $ 1,202,687 | $ 1,652,665 | $ 4,076,767 |
| Total Liabilities | $ 884,560 | $ 728,465 | $ 955,214 | $ 287,804 |
| Operating Expenses | $ (269,752) | $ (372,976) | $ (381,208) | $ (458,183) |
| Net Loss | $ (273,637) | $ (181,674) | $ (2,843,950) | $ (470,466) |
| Loss per Share | $ (0.01) | $ (0.01) | $ (0.11) | $ (0.02) |

| | August 31, 2024 | May 31, 2024 | February 29, 2024 | November 30, 2023 |
|---|---|---|---|---|
| Current Assets | $ 1,115,081 | $ 2,447,237 | $ 2,343,801 | $ 883,260 |
| Current Liabilities | $ 460,381 | $ 692,698 | $ 518,183 | $ 540,882 |
| Total Assets | $ 4,347,279 | $ 10,830,918 | $ 10,797,848 | $ 9,106,598 |
| Total Liabilities | $ 751,878 | $ 750,902 | $ 590,246 | $ 628,664 |
| Operating Expenses | $ (876,152) | $ (1,059,088) | $ (504,763) | $ (447,842) |
| Net Loss | $ (6,508,731) | $ (1,039,931) | $ (506,837) | $ (450,132) |
| Loss per Share | $ (0.24) | $ (0.05) | $ (0.03) | $ (0.03) |

**RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED AUGUST 31, 2025**

Total operating expenses for the three months ended August 31, 2025 were $876,152 (2024 - $552,943). The significant expenditures for the current quarter were as follows:

- Exploration and evaluation expenditures were $81,264 during the three months ended August 31, 2025 (2024 - $599,552), inclusive of:
    - Drilling expenses of $nil compared to $218,887 in the comparative period,
    - Exploration support and administrative of $75,667 compared to $237,766 in the comparative period,
    - Field expenses of $4,358 compared to $75,689 in the comparative period,
    - Geological consulting fees of $1,154 compared to $31,336 in the comparative period,
    - Permitting and environmental consulting fees of $nil compared to $25,846 in the comparative period, and,
    - Transportation cost of $85 compared to $10,028 in the comparative period.

  The decrease was due to the not conducting a drilling program in the current year as it has disposed of the Aija and Condor projects while in the comparative year it was completing its 2024 exploration program.

- Consulting fees and salaries and wages remained relatively unchanged from the prior period consulting fees being $50,584 (2024 - $50,335) and salaries and wages were $75,460 (2024 - $82,673)

- General and administrative expenses of $19,065 (2024 - $54,882) reduced during the current period as the Corporation is trying to reduce costs.

- Legal and professional fees also remained relatively unchanged from the prior year of $34,500 (2024 - $34,250).

- During the three months ended August 31, 2024 the Corporation recognized an impairment charge of $5,638,110 on relinquishing its option to acquire three concessions from Condor Resources Inc.

As a result of the foregoing, the Corporation recorded a net loss of $273,637 during the three months ended August 31, 2025 (2024 - $6,508,731).

**SUMMARY OF MINERAL PROPERTIES**

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 Soledad Project. As a result of the relinquishment, certain amounts that had previously been recorded within the Soledad Project were reclassified to the Barrick and other (La Joya Project), 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 has no further obligations regarding the Property.

## CAPITAL STRUCTURE

As of the date of this MD&A, the Corporation has 47,087,487 (August 31, 2025 – 26,700,857) common shares, 23,505,254 (August 31, 2025 – 5,620,546) common share purchase warrants and 595,000 (August 31, 2025 – 595,000) stock options issued and outstanding.

Issued capital

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 issued 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.

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

The following incentive stock options were outstanding as of the date of this MD&A and August 31, 2025:

| Expiry Date | Exercise Price | October 28, 2025 | August 31, 2025 |
|---|---|---|---|
| April 22, 2026 | $5.00 | 222,500 | 222,500 |
| September 29, 2027 | $0.75 | 372,500 | 372,500 |
| Total outstanding options | $2.34 | 595,000 | 595,000 |
| Total exercisable options | $2.34 | 595,000 | 595,000 |

The following share purchase warrants were outstanding as of the date of this MD&A and August 31, 2025:

| Expiry Date | Exercise Price | August 31, 2025 | May 31, 2025 |
|---|---|---|---|
| January 12, 2026 | $0.60 | 5,620,546[(1)] | 5,620,546[(1)] |
| September 26,2028 | $0.09 | 17,884,709 | - |
| Total outstanding warrants | $0.60 | 23,505,254 | 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.

**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 August 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 three months ended August 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 August 31, 2025, the Corporation had cash of $974,654 and working capital of $654,700.

Cash used in operating activities was $(23,766) during the three months ended August 31, 2025. The cash used in operating activities is mainly corporate operations as well as some exploration activities.

Cash used in investing activities was $(7,863) during the three months ended August 31, 2025, and was primarily related to certain payments related to the Barrick property.

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. 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 three months ended August 31, 2025 and 2024, the Corporation paid and/or accrued the following fees to key management personnel:

- During the three months ended August 31, 2025, the Corporation incurred $68,600 (2024 - $63,058) of consulting fees from David Kelley, the Corporation's Chief Executive Officer. As of August 31, 2025, the amount of $340,149 (May 31, 2025 - $271,549) 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 three months ended August 31, 2025, the total fees incurred under this agreement are $25,500 (2024 - $25,500). As of August 31, 2025, the amount of $69,615 (May 31, 2025 - $41,769) was owed to this firm, which is included in accounts payable and accrued liabilities.

- During the three months ended August 31, 2025, the Corporation incurred $3,000 (2024 - $3,000) of consulting expense from John Black, a director of the Corporation. As of August 31, 2025, the amount of $51,500 (May 31, 2025 - $48,500) 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 three months ended August 31, 2025, the Corporation incurred $15,000 (2024 - $15,000) of consulting expense from Chelmer Consulting Corp., a company controlled by Darren Devine, a director of the Corporation. As of August 31, 2025, the amount of $47,250 (May 31, 2025 - $31,500) 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 three months ended August 31, 2025, the Corporation incurred $20,535 (2024 - $20,535) of consulting expense from Balfour Holdings LLC, a company owned by Douglas Silver, a director of the Corporation. As of August 31, 2025, the amount of $131,287 (May 31, 2025 - $110,704) was owed to Balfour Holdings LLC, which is included in accounts payable and accrued liabilities.

- During the three months ended August 31, 2025, the Corporation incurred $3,000 (2024 - $3,000) of consulting expense from Tom Wharton, a former director of the Corporation. As of August 31, 2025, the amount of $12,000 (May 31, 2025 - $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.

Subsequent to August 31, 2025, the Corporation entered into agreements to settle all of the above noted debt owing to related parties, totaling $644,791 through a combination of share issuances and debt forgiveness. 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.

## OFF BALANCE SHEET ARRANGEMENTS

The Corporation currently 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.

## CONTRACTUAL OBLIGATIONS

The Corporation leases a warehouse that expires in April 2031. The Corporation is obligated to make $377,747 in minimum lease payments under the premises lease.

## 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.

- *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.

- *Functional Currency*

  The functional currency for the Corporation's subsidiary 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 that determined the primary economic environment.

- *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.

## 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.