



Fuerte Metals Corporation

Condensed Consolidated Interim Financial Statements June 30, 2025

(Unaudited)



www.fuertemetals.com

TSX.V: **FMT**
OTCQB: **FUEMF**

FUERTE METALS CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
Unaudited
(Expressed in Canadian dollars)

	Note	June 30, 2025	December 31, 2024
ASSETS			
Current			
Cash	\$	2,709,753	\$ 5,575,071
Receivables		14,143	6,119
Prepaid expenses		107,802	111,032
		2,831,698	5,692,222
Exploration and evaluation assets	4(a)	6,076,118	6,076,118
Total assets	\$	8,907,816	\$ 11,768,340
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	\$ 110,986	\$ 96,640
Total liabilities		110,986	96,640
SHAREHOLDERS' EQUITY			
Share capital	5	38,705,824	38,705,824
Reserves	6	4,332,480	3,739,969
Deficit		(34,241,474)	(30,774,093)
Total shareholders' equity		8,796,830	11,671,700
Total liabilities and shareholders' equity	\$	8,907,816	\$ 11,768,340

Nature of operations (Note 1)
Going concern (Note 2(b))
Contingency (Note 12)

Approved on Behalf of the Board on August 26, 2025.

"Tim Warman"
Director

"Colinda Parent"
Director

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

FUERTE METALS CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and six months ended June 30, 2025 and 2024
Unaudited
(Expressed in Canadian dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
Expenses					
Consulting fees		\$ 23,230	\$ 17,578	\$ 46,767	\$ 1,283,302
Exploration and evaluation ("E&E") expenditures	4(b), 11	363,028	1,324,890	1,796,027	1,694,662
Pre-exploration and evaluation		75,108	-	220,601	-
IVA expense		40,365	34,902	178,393	62,221
General and administration ("G&A")		51,153	72,774	123,745	144,084
Salaries, management and director fees	11	120,467	195,884	242,876	297,062
Professional fees		33,899	105,799	124,643	187,792
Share-based compensation	6, 11	202,805	304,911	592,511	1,572,005
Shareholder communications		62,960	410,685	162,467	448,221
Travel		6,414	4,218	17,071	5,393
		(979,429)	(2,471,641)	(3,505,101)	(5,694,742)
Other income (expenses)					
Listing expense	3	-	-	-	(5,518,535)
Interest income		23,634	114,551	65,619	262,397
IVA recovery		-	-	13,265	-
Foreign exchange		(8,031)	(26,888)	(41,164)	(156,859)
		15,603	87,663	37,720	(5,412,997)
Loss and comprehensive loss for the period		\$ (963,826)	\$ (2,383,978)	\$ (3,467,381)	\$ (11,107,739)
Loss per common share, basic and diluted		\$ (0.02)	\$ (0.04)	\$ (0.06)	\$ (0.23)
Weighted average number of shares outstanding					
– basic and diluted		61,171,215	61,155,287	61,171,215	49,028,680

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

FUERTE METALS CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2025 and 2024
Unaudited
(Expressed in Canadian dollars)

	Six months ended June 30,	
	2025	2024
Operating activities		
Loss for the period	\$ (3,467,381)	\$ (11,107,739)
Items not involving cash:		
Listing expense (Note 3)	-	5,518,535
Consulting fee termination expense (Note 5(d))	-	1,250,000
Interest expense on loans	-	597
Share-based compensation	592,511	1,572,005
Foreign exchange	-	42,796
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	14,346	(1,395,059)
Receivables	(8,024)	(121,250)
Prepaid expenses	3,230	(40,694)
Cash used in operating activities	(2,865,318)	(4,280,809)
Investing activities		
Cash acquired on reverse takeover (Note 3)	-	16,786
Reverse acquisition costs (Note 3)	-	(163,460)
Cash used in investing activities	-	(146,674)
Financing activities		
Proceeds from private placement, net of share issuance costs	-	12,099,961
Proceeds from private placement bridge financing	-	100,000
Proceeds from exercise of stock options	-	4,755
Repayment of loans	-	(1,218,275)
Cash provided by financing activities	-	10,986,441
Change in cash during the period	(2,865,318)	6,558,958
Cash, beginning of period	5,575,071	1,167,968
Cash, end of period	\$ 2,709,753	\$ 7,726,926
Supplemental Schedule of Non-Cash Investing and Financing Activities:		
Fair value of deemed issuance of common shares to Fuerte shareholders – Note 3	\$ -	\$ 6,469,288
Fair value of deemed issuance of stock options to Fuerte option holders – Note 3	\$ -	\$ 77,384
Fair value of deemed issuance of warrants to Fuerte warrant holders – Note 3	\$ -	\$ 256,816
Fair value of deemed issuance of RSUs to Fuerte RSU holders – Note 3	\$ -	\$ 42,988
Share issuance cost – non-cash (agent's warrants) – Note 5(a)	\$ -	\$ 206,390
Shares issued in settlement of loans and accrued salaries – Note 5(e)	\$ -	\$ 166,782
Cash paid during the period for interest	\$ -	\$ 1,775
Cash paid during the period for income taxes	\$ -	\$ -

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

FUERTE METALS CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended June 30, 2025 and 2024
Unaudited
(Expressed in Canadian dollars)

	Number of Shares		Share Capital		Reserves		Deficit		Total
Balance, December 31, 2023	5,990,081	\$	15,801,438	\$	2,717,811	\$	(16,933,716)	\$	1,585,533
Effect of reverse acquisition (Note 3)	37,916,849		6,469,288		377,188		-		6,846,476
Reverse acquisition costs	1,157,407		1,250,000		-		-		1,250,000
Private placement – subscription receipts	11,834,159		11,893,573		206,390		-		12,099,963
Private placement – bridge financing	92,593		100,000		-		-		100,000
Exercise of Restricted Stock Units	16,667		18,000		(18,000)		-		-
Exercise of stock options	2,847,712		1,752,543		(1,747,788)		-		4,755
Shares issued for termination of agreement	1,157,428		1,250,000		-		-		1,250,000
Shares issued in settlement of debts	154,430		166,782		-		-		166,782
Share-based compensation	-		-		1,572,005		-		1,572,005
Loss for the period	-		-		-		(11,107,739)		(11,107,739)
Balance, June 30, 2024	61,167,326	\$	38,701,624	\$	3,107,606	\$	(28,041,455)	\$	13,767,775
Balance, December 31, 2024	61,171,215	\$	38,705,824	\$	3,739,969	\$	(30,774,093)	\$	11,671,700
Share-based compensation	-		-		592,511		-		592,511
Loss for the period	-		-		-		(3,467,381)		(3,467,381)
Balance, June 30, 2025	61,171,215	\$	38,705,824	\$	4,332,480	\$	(34,241,474)	\$	8,796,830

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

FUERTE METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three and six months ended June 30, 2025 and 2024
Unaudited
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Fuerte Metals Corporation ("Fuerte" or the "Company") was incorporated under the Business Corporations Act of British Columbia on April 8, 2020. The Company's registered and records office and head office is located at 3200 – 733 Seymour Street, Vancouver, BC, V6B 0S6. The Company is listed on the TSX Venture Exchange ("TSXV"), having the symbol "FMT" and on the OTCQB under the symbol "FUEMF".

On February 9, 2024, the Company completed a reverse takeover transaction (the "RTO"), pursuant to a Business Combination Agreement dated December 15, 2023, between Fuerte, 1000723052 Ontario Corporation, a newly incorporated, wholly-owned subsidiary of Fuerte, and TCP1 Corporation ("TCP1"). Immediately prior to completing the RTO, Fuerte consolidated its issued and outstanding shares on a 6 for 1 basis. Pursuant to the RTO, Fuerte acquired all of the outstanding shares in TCP1 in exchange for common shares of Fuerte. Upon completion of the RTO, the shareholders of TCP1 controlled Fuerte and accordingly, the transaction was accounted for as a reverse acquisition of Fuerte by TCP1 and TCP1 was identified as the accounting acquirer.

Subsequent to Fuerte's Share Consolidation, and to effect the RTO, the following transactions occurred, all noted on a post-consolidation share basis: (i) Fuerte issued 37,916,849 common shares to shareholders of TCP1; (ii) Fuerte issued 2,843,823 common shares to holders of "in-the-money" TCP1 stock options; (iii) Fuerte issued 1,157,428 common shares in satisfaction of a TCP1 termination agreement to a director of TCP1 for a total of \$1,250,000; and (iv) Fuerte issued 1,157,407 common shares in satisfaction of a success fee of \$1,250,000 related to the RTO. Concurrently with the RTO, Fuerte closed a private placement financing of subscription receipts (the "Receipts") into a total of 11,834,159 common shares for gross proceeds of \$12,780,892 and issued 92,593 common shares in satisfaction of previously received financing proceeds of \$100,000. In connection with the Receipts, the Company issued 409,995 agent's warrants which are exercisable at \$1.08 per common share until February 9, 2026. Collectively, the RTO, the Receipts and the Share Consolidation are referred to as the "Transaction".

The principal business of the Company is to identify, explore and evaluate mineral properties in Chile, Mexico and elsewhere in the Americas. The Company holds mineral properties in Chile through its ownership of the El Cofre and Placeton projects while its mineral properties in Mexico comprise the Cristina and Yecora projects. The success of the Company will be dependent on obtaining the necessary financing to evaluate these projects.

2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

These condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2025 and 2024, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information and disclosures required in full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024 which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. All dollar amounts presented are expressed in Canadian dollars, unless otherwise specified. In addition, these condensed consolidated interim financial statements are prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors ("Board") on August 26, 2025.

(b) Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing through the capital markets. During the six months ended June 30, 2025, the Company incurred a loss of \$3,467,381 and, as of June 30, 2025, the Company had an accumulated deficit of \$34,241,474. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational needs. While the Company raised additional funding in February 2024, it will continue to incur losses in the process of advancing its mineral exploration projects such that additional funds will be required in the future to enable the Company to continue its operations. There can be no assurance that financing will be available on terms which are acceptable to the Company.

These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern. Such adjustments could be material.

FUERTE METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three and six months ended June 30, 2025 and 2024
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2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) Material accounting policies

The material accounting policies that have been applied, on a consistent basis, in the preparation of these condensed consolidated interim financial statements are included in the Company's audited consolidated financial statements for the year ended December 31, 2024. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements.

(d) Significant accounting judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting periods. Actual outcomes could differ from these estimates and judgments, which, by their nature, are uncertain. Significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2024.

(e) Standards issued but not yet effective

Below are new standards, amendments to existing standards and interpretations that have been issued and are not yet effective. The Company plans to apply the new standards or interpretations in the annual period for which they are effective.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of loss and comprehensive loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net income (loss) will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's consolidated statement of loss and comprehensive loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently included under other income (expenses).

3. REVERSE TAKEOVER AND RELATED TRANSACTIONS

At the time of the RTO, the Company did not meet the definition of a business as defined under IFRS 3 *Business Combinations*. Accordingly, the transaction was accounted for as an asset acquisition in accordance with IFRS 2, *Share-Based Payment*. TCP1 was identified as the accounting acquirer that issued shares to acquire all of the net assets of Fuerte, the accounting acquiree, and its listing status. These condensed consolidated interim financial statements are considered to be a continuation of the financial statements of TCP1, the accounting acquirer.

The acquisition-date fair value of the consideration transferred by the accounting acquirer, TCP1, for its interest in the accounting acquiree, Fuerte, of \$6,846,476 is determined based on the fair value of the equity interest TCP1 would have had to give to the owners of Fuerte, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition, and is recorded as an increase in common shares in the consolidated statement of financial position. In addition, transaction costs totalling \$1,728,076 were incurred.

As the valuation of Fuerte's identifiable net assets at the reverse acquisition date was \$3,056,017, the excess of consideration transferred over the net assets acquired of \$5,518,535 is reflected as a "Listing expense" in the condensed consolidated interim statement of loss and comprehensive loss. The fair value of the exploration and evaluation assets was determined based on the price paid by Fuerte for the Placeton Project on March 12, 2021. No value was attributed to the El Cofre project as the Company has no current plans to continue to carry out any substantial exploration of this project.

FUERTE METALS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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3. REVERSE TAKEOVER AND RELATED TRANSACTIONS (continued)

Consideration transferred at February 9, 2024:

Fair value of deemed issuance of 5,990,081 common shares to Fuerte shareholders (Note 5)	\$	6,469,288
Fair value of deemed issuance of 254,446 stock options to Fuerte option holders		77,384
Fair value of deemed issuance of 1,171,528 warrants to Fuerte warrant holders		256,816
Fair value of deemed issuance of 48,333 RSUs to Fuerte RSU holders		42,988
		<u>6,846,476</u>
Transaction costs – cash		478,076
Acquisition costs – 1,157,407 common shares		<u>1,250,000</u>
Total consideration	\$	8,574,552

Net assets of Fuerte Metals Corporation acquired as at February 9, 2024

Cash	\$	16,786
Receivables		39,833
Prepaid expenses		57,071
Exploration and evaluation assets (Note 4)		4,156,394
Accounts payable and accrued liabilities		(1,111,135)
Loans		<u>(102,932)</u>
Net assets acquired	\$	3,056,017
Reverse acquisition expense	\$	5,518,535

The fair value of the consideration transferred by the accounting acquirer was determined by using the share value in the concurrent Receipts private placement of \$1.08 per common share multiplied by the number of shares of 5,990,081 for consideration of \$6,469,288. RSUs were valued at \$1.08 per RSU, adjusted to reflect the vested RSUs at February 9, 2024. The 254,446 share options were valued at a weighted average \$0.30 per option using the Black-Scholes valuation model with the assumptions listed in the table below for a consideration of \$77,384. The 1,171,528 warrants were valued at \$0.22 per warrant using the Black-Scholes valuation model with the assumptions listed in the table below for a consideration of \$256,816. In addition, 1,157,407 common shares were issued in satisfaction of a success fee of \$1,250,000 related to the RTO.

The consideration for the common shares, the share options and the warrants represent the total consideration transferred by the accounting acquirer.

	Share Options	Warrants
Share price	\$1.08	\$1.08
Exercise price	\$1.11 - \$2.52	\$1.80 - \$3.60
Risk-free interest rate	3.73% - 4.33%	4.33%
Expected dividend yield	-	-
Expected stock price volatility	75% - 81%	77% - 78%
Expected option life in years	0.33 - 4.08	1.35 - 2.58

FUERTE METALS CORPORATION
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4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

(a) Exploration and evaluation assets

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

At June 30, 2025, the Company has the following mineral exploration projects:

- (i) The Company holds a 100% interest in the Yecora Project located in Mexico. Pursuant to the terms of the Yecora acquisition agreement, the Company is required to pay a sum of US\$500,000 when the Company makes the decision to start production, and US\$2,000,000 when the Company starts commercial production on any of the claims within the Yecora Project. The Yecora Project was subject to a 1% net smelter royalty ("NSR") which was repurchased in 2021 for US\$1,500,000 (\$1,892,148). There is a further obligation to register a 3% NSR which has not been completed as of the date of these condensed consolidated interim financial statements.
- (ii) The Company holds a 100% interest in the Cristina Project located in Mexico. There is an existing 2% NSR, held by Maverix Metals Inc. (which is owned by Triple Flag Precious Metals Corp.) over all minerals produced from certain exploitation tenements included in the Cristina Project. The Company has the right to buy back 1% of the NSR for US\$1,000,000.
- (iii) The Company holds 100% of the rights to the Placeton Project which consists of the Placeton, Caballo Muerto and Los Naranjos projects. There is an existing 2% NSR over all minerals produced from the mining concession tenement groups that comprise the Placeton Project.
- (iv) The Company holds 100% of the rights to the El Cofre Project, which represents 100% interest in various mining concession tenement groups. There is an existing 2% NSR over all minerals produced from certain tenements included in the El Cofre Project.

The carrying value of the exploration projects, by project, is as follows:

		Yecora		Cristina		Placeton		Total
Balance, December 31, 2024 and June 30, 2025	\$	1,905,936	\$	13,788	\$	4,156,394	\$	6,076,118

(b) Exploration and evaluation expenditures

The Company's exploration and evaluation expenditures are as follows:

	Yecora	Three months ended June 30, 2025				Total
		Cristina	Placeton	El Cofre		
Claims, licences and permits	\$ -	\$ -	\$ 2,103	\$ -	\$ -	2,103
Consultants	-	25,207	-	-	-	25,207
Drilling	6,838	266,870	-	-	-	273,708
Geology and geophysics	-	32,870	-	-	-	32,870
Miscellaneous field costs	3,708	3,708	3,709	16,650	-	27,775
Property management	-	-	-	1,365	-	1,365
Total	\$ 10,546	\$ 328,655	\$ 5,812	\$ 18,015	\$	363,028

	Yecora	Three months ended June 30, 2024				Total
		Cristina	Placeton	El Cofre		
Camp	\$ -	\$ -	\$ 911	\$ 652	\$ -	1,563
Claims, licences and permits	-	-	9,464	-	-	9,464
Consultants	-	16,174	6,932	-	-	23,106
Drilling	15,989	1,039,942	-	-	-	1,055,931
Geology and geophysics	-	38,948	165,023	539	-	204,510
Miscellaneous field costs	1,205	1,205	5,054	1,401	-	8,865
Property management	-	-	-	7,438	-	7,438
Travel	-	-	12,755	1,258	-	14,013
Total	\$ 17,194	\$ 1,096,269	\$ 200,139	\$ 11,288	\$	1,324,890

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4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(b) Exploration and evaluation expenditures (continued)

	Six months ended June 30, 2025					Total
	Yecora	Cristina	Placeton	El Cofre		
Claims, licences and permits	\$ 10,550	\$ 54,880	\$ 298,355	\$ 151,654	\$	515,439
Consultants	-	50,806	1,350	-		52,156
Drilling	14,810	1,076,332	-	-		1,091,142
Geology and geophysics	-	80,782	-	-		80,782
Miscellaneous field costs	9,438	9,438	11,445	23,392		53,713
Property management	-	-	-	2,795		2,795
Total	\$ 34,798	\$ 1,272,238	\$ 311,150	\$ 177,841	\$	1,796,027

	Six months ended June 30, 2024					Total
	Yecora	Cristina	Placeton	El Cofre		
Camp	\$ -	\$ -	\$ 911	\$ 1,163	\$	2,074
Claims, licences and permits	12,029	61,327	9,464	-		82,820
Consultants	-	27,465	8,627	-		36,092
Drilling	26,060	1,280,160	-	-		1,306,220
Geology and geophysics	-	60,571	165,786	539		226,896
Miscellaneous field costs	1,799	1,799	5,112	1,401		10,111
Property management	-	-	2,735	11,355		14,090
Travel	-	-	12,834	3,525		16,359
Total	\$ 39,888	\$ 1,431,322	\$ 205,469	\$ 17,983	\$	1,694,662

5. SHARE CAPITAL

Authorized: Unlimited common shares, without par value.

Issued and fully paid:	Number of Common Shares	Amount
Balance, December 31, 2023	5,990,081	\$ 15,801,438
Effect of reverse acquisition (Note 3)	37,916,849	6,469,288
Reverse acquisition costs (Note 3)	1,157,407	1,250,000
Private placement – subscription receipts (a)	11,834,159	11,893,573
Private placement – bridge financing (b)	92,593	100,000
Exercise of stock options (c)	2,847,712	1,752,543
Share issued re termination of consulting agreement (d)	1,157,428	1,250,000
Share issued in settlement of debts (e)	154,430	166,782
Exercise of Restricted Stock units (f)	16,667	18,000
Balance, June 30, 2024	61,167,326	\$ 38,701,624
Balance, December 31, 2024 and June 30, 2025	61,171,215	\$ 38,705,824

- (a) On February 9, 2024, the Company closed a private placement of subscription receipts for 11,834,159 common shares at a price of \$1.08 per common share for gross proceeds of \$12,780,892. In connection with this private placement, the Company incurred cash share issue costs of \$680,929. The Company also issued a total of 409,995 agent's warrants in connection with the private placement. Each agent's warrant is exercisable at a price of \$1.08 for a two-year period ending February 9, 2026. The fair value of the agent's warrants was valued at \$206,390 using the Black-Scholes valuation model with the following inputs:

Share price	\$1.08
Exercise price	\$1.08
Risk-free interest rate	4.33%
Expected dividend yield	Nil
Expected stock price volatility	82%
Expected warrant life	2 years
Fair value of warrants granted (per warrant)	\$0.50

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5. SHARE CAPITAL (continued)

- (b) On February 9, 2024, the Company issued 92,593 common shares to close a private placement of \$100,000.
- (c) As a condition of the RTO, all the in-the-money stock options of TCP1 were to be converted to common shares on a net exercise basis. This exercise of stock options was completed on February 8, 2024 with 6,125,016 stock options being exercised for proceeds of \$439 resulting in the issuance of 2,843,823 common shares. \$1,747,099 related to previously recorded stock-based compensation expense was reclassified from reserves to share capital. On May 16, 2024, 3,889 stock options were exercised for proceeds of \$4,316. \$689 related to previously recorded stock-based compensation expense was reclassified from reserves to share capital.
- (d) In connection with a termination agreement signed between the TCP1 and a director of TCP1, the Company issued 1,157,428 common shares at a price of \$1.08 per common share to satisfy a performance bonus in connection with the RTO of \$1,000,000 and a \$250,000 fee to terminate a consulting arrangement.
- (e) Following completion of the RTO, the Company issued 154,430 common shares at a price of \$1.08 per common share to satisfy the following debts: (i) 46,296 common shares (\$50,000) as partial repayment of accrued salary to an officer of the Company; (ii) 61,837 common shares (\$66,782) as repayment of accrued salary owed to an officer of the Company; and (iii) 46,297 common shares (\$50,000) to repay a loan.
- (f) In May and June 2024, a total of 16,667 restricted stock units were exercised for common shares. The previously recognized stock-based compensation expense of \$18,000 was reclassified from reserves to share capital.

6. RESERVES

The Company's Long-Term Incentive Plan (the "Plan") includes stock options and restricted stock units ("RSUs") whereby the Company may grant equity incentives ("Awards") to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the total number of issued and outstanding shares on the date the Awards are granted. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. Investor relations service providers can only receive options as Awards under the Plan. Options are exercisable over periods of up to ten years as determined by the Board and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX Venture Exchange. The Plan contains no vesting requirements but permits the Board to specify a vesting schedule in its discretion.

(a) Stock Options

The Company granted 737,500 stock options during the six months ended June 30, 2025 (six months ended June 30, 2024 - 1,625,000 stock options granted). The fair value of stock options issued during the six months ended June 30, 2025 and 2024 was estimated at the grant date based on the Black-Scholes valuation model with the following assumptions:

Six months ended June 30, 2025	
Risk-free interest rate	2.62%
Expected dividend yield	Nil
Share price	\$0.91
Expected stock price volatility	71%
Average expected option life	5 years
Fair value of options granted	\$0.55
Six months ended June 30, 2024	
Risk-free interest rate	3.73%
Expected dividend yield	Nil
Share price	\$1.26 - \$1.33
Expected stock price volatility	79 - 81%
Average expected option life	5 years
Fair value of options granted	\$0.84 - \$0.88

Pursuant to the Company's accounting policy for share-based compensation, the fair value of options vesting during the three and six months ended June 30, 2025, in the amounts of \$110,250 and \$387,158, respectively (three and six months ended June 30, 2024 - \$169,084 and \$1,359,615) has been recorded in the condensed consolidated interim statements of loss and comprehensive loss.

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6. RESERVES (continued)

(a) Stock Options (continued)

Stock options and weighted average exercise prices are as follows for the reporting periods presented:

	Six months ended June 30,			
	2025		2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	3,116,674	\$ 1.77	7,583,356	\$ 0.91
Granted	737,500	0.91	1,625,000	1.27
Deemed issuance of stock options on RTO (Note 3)	-	-	254,446	2.00
Exercised	-	-	(6,128,905)	0.58
Expired	(1,093,755)	2.31	(80,556)	2.45
Outstanding, end of period	2,760,419	\$ 1.32	3,253,341	\$ 1.76

As at June 30, 2025, the Company has the following stock options outstanding and exercisable:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
30,000	December 20, 2026	1.47	\$2.52	30,000	\$2.52
50,000	August 15, 2027	2.13	\$1.20	50,000	\$1.20
28,334	March 10, 2028	2.70	\$1.11	28,334	\$1.11
1,350,000	February 9, 2029	3.62	\$1.26	900,005	\$1.26
200,000	March 20, 2029	3.72	\$1.33	100,000	\$1.33
737,500	February 3, 2030	4.60	\$0.91	245,837	\$0.91
162,038	March 2, 2030	4.67	\$2.31	162,038	\$2.31
202,547	June 30, 2032	7.01	\$2.31	202,547	\$2.31
2,760,419		4.14	\$1.32	1,718,761	\$1.45

(b) Restricted Stock Units

Granted RSUs vest in three equal instalments beginning a year after the grant date. RSUs are subject to a restriction period which ends no later than December 31 of the calendar year three (3) years after the grant date, or as otherwise determined by the Board of Directors. During the six months ended June 30, 2025, the Company granted 225,000 RSUs to directors, officers and employees of the Company (six months ended June 30, 2024 – 700,000). RSUs and weighted average fair values are as follows for the reporting periods presented:

	Six months ended June 30			
	2025		2024	
	Number of RSUs	Weighted Average Fair Value	Number of RSUs	Weighted Average Price
Outstanding, beginning of period	707,777	\$ 1.26	-	\$ -
Granted	225,000	0.91	700,000	1.26
Deemed issuance of RSUs on RTO (Note 3)	-	-	48,333	1.08
Exercised	-	-	(16,667)	1.09
Outstanding, end of period	932,777	\$ 1.17	731,666	\$ 1.25

During the three and six months ended June 30, 2025, the Company recognized \$92,555 and \$205,353, respectively (three and six months ended June 30, 2024 - \$135,827 and \$212,390) in share-based compensation expense related to the vesting of RSUs.

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6. RESERVES (continued)

(c) Warrants

The number and weighted average prices of warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2023	-	\$ -
Deemed issuance of warrants on RTO (Note 3)	1,171,528	\$ 3.59
Issued	409,995	\$ 1.08
Outstanding as at December 31, 2024	1,581,523	\$ 2.94
Expired	(4,861)	\$ 1.80
Outstanding as at June 30, 2025	1,576,662	\$ 2.94

As at June 30, 2025, the Company has the following warrants outstanding and exercisable:

Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
February 9, 2026	409,995	\$ 1.08	0.61
September 7, 2026	1,166,667	\$ 3.60	1.19
Total	1,576,662	\$ 2.94	1.04

7. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to continue as a going concern that it may continue to explore and develop its mineral properties and continue its operations for the benefit of shareholders and also to support any business transaction that may occur. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financing to fund its operations. To carry out its exploration operations and to continue to support its general and administrative activities, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six months ended June 30, 2025. The Company is not subject to externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and financial liabilities

The Company's financial assets and financial liabilities are categorized as follows:

	Category	June 30, 2025	December 31, 2024
Cash	Amortized cost	\$ 2,709,753	\$ 5,575,071
Receivables	Amortized cost	14,143	6,119
Accounts payable and accrued liabilities	Amortized cost	110,986	96,640

(b) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels in which to classify the inputs of valuation techniques used to measure fair values.

Level 1 – quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices).

Level 3 – inputs are unobservable (supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party.

The recorded amounts for cash, receivables and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these instruments and/or the market interest rate being earned or charged thereon. Income earned on the Company's cash has been disclosed in the consolidated statements of loss and comprehensive loss under the caption "interest income".

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9. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The main types of risk are credit risk, liquidity risk and market risk. These risks arise from the normal course of the Company's operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with financial instruments and the policies on mitigation of such risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to receivables is minimal as these are primarily from the Government of Canada. The Company's maximum credit exposure is limited to the carrying amount of its cash and receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk by ensuring that it has sufficient cash available to meet its obligations. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and loans.

At June 30, 2025, the Company's current liabilities consisted of trade and other payables of \$70,986, due primarily within three months from the period end. The Company's cash of \$2,709,753 at June 30, 2025, was sufficient to pay for these current liabilities.

(c) Market risks

The significant market risk exposures to which the Company is exposed are interest rate risk and currency risk.

Interest rate risk

The Company is exposed to interest rate risk to the extent that its cash maintained at its financial institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in either United States dollars ("USD"), Chilean Pesos ("CLP") or Mexican Pesos ("MXN"). The table below shows the impact that a 5% fluctuation between the Canadian dollar and the foreign currencies noted above would have on the Company's comprehensive loss and net equity based upon the assets and liabilities held at June 30, 2025:

Financial Instrument Type	CAD Dollar	Currency	+/- 5% Fluctuation	
Cash	\$ 3,802	CLP	\$ 190	\$ (190)
Cash	249,450	MXN	12,473	(12,473)
Accounts payable and accrued liabilities	(14,851)	CLP	(743)	743
Accounts payable and accrued liabilities	(639)	MXN	(32)	32
Total	\$ 237,762		\$ 11,888	\$ (11,888)

Other Price Risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

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10. SEGMENTED INFORMATION

The Company has one reportable segment, being the evaluation and exploration of mineral properties in the Americas. While the Company currently holds mineral properties in Chile and Mexico, all reporting to the chief decision maker is carried out on a consolidated basis.

Non-current assets are broken down by geographic region as follows at June 30, 2025:

	Mexico		Chile		Total
Exploration and evaluation assets	\$	1,919,724	\$	4,156,394	\$ 6,076,118

11. RELATED PARTY TRANSACTIONS

Related party expenses and transactions

The Company incurred the following expenses with related parties:

Related company	Nature of transactions	Six months ended June 30			
		2025		2024	
Durus Copper SPA	E&E expense	\$	-	\$	13,571

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

Compensation paid to key management personnel for the six months ended June 30, 2025 and 2024 are as follows:

	Six months ended June 30,			
	2025		2024	
Short-term benefits (i)	\$	276,607	\$	1,562,474
Share-based compensation		512,236		1,471,111
Total remuneration	\$	788,843	\$	3,033,585

(i) Short-term benefits include fees and salaries, including where those costs have been allocated to E&E expenditures (see Note 4(b)). These expenses include fees paid to CLMLC LLC.

CLMLC LLC and Durus Copper SPA are related to the Company by way of directors, officers or shareholders in common. Durus Copper SPA ceased to be a related party on September 4, 2024. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured and normally is settled in cash. Included in the expense to CLMLC LLC for the six months ended June 30, 2024 is \$1,250,000 that was settled by common shares as described in Note 5(d).

\$11,010 owing to CLMLC LLC was included in accounts payable at June 30, 2025 (December 31, 2024 - \$11,033).

12. CONTINGENCY

On November 26, 2024, the Company was served with a wrongful termination lawsuit by a former employee. The Company is currently contesting this claim, which it believes to be completely without merit.

13. SUBSEQUENT EVENTS

On August 12, 2025, 13,341 warrants with an exercise price \$1.08 per common share were exercised for proceeds of \$14,408.