



Fuerte Metals Corporation

Consolidated Financial Statements
For the Fiscal Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)



www.fuertemetals.com

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

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Fuerte Metals Corporation

Opinion

We have audited the accompanying consolidated financial statements of Fuerte Metals Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) of the consolidated financial statements, which indicates that during the year ended December 31, 2025 the Company incurred a loss of \$10,010,789 and, as of December 31, 2025, the Company had an accumulated deficit of \$40,784,882. As stated in Note 2(c), these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Accounting for the Acquisition of Kaminak Gold Ltd.

As described in Notes 1 and 5 to the consolidated financial statements, during the year ended December 31, 2025, the Company acquired 100% of Kaminak Gold Ltd. (the "Transaction") for consideration totaling \$131,290,752. As further described in Note 4, significant estimates were required to determine the fair value of the consideration transferred by the Company and to determine the fair value of the net assets acquired.

The principal consideration for our determination that the Transaction is a key audit matter is that there was judgment made by management when assessing whether the set of assets acquired, and liabilities assumed constituted a business and significant estimates required in determining the fair value of net assets acquired. This matter represented an area of significant risk of material misstatement given the high degree of estimation uncertainty. A high degree of auditor judgment, subjectivity, and effort were required in performing procedures to evaluate management's significant judgements in assessing the accounting for the Transaction and the fair value of the assets acquired.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Reviewing the share purchase agreement to understand key terms and conditions and assessing the accounting treatment including the assessment of the basis for the determination that the acquisition was not a business combination.
- Evaluating management's assessment of the fair value of the net assets acquired.
- Utilizing valuation specialists to review and assess the reasonableness of the valuation methodology and certain key assumptions and estimates included in the valuation assessment provided by management's expert.
- Ensuring appropriate calculation of the purchase price allocation.
- Assessing the adequacy of the disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

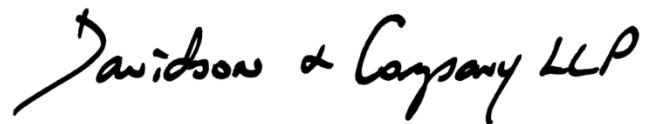
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, Canada

April 15, 2026

FUERTE METALS CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	As at December 31, 2025	As at December 31, 2024
ASSETS			
Current			
Cash		\$ 56,864,178	\$ 5,575,071
Receivables		256,661	6,119
Prepaid expenses		155,627	111,032
Investment in marketable securities	8	2,308,450	-
		59,584,916	5,692,222
Exploration and evaluation assets	9	122,600,810	6,076,118
Property, plant and equipment	10	24,727,311	-
Investment in marketable securities	8	4,616,900	-
Total assets		\$ 211,529,937	\$ 11,768,340
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 2,093,423	\$ 96,640
Flow-through premium liability	11	2,516,813	-
		4,610,236	96,640
Deferred tax liability	20	1,391,000	-
Provision for reclamation and remediation	12	10,274,326	-
Total liabilities		16,275,562	96,640
SHAREHOLDERS' EQUITY			
Common share capital	13	189,709,802	38,705,824
Preferred share capital	13	30,512,171	-
Reserves	14	15,817,284	3,739,969
Accumulated deficit		(40,784,882)	(30,774,093)
Total shareholders' equity		195,254,375	11,671,700
Total liabilities and shareholders' equity		\$ 211,529,937	\$ 11,768,340

Description of business and nature of operations (Note 1)
Going concern (Note 2(c))
Subsequent events (Note 21)

Approved on Behalf of the Board on April 15, 2026

Sandip Rana
Director

Scott V. Hicks
Director

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

FUERTE METALS CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars, except share amounts)

	Note	Year ended December 31,	
		2025	2024
Expenses			
Consulting fees		\$ 94,038	\$ 1,340,051
Exploration and evaluation ("E&E") expenditures	9	3,905,265	3,207,405
Pre-exploration and evaluation expenditures		594,700	-
IVA expense		204,009	201,067
General and administration ("G&A")		560,371	235,184
Salaries, management and director fees	19	1,382,589	592,507
Professional fees		410,774	274,056
Share-based compensation	14	7,921,112	2,208,568
Shareholder communications		427,339	642,225
Travel		98,207	31,380
		<u>(15,598,404)</u>	<u>(8,732,443)</u>
Other income (expenses)			
Listing expense	7	-	(5,518,535)
Gain on sale of El Cofre Project	6	1,360,800	-
Fair value gain on investment in marketable securities	8	5,564,550	-
Interest income		318,933	415,241
IVA recovery		16,264	90,465
Foreign exchange loss		(41,328)	(95,105)
		<u>7,219,219</u>	<u>(5,107,934)</u>
Loss before tax		(8,379,185)	(13,840,377)
Income tax expense:			
Current income tax expense	20	(240,604)	-
Deferred income tax expense	20	(1,391,000)	-
		<u>(1,631,604)</u>	<u>-</u>
Loss and comprehensive loss for the year		\$ (10,010,789)	\$ (13,840,377)
Loss per common share, basic and diluted		\$ (0.13)	\$ (0.25)
Weighted average number of shares outstanding – basic and diluted		74,377,427	55,131,264

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

FUERTE METALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	Note	Year ended December 31,	
		2025	2024
Net inflow (outflow) of cash related to the following activities:			
Operating:			
Loss		\$ (10,010,789)	\$ (13,840,377)
Adjustments to reconcile net loss to net cash provided from operating activities:			
Listing expense	7	-	5,518,535
Consulting fee termination expense	13(iv)	-	1,250,000
Interest expense on loans		-	597
Deferred income tax expense	20	1,391,000	-
Share-based compensation	14	7,921,112	2,208,568
Depreciation expense	10	527,689	-
Gain on sale of El Cofre Project	6	(1,360,800)	-
Fair value gain on investment in marketable securities	8	(5,564,550)	-
Foreign exchange loss		-	42,796
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities		1,696,402	(1,656,577)
Receivables		(242,296)	97,753
Prepaid expenses		(44,595)	(53,961)
Cash used in operating activities		(5,686,827)	(6,432,666)
Investing activities			
Cash acquired on acquisition of Coffee Project	5	77,521	-
Acquisition cost of Coffee Project	5	(14,588,009)	-
Cash acquired on reverse takeover	7	-	16,786
Reverse acquisition costs	7	-	(163,460)
Cash used in investing activities		(14,510,488)	(146,674)
Financing activities			
Proceeds from private placement, net of share issuance costs	13	54,759,612	12,099,963
Proceeds from flow-through share issuance, net of share issuance costs	13	16,233,516	-
Proceeds from private placement bridge financing		-	100,000
Proceeds from exercise of stock options		-	4,755
Proceeds from exercise of warrants	13	493,294	-
Repayment of loans	19	-	(1,218,275)
Cash provided by financing activities		71,486,422	10,986,443
Change in cash during the year		51,289,107	4,407,103
Cash, beginning of year		5,575,071	1,167,968
Cash, end of year		\$ 56,864,178	\$ 5,575,071
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Fair value of deemed issuance of common shares to Fuerte shareholders	7	\$ -	\$ 6,469,288
Fair value of deemed issuance of stock options to Fuerte option holders	7	-	77,384
Fair value of deemed issuance of warrants to Fuerte warrant holders	7	-	256,816
Fair value of deemed issuance of RSUs to Fuerte RSU holders	7	-	42,988
Share issuance cost – non-cash (agent’s warrants)	13(i)	-	206,390
Shares issued in settlement of loans and accrued salaries	13(v)	-	166,782
Shares, preferred shares and Units issued to acquire the Coffee project	5	116,702,743	-
Cash paid during the year for interest		\$ -	\$ 1,775

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

FUERTE METALS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Number of Preferred Shares	Common Share Capital	Preferred Share Capital	Reserves	Accumulated 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	7	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		20,556	-	22,200	-	(22,200)	-	-
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		-	-	-	-	2,208,568	-	2,208,568
Loss for the year		-	-	-	-	-	(13,840,377)	(13,840,377)
Balance, December 31, 2024		61,171,215	-	\$ 38,705,824	\$ -	3,739,969	\$ (30,774,093)	\$ 11,671,700
Share-based compensation		2,600,000	-	-	-	7,921,112	-	7,921,112
Exercise of warrants		423,884	-	694,091	-	(200,797)	-	493,294
Private placement	13	34,848,485	-	54,759,612	-	-	-	54,759,612
Common shares and Units issued - Coffee transaction	5	24,729,126	-	81,770,572	-	4,420,000	-	86,190,572
Preferred shares issued - Coffee transaction	5	-	10,842,989	-	30,512,171	-	-	30,512,171
Exercise of restricted stock units		50,000	-	63,000	-	(63,000)	-	-
Flow-through private placement	13	3,036,570	-	13,716,703	-	-	-	13,716,703
Loss for the year		-	-	-	-	-	(10,010,789)	(10,010,789)
Balance, December 31, 2025		126,859,280	10,842,989	\$ 189,709,802	\$ 30,512,171	15,817,284	\$ (40,784,882)	\$ 195,254,375

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

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

1. DESCRIPTION OF BUSINESS AND 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”. The principal business of the Company and its subsidiaries is to identify, explore and evaluate mineral properties in Canada, Chile, Mexico and elsewhere in the Americas.

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”.

On October 17, 2025, the Company closed the acquisition of Goldcorp Kaminak Ltd., the owner of the Coffee Gold Project (the “Coffee Project”) in Yukon, Canada, from Newmont Corporation (“Newmont”) (Note 5). Subsequent to the acquisition date, Goldcorp Kaminak Ltd. changed its name to Kaminak Gold Ltd. (“Kaminak”). The Company holds mineral properties in Chile through its ownership of the Placeton Project 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 and developed these projects.

2. BASIS OF PREPARATION, GOING CONCERN AND RECENT ACCOUNTING PRONOUNCEMENTS

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board. These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 15, 2026.

(b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value. All dollar amounts presented are expressed in Canadian dollars, unless otherwise specified. In addition, these consolidated financial statements are prepared using the accrual basis of accounting except for cash flow information.

(c) Going concern

These consolidated 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 year ended December 31, 2025, the Company incurred a loss of \$10,010,789 and, as of December 31, 2025, the Company had an accumulated deficit of \$40,784,882. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational needs. While the Company raised additional funding in 2025, 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 consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

2. BASIS OF PREPARATION, GOING CONCERN AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

(d) Recent accounting pronouncements effective January 1, 2025

On January 1, 2025, the Company adopted amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” which specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not exchangeable. The amendments specify that a currency is exchangeable when it can be exchanged through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and the specified purpose. For non-exchangeable currencies, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction between market participants at the measurement date under prevailing economic conditions. The amendments did not have an impact on the Company’s consolidated financial statements and the comparative periods on the date of adoption as the Company only transacts in exchangeable currencies.

(e) Recent accounting pronouncement 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”)

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. 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 (loss) 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 (loss) subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is currently assessing the impact of this 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied, on a consistent basis, to all years presented in these consolidated financial statements.

(a) Basis of consolidation

These consolidated financial statements include the accounts of the following entities, being the Company and its wholly owned subsidiaries (collectively, the “Group”):

	Domicile and country of incorporation
Fuerte Metals Corporation	Canada
TCP1 Corporation	Canada
1555485 B.C. Ltd.	Canada
Atacama Cobre Ltd.	Canada
Atacama Cobre Ltd. Agencia en Chile (Chilean Branch)	Chile
Criscora S.A. de C.V.	Mexico
Kaminak Gold Ltd.	Canada
Aconcagua Minerals SpA	Chile
Cobalt Chile SpA	Chile

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. In assessing whether control exists, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are consolidated from the date on which control is obtained until the date control ceases.

All intercompany transactions and balances have been eliminated upon consolidation.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Functional and presentation currency

The consolidated financial statements of the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

(c) Foreign exchange

Transactions denominated in foreign currencies are recorded at the foreign exchange rate at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when acquired. All exchange gains and losses on translation of these foreign currency transactions are included in profit or loss.

(d) Financial instruments

Financial assets

Financial assets are classified at initial recognition as: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI").

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

FVTPL - Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial liabilities

Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement loss and comprehensive loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI. Financial assets and liabilities at amortized cost are initially recognized at fair value and are subsequently carried at amortized cost less any impairment.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value. Cash predominantly includes deposits held on call with a Canadian chartered bank, and funds in foreign bank accounts.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment are recorded at cost and carried net of accumulated depreciation, depletion and amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the estimate of reclamation and remediation costs.

Costs to acquire mineral properties are capitalized and represent the property's acquisition cost at the time it was acquired, either as an individual asset purchase or as part of a business combination.

Acquired or capitalized exploration and evaluation costs are included within mineral interests.

Repairs and maintenance costs are expensed as incurred. However, expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditures will extend the production capacity or useful life of an asset.

Depreciation

Buildings, mobile and other equipment are generally depreciated, net of residual value, using the straight-line method, over the estimated useful life of the asset. Useful lives for buildings, mobile and other equipment range from 1 to 55 years.

Useful lives and estimated residual values of property, plant and equipment are reviewed annually.

Acquired or capitalized E&E costs and assets under construction are not depreciated. These assets are depreciated when they are ready for their intended use.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal of the asset or when no future economic benefits are expected to accrue to the Company from its continued use. Any gain or loss arising on derecognition is included in the consolidated statement of loss or comprehensive loss in the period in which the asset is derecognized. The gain or loss is determined as the difference between the carrying value and the net proceeds on the sale of the assets, if any, at the time of disposal.

(g) Exploration and evaluation ("E&E") assets

E&E costs are those costs required to find a mineral property and determine its potential technical feasibility and commercial viability. E&E costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves.

E&E costs include:

- acquiring rights to explore;
- gathering exploration data through topographical and geological studies;
- exploratory drilling, trenching and sampling;
- determining the volume and grade of the resource;
- test work on geology, metallurgy, mining, geotechnical and environmental; and
- conducting engineering, marketing and financial studies.

E&E costs are expensed as incurred until such time as the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Thereafter, costs are capitalized prospectively as capitalized E&E costs in property, plant and equipment. Upon achieving production, E&E costs will be amortized on a unit-of-production method based on the estimated life of the ore reserves.

The Company also recognizes E&E costs as assets when acquired as part of a business combination, or asset purchase. These assets are recognized as acquisition costs and capitalized by property until the commencement of commercial production.

Acquired or capitalized E&E costs are classified as such until a property demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized E&E costs are transferred to capitalized development costs within property, plant and equipment. Technical feasibility and commercial viability generally coincides with the establishment of proven and probable mineral reserves; however, this determination may be impacted by an assessment of certain modifying factors including legal, environmental, social and governmental factors.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(g) Exploration and evaluation assets (continued)

The recoverability of the amounts capitalized for undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

(h) Valuation of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets to determine whether there is an indication of impairment or reversal of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment charge (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the statement of loss and comprehensive loss.

The recoverable amount used for this purpose is the higher of the fair value less costs to sell and value in use.

Fair value is the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may consider. These cash flows are discounted by an appropriate discount rate to arrive at a net present value or net asset value of the asset.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assignments of the time value of money and the risks specific to the asset. Value in use is determined by applying assumptions specific to the Company's continued use of the asset and does not take into account assumptions of significant future enhancements of an asset's performance or capacity to which the Company is not committed.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

(i) Provision for reclamation and remediation

The Company records a liability and corresponding asset for the present value of the estimated costs of legal and constructive obligations for future site reclamation and closure activities where the liability is more likely than not to exist, and a reasonable estimate can be made of the obligation. The estimated present value of the obligation is reassessed on an annual basis or when new material information becomes available. Increases or decreases to the obligation usually arise due to changes in legal or regulatory requirements, changes in the quantities of mineral reserves and mineral resources and a corresponding change to the mine plan, the extent of environmental remediation required, methods of reclamation, cost estimates, or discount rates.

These obligations are measured initially at the present value of estimated future cash flows and the resulting costs are capitalized to the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows.

(j) Income taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or the statement of loss and comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(j) Income taxes (continued)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is possible that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(k) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program on its Canadian assets. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Where the flow-through common share is issued as part of a unit, the value is first allocated between the unit and the flowthrough premium and then bifurcated between the common share and the warrant on a residual value basis.

As qualified flow-through expenses are incurred the Company relieves the liability and recognizes the premium in profit or loss as other income.

Upon renouncement by the Company of the tax benefits associated with the related exploration expenditures, a deferred tax liability is recognized. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

(l) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, preferred shares, stock options, RSUs and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company uses the residual approach when allocating the fair value of share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common shares, and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

(m) Loss per share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares issued and outstanding during the year. For this purpose, only common shares are included, and instruments such as preferred shares and unvested bonus shares are excluded unless and until they are converted into or vest as common shares. Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options, RSUs and share warrants were exercised and that the proceeds from such exercises were used to acquire common shares of the Company at the average market price of the common shares during the reporting periods. Common share equivalents have been excluded from the computation of diluted loss per share for the years presented as including them would have been antidilutive.

(n) Share-based compensation

The Company has an equity-settled share-based compensation plan under which the Company issues restricted share units ("RSUs") and stock options with details as follows:

Restricted share units

RSUs are equity-settled and are recorded at fair value based on the market value of the shares at the grant date. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest on grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in each reporting period. On vesting of equity-settled RSUs, shares are generally issued from treasury and the related fair value is transferred from reserves to share capital.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(n) Share-based compensation (continued)

Stock options

The Company applies the fair value method of accounting for all stock option awards. Under this method, share-based compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant and is recognized over the vesting period of the award. Share-based compensation to non-employees is valued based on the fair value of the service received, if reliably determinable, otherwise based on the fair value of the award granted. The corresponding amount is recorded in reserves. Valuation is calculated based on the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of other equity reserves are transferred to share capital.

The fair value of stock options granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Bonus Shares

The Company grants equity-settled Bonus Shares to employees and executives in accordance with IFRS 2. The fair value of the awards is measured at the grant date using a Monte Carlo simulation model incorporating market-based vesting conditions, including share price targets, and is not subsequently remeasured. The model simulates share price paths using a Geometric Brownian Motion ("GBM") process based on expected volatility, the risk-free interest rate, and a stochastic component derived from a normal distribution, with simulated outcomes used to estimate the probability and timing of achieving the market conditions and discounting resulting payoffs to present value. Key inputs include the grant date share price, expected volatility, risk-free interest rate, expected term, and specified performance thresholds.

Share-based compensation expense is recognized over the vesting period, with a corresponding increase in reserves. For awards with market conditions, expense is not adjusted for actual outcomes provided service conditions are met; otherwise, previously recognized expense is reversed. Upon vesting, amounts recognized in reserves are reclassified to share capital.

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires the Company to make judgments, estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in the statement of loss and comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about significant judgments, estimates and assumptions in applying the Company's accounting policies and determining the carrying amounts of assets and liabilities recognized in the financial statements include, but are not limited to:

(a) Going concern

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 2(c).

(b) Reverse takeover transaction

As described in Note 7, estimates were required in order to determine the fair value of the consideration transferred by TCP1 to acquire the net assets of Fuerte.

(c) Acquisition of Coffee Project

As described in Note 5, estimates and assumptions were required to determine the fair value of the consideration transferred by the Company to acquire the Coffee Project and in addition to determine the fair value of the net assets acquired.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(d) Valuation of non-financial assets

The carrying amount of the Company's long-lived assets including property, plant and equipment and exploration and evaluation assets do not necessarily represent present or future values and have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of the mineral property interests themselves. Judgment is required in assessing indicators of impairment and there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its mineral property interests or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's property, plant and equipment and exploration and evaluation assets.

(e) Provision for reclamation and remediation

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Exploration activities are subject to various laws and regulations governing the protection of the environment. The reclamation and remediation obligations are determined using estimates of the nature, timing and amount of future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at property. Future changes to environmental laws and regulations could change the nature and extent of reclamation and remediation work required to be performed by the Company. Changes in the nature, timing and amount of future costs, as well as inflation, foreign exchange and discount rate assumptions, could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

(f) Income tax

The Company is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The estimation of income taxes includes evaluating the recoverability of deferred income and resource tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

(g) Refundable tax credits and flow-through expenditures

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Management's judgment is applied in determining whether qualifying expenditures have been incurred. Differences in judgment between management and regulatory authorities could materially decrease refundable tax credits and increase the flow-through share premium liability and flow-through expenditure commitment.

(h) Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options, RSUs and Bonus Shares at the date at which they are granted. Estimating fair value for granted stock options and bonus shares requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

(i) Valuation of investment in marketable securities

The Company received common shares from Chilean Cobalt Corp. in connection with the sale of the El Cofre Project (Note 6). Valuation of investment in marketable securities required the use of the Chaffe and Finnerty option pricing models to determine the discount for lack of marketability applied to the value of the Chilean Cobalt Corp. common shares. Typical inputs into the Chaffe and Finnerty option pricing models include: stock price, restriction period, holding period and volatility. Historical volatility in particular require judgment around the reference period or benchmark rate used as inputs into the option pricing models.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

5. ACQUISITION OF COFFEE PROJECT

On October 17, 2025, the Company closed the acquisition of Kaminak., the owner of the Coffee Project in the Yukon, Canada, from Newmont Corporation ("Newmont"). Pursuant to the transaction, the Company paid approximately US\$10 million in cash and issued 22,729,126 common shares and 10,842,989 preferred shares to an affiliate of Newmont. The preferred shares are non-voting, but economically equivalent to the Company's common shares. The preferred shares will automatically convert into common shares on a one for one basis on February 14, 2026 (See Note 21). The Company also granted Newmont a 3% net smelter return (NSR) royalty on the Coffee Project. The NSR may be repurchased for US\$100 million within one year following the announcement of commercial production.

In connection with the transaction, the Company also issued 2,000,000 units to Trinity Advisors Corporation for advisory services, each unit comprising one common share and one warrant exercisable at \$2.50 per share for five years.

The Coffee Project did not meet the definition of a business as defined under IFRS 3 *Business Combinations* and accordingly the acquisition was accounted for as an asset acquisition. The following summarizes the purchase price allocation:

Consideration issued:		
Cash (US\$ 10 million)	\$	13,908,639
22,729,126 common shares of the Company (Note 13)		76,142,572
10,842,989 preferred shares of the Company (Note 13)		30,512,171
		<u>120,563,382</u>
Transaction costs – cash		679,370
Transaction costs – advisory services – 2,000,000 units (Note 13)		10,048,000
		<u>10,727,370</u>
Total consideration	\$	131,290,752
Net identifiable assets (liabilities) acquired:		
Cash	\$	77,521
Receivables		8,246
Exploration and evaluation assets (Note 9)		116,552,603
Property, plant and equipment (Note 10)		25,255,000
Accounts payable and accrued liabilities		(300,381)
Provision for reclamation and remediation (Note 12)		(10,302,237)
		<u>131,290,752</u>
Net assets acquired	\$	131,290,752

6. SALE OF EL COFRE PROJECT

On September 12, 2025, the Company entered into a definitive agreement (the "Agreement") to sell its 100% interest in the El Cofre Project, which represented a 100% interest in various mining concession tenement groups, to Chilean Cobalt Corp. ("C3"). Under the terms of the Agreement, on September 24, 2025 the Company transferred all of the mining concessions that comprise the El Cofre Project to Baltum Minería SpA, a wholly owned subsidiary of C3, in exchange for 4.5 million common shares of C3, received on October 6, 2025 and cash reimbursement of the 2025 annual concession payments of \$147,715 (CLP 101,833,291) received on October 7, 2025.

The 4.5 million common shares of C3 were recorded at fair value of \$1,360,800 based on the quoted market price (OTCQB:COBA) on the closing date adjusted for a discount for a lack of marketability to reflect contractual lock up restrictions. Under these restrictions, 1.5 million shares become freely tradeable after one year, an additional 1.5 million after two years and the remaining 1.5 million shares after three years. The Company applied a discount for lack of marketability ranging from 44 - 56% to the market price of the C3 common shares. The discount for lack of marketability (DLOM) as at September 24, 2025 was estimated using the Chaffe and Finnerty option pricing models with volatility ranging from 169% to 201%.

The Company recognized a gain on sale of the El Cofre Project of \$1,360,800.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

7. REVERSE TAKEOVER AND RELATED TRANSACTIONS

At the time of the RTO on February 9, 2024, 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. The consolidated financial statements were 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 consolidated 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 had no current plans to continue to carry out any substantial exploration of this project. On September 24, 2025, the Company sold the El Cofre Project to Chilean Cobalt Corp. ("C3") (Note 6).

Consideration transferred at February 9, 2024:

Fair value of deemed issuance of 5,990,081 common shares to Fuerte shareholders (Note 13)	\$	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 9)		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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

8. INVESTMENT IN MARKETABLE SECURITIES

The investment in marketable securities consists of 4.5 million common shares of Chilean Cobalt Corp. (OTCQB:COBA) which were issued to the Company in connection with the sale of the El Cofre Project (Note 6).

	December 31, 2025	December 31, 2024
Investment in Chilean Cobalt Corp. - current	\$ 2,308,450	-
Investment in Chilean Cobalt Corp – non-current	4,616,900	-
Total investment in marketable securities	\$ 6,925,350	-

These shares were measured at FVTPL, and the fair value was determined using the Chaffe and Finnerty option pricing models to account for the restriction placed on the common shares to be received as described in Note 6. An unrealized gain of \$5,564,550 as at December 31, 2025 was recorded based on the fair value as at December 31, 2025 with a discount for lack of marketability due to the restrictions ranging from 44% to 56%. The discount for lack of marketability as at December 31, 2025 was estimated using a the Chaffe and Finnerty option pricing models with volatility ranging from 196% to 244%.

9. 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 December 31, 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 consolidated 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 in the Atacama region of Chile 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 held 100% of the rights to the El Cofre Project, which represented a 100% interest in various mining concession tenement groups until September 24, 2025, when the Company sold the El Cofre Project to Chilean Cobalt Corp. ("C3") (Note 6).
- (v) The Company holds 100% of the rights to the Coffee Project located in the Yukon, Canada (Note 5 for details of the acquisition of Coffee Project on October 17, 2025). In connection with the acquisition, the Company granted Newmont a 3% NSR royalty on the Coffee Project. This NSR may be repurchased for US\$100 million within one year following the announcement of commercial production. In addition, there is an existing 2% NSR over all minerals produced from the Coffee Project and the Company has the right to buy back half of this NSR (or 1% NSR) for \$2,000,000.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

9. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(a) Exploration and evaluation assets (continued)

The carrying value of the exploration and evaluation assets, by project, is as follows:

	Yecora	Cristina	Placeton	El Cofre	Coffee	Total
Balance, December 31, 2023	\$ 1,905,936	\$ 13,788	\$ -	\$ -	\$ -	\$ 1,919,724
RTO additions (Note 7)	-	-	4,156,394	-	-	4,156,394
Balance December 31, 2024	1,905,936	13,788	4,156,394	-	-	6,076,118
Additions – acquisition of Coffee Project (Note 5)	-	-	-	-	116,552,603	116,552,603
Change of estimate to provision for reclamation and remediation (Note 12)	-	-	-	-	(27,911)	(27,911)
Balance, December 31, 2025	\$ 1,905,936	\$ 13,788	\$ 4,156,394	\$ -	\$ 116,524,692	\$ 122,600,810

(b) Exploration and evaluation expenditures

Exploration and evaluation expenditures for the years ended December 31, 2025 and 2024 are summarized as follows:

	Year ended December 31, 2025					
	Yecora	Cristina	Placeton	El Cofre	Coffee	Total
Camp	\$ -	\$ -	\$ -	\$ -	\$ 199,058	\$ 199,058
Claims, licences and permits	98,436	111,454	303,257	-	-	513,147
Consultants	-	162,635	1,350	-	59,890	223,875
Drilling	28,619	1,160,334	-	-	-	1,188,953
Engineering	-	-	-	-	108,034	108,034
Depreciation (Note 10)	-	-	-	-	527,689	527,689
Salaries and benefits	-	-	-	-	321,304	321,304
Sustainability and environment	-	-	-	-	456,116	456,116
Geology and geophysics	1,447	158,721	-	-	-	160,168
Miscellaneous field costs	17,466	17,466	14,853	51,104	57,254	158,143
Travel	-	-	9,044	-	39,734	48,778
Total	\$ 145,968	\$ 1,610,610	\$ 328,504	\$ 51,104	\$ 1,769,079	\$ 3,905,265

	Year ended December 31, 2024				
	Yecora	Cristina	Placeton	El Cofre	Total
Camp	\$ -	\$ -	\$ 1,068	\$ 1,250	\$ 2,318
Claims, licences and permits	99,653	281,871	81,356	35,221	498,101
Consultants	-	59,869	27,312	-	87,181
Drilling	39,589	2,066,391	-	-	2,105,980
Geology and geophysics	-	104,059	344,810	542	449,411
Miscellaneous field costs	7,011	7,011	10,874	-	24,896
Property management	-	-	2,735	19,163	21,898
Travel	-	-	13,729	3,891	17,620
Total	\$ 146,253	\$ 2,519,201	\$ 481,884	\$ 60,067	\$ 3,207,405

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Other Equipment	Mobile Equipment	Total
Cost:				
Balance, December 31, 2024, and 2023	-	-	-	-
Additions – acquisition of Coffee Project (Note 5)	\$273,000	\$ 15,792,000	\$ 9,190,000	\$ 25,255,000
Balance, December 31, 2025	273,000	15,792,000	9,190,000	25,255,000
Accumulated depreciation:				
Balance, December 31, 2024, and 2023	-	-	-	-
Depreciation for 2025 ⁽¹⁾	-	274,832	252,857	527,689
Balance, December 31, 2025	-	274,832	252,857	527,689
Net book value:				
As at December 31, 2024	-	-	-	-
As at December 31, 2025	\$ 273,000	\$ 15,517,168	\$ 8,937,143	\$ 24,727,311

⁽¹⁾ Depreciation expense is included within exploration and evaluation expenditures in the statements of loss and comprehensive loss

11. FLOW-THROUGH PREMIUM LIABILITY

As a result of the issuance of 3,036,570 flow-through shares on December 18, 2025, for aggregate gross proceeds of \$17,249,933 (Note 13(xiii)), the Company has a commitment to incur \$17,249,933 in qualifying Canadian exploration expenses on or before December 31, 2026. As of December 31, 2025, no qualifying Canadian exploration expenditure had yet been incurred. The following is a continuity schedule of the liability portion of the flow-through share issuance:

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ -	\$ -
Creation of flow-through premium liability from issuance of flow-through shares	2,516,813	-
Settlement of flow-through premium liability pursuant to qualifying expenditures	-	-
Balance, end of year	\$ 2,516,813	\$ -

12. PROVISION FOR RECLAMATION AND REMEDIATION

The Company conducts its operations to protect public health and the environment, and to comply with all applicable laws and regulations governing protection of the environment. The Company estimates future reclamation costs based on the level of site activity and estimates of costs required to fulfill the Company's future obligations. The below table details the items that affect the provision for reclamation and remediation.

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ -	\$ -
Additions – acquisition of Coffee Project (Note 5)	\$ 10,302,237	-
Change in estimate	(27,911)	-
Balance, end of year	\$ 10,274,326	\$ -

The Company's provision for reclamation and remediation consists of costs associated with closure activities for current disturbance at the Coffee Project. These closure activities include costs for re-contouring, re-vegetation, demobilization and demolition. Most expenditures are expected to occur in 2031. The discount rates used in estimating this site restoration cost obligation were between 2.4% and 3.4% for the year ended December 31, 2025, and the inflation rate used was 2.00%.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

13. SHARE CAPITAL – COMMON AND PREFERRED

Authorized: Unlimited common shares, without par value. Unlimited preferred shares, without par value.

Issued:	Number of Common Shares	Common Share Capital	Number of Preferred Shares	Preferred Share Capital
Balance, December 31, 2023	5,990,081	\$ 15,801,438	-	\$ -
Effect of reverse acquisition (Note 7)	37,916,849	6,469,288	-	-
Reverse acquisition costs (Note 7)	1,157,407	1,250,000	-	-
Private placement – subscription receipts (i)	11,834,159	11,893,573	-	-
Private placement – bridge financing (ii)	92,593	100,000	-	-
Exercise of stock options (iii)	2,847,712	1,752,543	-	-
Share issued re: termination of consulting agreement (iv)	1,157,428	1,250,000	-	-
Share issued in settlement of debts (v)	154,430	166,782	-	-
Exercise of restricted stock units (vi)	20,556	22,200	-	-
Balance, December 31, 2024	61,171,215	\$ 38,705,824	-	\$ -
Exercise of warrants (vii)	423,884	694,091	-	-
Private placement – acquisition of Coffee Project (viii)	34,848,485	54,759,612	-	-
Common shares issued – acquisition of Coffee Project (ix)	24,729,126	81,770,572	-	-
Preferred shares issued – acquisition of Coffee Project (x)	-	-	10,842,989	30,512,171
Exercise of restricted stock units (xi)	50,000	63,000	-	-
Bonus shares (xii)	2,600,000	-	-	-
Private placement – flow-through shares (xiii)	3,036,570	13,716,703	-	-
Balance, December 31, 2025	126,859,280	\$ 189,709,802	10,842,989	\$ 30,512,171

- (i) 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

- (ii) On February 9, 2024, the Company issued 92,593 common shares to close a private placement of \$100,000.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) In 2024, a total of 20,556 restricted stock units were exercised for common shares. The previously recognized stock-based compensation expense of \$22,200 was reclassified from reserves to share capital.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

13. SHARE CAPITAL – COMMON AND PREFERRED (continued)

- (vii) In 2025, a total of 423,884 warrants were exercised for total proceeds of \$493,294. 398,884 warrants with an exercise price \$1.08 per common share were exercised for proceeds of \$430,794, and the previously recognized value relating to these warrants was reclassified from reserves to share capital in the amount of \$200,797. In addition, 25,000 warrants with an exercise price of \$2.50 per common share were exercised for proceeds of \$62,500.
- (viii) On October 9, 2025, the Company completed a private placement of 34,848,485 subscription receipts at \$1.65 per receipt for gross proceeds of \$57,500,000. In connection with this private placement, the Company incurred cash share issue costs of \$2,740,388. Each subscription receipts converted on October 17, 2025 into one common share and one common share purchase warrant exercisable at \$2.50 per share for five years.
- (ix) As described in Note 5, pursuant to the transaction to acquire the Coffee Project, the Company issued to an affiliate of Newmont 22,729,126 common shares at a share price of \$3.35 per share for a total value of \$76,142,572.

In addition, the Company issued 2,000,000 units, each unit being comprised of one common share and one common share purchase warrant, in consideration for services provided by their financial advisor in connection with this transaction. The common shares were subject to a four month hold period, and the warrants are exercisable at a price of \$2.50 per share for five years upon closing of the transaction. The fair value of the common share portion of each unit was determined using the Chaffe and Finnerty option pricing models to account for the discount for lack of marketability restriction due to the four-month holding period. The resulting common share fair value of \$5,628,000 included a 16% discount for lack of marketability recorded against the underlying common share price of \$3.35 per share. The fair value of \$4,420,000 of the warrant portion of each unit recorded in reserves (Note 14) was determined using the Black-Scholes valuation model as follows:

Share price	\$3.35
Exercise price	\$2.50
Risk-free interest rate	2.65%
Expected dividend yield	Nil
Expected stock price volatility	71%
Expected warrant life	5 years
Fair value of warrants granted (per warrant)	\$2.21

- (x) In addition, the Company issued 10,842,989 preferred shares. These preferred shares are non-voting and economically equivalent to the common shares and will automatically convert to common shares on a one-for-one basis on February 14, 2026 (see Note 21). The fair value of the preferred shares of \$30,512,171 included a 16% discount for lack of marketability recorded against the underlying common share price of \$3.35 per share. The fair value of the preferred shares was determined using the Chaffe and Finnerty option pricing models with volatility of 94% to account for the discount for lack of marketability restriction.
- (xi) In 2025, a total of 50,000 restricted stock units were exercised for common shares. The previously recognized stock-based compensation expense of \$63,000 was reclassified from reserves to share capital.
- (xii) In November 2025, the Company granted 2,600,000 bonus shares in connection with leadership appointments and the completion of the Coffee Gold Project acquisition. The bonus shares are issued and outstanding given their dividend and voting rights but remain in escrow until vesting. The bonus shares vest in three equal tranches upon achievement of certain share price thresholds particular to each tranche (see Note 14(d)).
- (xiii) As described in Note 11, the Company issued a total of 3,036,570 flow-through common shares, each of which qualify as a "flow-through share" within the meaning of the Income Tax Act (Canada) for total gross proceeds of \$17,249,933. This offering was comprised of 1,380,950 flow-through common shares issued at a price of \$5.25 per shares for gross proceeds of \$7,249,988, and 1,655,620 special flow-through common shares issued at a price of \$6.04 per share for gross proceeds of \$9,999,945. In connection with this issuance of flow-through shares, the Company incurred cash share issue costs of \$1,016,417 of which \$157,584 was allocated to the flow-through premium liability. A flow-through premium liability of \$2,516,813 was recorded equal to the premium investors paid for the flow-through feature.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

14. 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 8,687,500 stock options during the year ended December 31, 2025 at a weighted average exercise price of \$3.39 per share. The weighted average Black-Scholes value per stock option granted during the year ended December 31, 2025 was \$2.08 per share. The fair value of stock options issued was estimated at the grant date based on the Black-Scholes valuation model with the following details:

Risk-free interest rate	2.62% - 2.96%
Expected dividend yield	Nil
Share price	\$0.91 - \$4.51
Expected stock price volatility	71% - 75%
Average expected option life	5 years
Fair value of options granted	\$0.55 - \$2.82

The Company granted 1,625,000 stock options during the year ended December 31, 2024 at a weighted average exercise price of \$1.27 per share. The weighted average Black-Scholes value per stock option granted during the year ended December 31, 2024 was \$0.85 per share. The fair value of stock options issued was estimated at the grant date based on the Black-Scholes valuation model with the following assumptions:

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

The fair value of options vesting during the year ended December 31, 2025, in the amount of \$6,690,470 (year ended December 31, 2024 - \$1,729,401) were recorded in the consolidated statements of loss and comprehensive loss.

Stock options and weighted average exercise prices are as follows:

	Year ended December 31,			
	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 ⁽¹⁾	\$ 0.91
Granted	8,687,500	3.39	1,625,000	1.27
Deemed issuance of stock options on RTO (Note 7)	-	-	254,446	2.00
Exercised	-	-	(6,128,905)	0.58
Expired	(1,093,755)	2.31	(162,038)	2.24
Forfeited	-	-	(55,185)	1.25
Outstanding, end of period	10,710,419	\$ 3.02	3,116,674	\$ 1.77

⁽¹⁾ TCP1 options as adjusted pursuant to the RTO transaction on February 9, 2024.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

14. RESERVES (continued)

(a) Stock Options (continued)

As at December 31, 2025, stock options outstanding and exercisable were as follows:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
100,000	March 10, 2026	0.19	\$0.91	100,000	\$0.91
200,000	March 10, 2026	0.19	\$1.26	200,000	\$1.26
30,000	December 20, 2026	0.97	\$2.52	30,000	\$2.52
50,000	August 15, 2027	1.62	\$1.20	50,000	\$1.20
28,334	March 10, 2028	2.19	\$1.11	28,334	\$1.11
1,150,000	February 9, 2029	3.11	\$1.26	766,671	\$1.26
200,000	March 20, 2029	3.22	\$1.33	150,000	\$1.33
637,500	February 3, 2030	4.10	\$0.91	212,503	\$0.91
162,038	March 2, 2030	4.17	\$2.31	162,038	\$2.31
6,975,000	November 11, 2030	4.87	\$3.49	2,325,002	\$3.49
975,000	December 17, 2030	4.96	\$4.51	-	-
202,547	June 30, 2032	6.50	\$2.31	202,547	\$2.31
10,710,419		4.47	\$3.02	4,227,095	\$2.56

(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 year ended December 31, 2025, the Company granted 369,123 RSUs to directors, officers and employees of the Company (year ended December 31, 2024 – 700,000).

RSUs and weighted average fair values are as follows for the years ended December 31, 2025, and 2024:

	Year ended December 31,			
	2025		2024	
	Number of RSUs	Weighted Average Fair Value	Number of RSUs	Weighted Average Price
Outstanding, beginning of period	707,777	\$ 1.26	-	\$ -
Granted	369,123	2.32	700,000	1.26
Deemed issuance of RSUs on RTO (Note 7)	-	-	48,333	1.08
Exercised	(50,000)	1.26	(20,556)	1.08
Expired	-	-	(11,111)	1.08
Forfeited	(25,000)	0.91	(8,889)	1.08
Outstanding, end of period	1,001,900	\$ 1.66	707,777	\$ 1.26

During the year ended December 31, 2025, the Company recognized \$403,994 (year ended December 31, 2024 - \$479,167) in share-based compensation expense related to the vesting of RSUs.

(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 7)	1,171,528	\$ 3.59
Issued	409,995	\$ 1.08
Outstanding as at December 31, 2024	1,581,523	\$ 2.94
Issued (Note 13)	36,848,485	\$ 2.50
Exercised	(423,884)	\$ 1.16
Expired	(4,861)	\$ 1.80
Outstanding as at December 31, 2025	38,001,263	\$ 2.53

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

14. RESERVES (continued)

(c) Warrants (continued)

As at December 31, 2025, the Company has the following warrants outstanding and exercisable:

Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
February 9, 2026	11,111	\$ 1.08	0.11
September 7, 2026	1,166,667	\$ 3.60	0.68
October 9, 2030	36,823,485	\$ 2.50	4.78
Total	38,001,263	\$ 2.53	4.67

(d) Bonus Shares

On November 11, 2025, the Company granted 2,600,000 bonus shares to certain officers. The bonus shares vest 18 months after issuance, in three equal tranches, subject to the Company's common shares achieving a market price of \$5.00, \$7.00, and \$9.00, respectively. The fair value of these shares of \$8,851,103, or \$3.40 per share, was determined at the grant date using a Monte-Carlo simulation.

For the year ended December 31, 2025, the Company recognized \$826,648 (year ended December 31, 2024 - \$nil) in share-based compensation expense related to the vesting of these bonus shares.

15. 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 year ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and financial liabilities

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

Category	December 31, 2025	December 31, 2024
Cash	\$ 56,864,178	\$ 5,575,071
Receivables	Amortized cost 256,661	6,119
Investment in marketable securities (current and non-current)	FVTPL 6,925,350	-
Accounts payable and accrued liabilities	Amortized cost 2,093,423	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.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

16. FINANCIAL INSTRUMENTS (continued)

(b) Fair value measurements (continued)

The recorded amounts for cash and cash equivalents, 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".

The investment in marketable securities is classified as a level 3 financial asset. The Company recognizes its investment in marketable securities (Notes 5 and 8) at fair value. These valuations are determined using level 3 inputs which involve considerable estimates as the inputs used to value these assets are based on unobservable market data and a discount for lack of marketability. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable market data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect reported fair values.

During the year ended December 31, 2025, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

17. 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, and accessing capital markets.

At December 31, 2025, the Company's current liabilities consisted of accounts payable and accrued liabilities of \$2,093,423, due primarily within three months from the year end. The Company's cash of \$56,864,178 at December 31, 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 foreign 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 Chilean pesos ("CLP") or Mexican pesos ("MXN"). The table below shows the impact that a 5% fluctuation between the Canadian dollar ("CAD") 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 December 31, 2025:

Financial Instrument Type	CAD	Currency	+/- 5% Fluctuation	
Cash	\$ 95,781	CLP	\$ 4,789	\$ (4,789)
Cash	30,015	MXN	1,501	(1,501)
Accounts payable and accrued liabilities	(382,415)	CLP	(19,121)	19,121
Accounts payable and accrued liabilities	(402)	MXN	(20)	20
Total	\$ (257,021)		\$ 12,851	\$ (12,851)

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

17. FINANCIAL INSTRUMENT RISKS (continued)

(c) Market risks (continued)

Other price risk

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. The Company's maximum exposure to price risk on its investment in marketable securities is the carrying value at December 31, 2025 of \$6,925,350 (December 31, 2024 - \$nil) (Note 16). A 5% fluctuation in equity price at December 31, 2025, would have resulted in a change in the fair value gain on investment in marketable securities recorded of approximately \$345,000.

18. 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 Canada, Chile and Mexico, all reporting to the chief decision maker is carried out on a consolidated basis.

Non-current assets broken down by geographic region at December 31, 2025 are as follows:

	Canada		Chile		Mexico		Total
Exploration and evaluation assets	\$	116,524,692	\$	4,156,394	\$	1,919,724	\$ 122,600,810
Property, plant and equipment		24,727,311		-		-	24,727,311
	\$	141,252,003	\$	4,156,394	\$	1,919,724	\$ 147,328,121

Non-current assets are broken down by geographic region as follows at December 31, 2024:

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

19. RELATED PARTY TRANSACTIONS

Related party expenses and transactions

The Company incurred the following expenses with related parties:

Related company	Nature of transactions	Year ended December 31	
		2025	2024
Durus Copper SPA	E&E expense	\$ -	\$ 13,640

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 years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025	2024
Short-term benefits (i)	\$ 1,274,903	\$ 1,905,353
Share-based compensation	6,805,335	1,973,100
Total remuneration	\$ 8,080,238	\$ 3,878,453

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

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

19. RELATED PARTY TRANSACTIONS (continued)

Trinity Advisors Corporation ("TAC"), 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 year ended December 31, 2024 is \$1,250,000 that was settled by common shares as described in Note 13(iv).

In 2024, the Company repaid loans in cash of \$1,218,275 of which two loans were from TAC consisting of: (i) US\$750,000 and (ii) \$130,000. The loans were non-interest bearing and had no specific terms of repayment. TAC ceased to be a related party following completion of the RTO transaction (see Note 7).

\$27,095 owing to CLMLC LLC was included in accounts payable at December 31, 2025 (December 31, 2024 - \$11,033).

20. INCOME TAXES

A reconciliation of income tax computed at statutory rates to the reported income tax provision is as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Loss before income taxes	\$ (8,379,185)	\$ (13,840,377)
Canadian statutory rate	27%	27%
Expected tax (recovery)	(2,262,396)	(3,737,000)
Change in statutory, foreign tax, foreign exchange rates and other	962,000	(70,000)
Permanent differences	2,341,000	1,882,000
Share issue cost	(972,000)	(181,000)
Adjustment to prior year tax estimates	(1,236,000)	(19,000)
Impact of acquisition	(12,843,000)	(2,503,000)
Change in unrecognized deductible temporary differences	15,642,000	4,628,000
Deferred income tax expense	1,631,604	-
Current income tax	240,604	-
Deferred tax expense	\$ 1,391,000	\$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Deferred tax assets (liabilities)		
Marketable securities	\$ (1,391,000)	\$ -
Non-capital losses	-	-
Net deferred tax liability	\$ (1,391,000)	\$ -

The Company's movement of net deferred tax liabilities are as follows:

	December 31, 2025	December 31, 2024
Opening balance	\$ -	\$ -
Deferred income tax (expense) through income statement	(1,391,000)	-
Net deferred tax liability	\$ (1,391,000)	\$ -

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amount of the statement of financial position items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

Deferred tax assets have not been recognized for the temporary differences noted below as the Company does not presently have sufficient evidence to establish that it is probable that the respective entities to which they relate will generate future taxable income against which to utilize the temporary differences.

FUERTE METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars unless otherwise noted)

20. INCOME TAXES (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have been included on the statement of financial position are as follows:

	2025	Expiry Date Range	2024	Expiry Date Range
Temporary differences:				
Property, plant and equipment	\$ 39,000	No expiry date	\$ 40,000	No expiry date
Share issuance costs	3,911,000	2046 to 2049	1,947,000	2045 to 2049
E&E assets	16,982,000	No expiry date	733,000	No expiry date
Investment tax credit	1,103,000	2027 to 2030	-	
Non-capital losses available for future periods	65,896,000	2028 onwards	24,710,000	2028 onwards
Canada	63,809,000	2038 to 2045	11,885,000	2038 to 2044
Mexico	884,000	2028 to 2035	10,976,000	2028 to 2034
Chile	\$ 1,203,000	Indefinite	\$ 1,849,000	Indefinite

Tax attributes are subject to review and potential adjustment by tax authorities.

21. SUBSEQUENT EVENTS

Subsequent to December 31, 2025, the Company received aggregate gross proceeds of \$5,673,264 from the exercise of 2,062,216 warrants at exercise prices ranging from \$1.08 to \$3.60 per share. The Company also received \$842,100 from the exercise of 655,000 stock options at exercise prices ranging from \$0.91 to \$2.52 per share. In addition, 193,891 restricted share units were exercised into common shares.

On February 14, 2026, 10,842,989 preferred shares were automatically converted on a one-for-one basis into 10,842,989 common shares (Note 13).