HALCONES PRECIOUS METALS CORP.

Condensed Interim
Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

Halcones Precious Metals Corp.

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars

As at:	Note	**June 30, 2025**	December 31, 2024
ASSETS			
Current			
Cash		**$ 1,153,194**	$ 176,243
Amounts receivable	8	**90,848**	40,018
Prepaid expenses		**271,654**	18,734
Total current assets		**1,515,696**	234,995
Total assets		**$ 1,515,696**	$ 234,995
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	**$ 1,027,128**	$ 1,417,800
Short-term loan	8	**81,209**	2,170
Total liabilities		**1,108,337**	1,419,970
SHAREHOLDERS' (DEFICIENCY) EQUITY			
Common shares	4	**13,386,888**	10,592,107
Warrant reserve	5	**1,384,077**	629,377
Share-based payment reserve	5	**1,175,426**	1,108,789
Accumulated deficit		**(15,539,032)**	(13,515,248)
Total shareholders' (deficiency) equity		**407,359**	(1,184,975)
Total liabilities and shareholders' (deficiency) equity		**$ 1,515,696**	$ 234,995
Nature of operations and going concern	1		
Commitments and contingencies	10		

Approved on behalf of the Board of Directors:

Signed: *Lawrence Guy*, Director

Signed: *Ian Parkinson*, Director

Halcones Precious Metals Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Expenses					
Exploration and evaluation expenses	3	**$ 387,790**	$ (45,490)	**$ 1,503,714**	$ 165,364
Consulting and management fees	7, 8	**480,792**	294,628	**281,891**	585,878
Professional fees		**-**	15,000	**19,754**	30,000
Shareholder communications		**89,175**	37,836	**155,755**	109,242
Office and general	7	**42,864**	13,952	**8,270**	28,113
Share-based compensation	5	**66,637**	-	**66,637**	-
Loss for the period before other items		**(1,067,258)**	(315,926)	**(2,036,021)**	(918,597)
Other items					
Interest income		**5**	1,970	**9**	3,858
Foreign exchange gain		**23,298**	92,088	**12,228**	19,917
Net loss and comprehensive loss		**$ (1,043,955)**	$ (221,868)	**$ (2,023,784)**	$ (894,822)
Basic and diluted loss per share		**$ (0.00)**	$ (0.00)	**(0.01)**	$ (0.01)
Weighted average number of common shares outstanding					
Basic and diluted		**217,809,985**	151,220,036	**200,943,298**	151,220,036

Halcones Precious Metals Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' (Deficiency) Equity

(Expressed in Canadian dollars)

	Number of shares	Common shares	Number of warrants	Warrant reserve	Number of options	Share-based payment reserve	Deficit	Shareholders' (deficiency) equity
	#	$	#	$	#	$	$	$
Balance, December 31, 2023	**151,220,036**	**9,740,718**	**39,452,583**	**1,303,843**	**14,070,000**	**1,108,789**	**(12,843,409)**	(690,059)
Expiry of warrants	-	-	(6,890,121)	(837,566)	-	-	837,566	-
Loss and comprehensive loss	-	-	-	-	-	-	(894,822)	(894,822)
Balance, June 30, 2024	**151,220,036**	**9,740,718**	**32,562,462**	**466,277**	**14,070,000**	**1,108,789**	**(12,900,665)**	**(1,584,881)**
Balance, December 31, 2024	**172,420,036**	**10,592,107**	**43,932,462**	**629,377**	**14,470,000**	**1,108,789**	**(13,515,248)**	**(1,184,975)**
Private placement unit financing	41,356,353	2,894,945	-	-	-	-	-	2,894,945
Warrants on private placement	-	(657,200)	21,347,670	657,200	-	-	-	-
Broker and finder's warrants	-	(97,500)	1,641,150	97,500	-	-	-	-
Issue costs	-	(320,464)	-	-	-	-	-	(320,464)
Shares issued for property acquisition	15,000,000	975,000	-	-	-	-	-	975,000
Share-based compensation	-	-	-	-	5,850,000	60,500	-	60,500
RSU accrual	-	-	-	-	-	6,137	-	6,137
Loss and comprehensive loss	-	-	-	-	-	-	(2,023,784)	(2,023,784)
Balance, June 30, 2025	**228,776,389**	**13,386,888**	**66,921,282**	**1,384,077**	**20,320,000**	**1,175,426**	**(15,539,032)**	**407,359**

Halcones Precious Metals Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Note		Six months ended June 30, 2025		2024
Cash (used in)/provided by:					
Operating activities					
Loss for the period		**$**	**(2,023,784)**	$	(894,822)
Items not involving cash:					
Shares issued for property acquisition	4		**975,000**		-
Share-based compensation			**66,637**		-
Foreign exchange			**-**		(16,149)
Changes in non cash working capital:					
Amounts receivable and prepaid expenses			**(303,750)**		90,595
Accounts payable and accrued liabilities			**(390,672)**		590,723
Net cash (used in) operating activities			**(1,676,569)**		(229,653)
Net cash provided by investing activities			**-**		-
Financing activities					
Private placement unit financing	4		**2,894,945**		-
Cost of issue	4		**(320,464)**		-
Short-term loan proceeds	8		**124,142**		109,404
Short-term loan repayments	8		**(45,103)**		(8,667)
Net cash provided by financing activities			**2,653,520**		100,737
Change in cash			**976,951**		(128,916)
Cash, beginning of the period			**176,243**		193,957
Cash, end of the period		**$**	**1,153,194**	$	65,041
SUPPLEMENTAL INFORMATION					
Value of broker warrants	4	**$**	**97,500**	$	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Halcones Precious Metals Corp. (the "Company", or "Halcones") was incorporated on July 13, 2008 as a Province of Ontario registered corporation pursuant to the *Business Corporations Act of Ontario*.

The Company is currently engaged in the acquisition, exploration, and development of mineral properties in Chile. The head office and principal address of the Company is 36 Lombard Street, Toronto Ontario, M5C 2X3.

The Company owns the following subsidiaries:

- A 100% interest in Halcones Precious Metals Inc., which owns a 100% of Minera Los Halcones SpA ("Halcones Chile"), a company incorporated on July 26, 2021 in the Republic of Chile.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

In October 2024, the Company entered into an option agreement to acquire a 100% interest in the Polaris Project in Chile. The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

At June 30, 2025, the Company had a current assets of $1,434,487 and current liabilities of $1,027,128 (December 31, 2024 – current assets of $234,995 and current liabilities of $1,419,970) and an accumulated deficit of $15,434,487 (December 31, 2024 - $13,515,248). The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements are in compliance with IAS 34, Interim Financial Reporting. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024.

2. BASIS OF PRESENTATION (continued)

Basis of presentation

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All values are rounded to the nearest dollar.

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated on consolidation.

Approval of the consolidated financial statements

These condensed interim consolidated financial statements of the Company for the three months ended June 30, 2025 and 2024 were approved for issue by the Board of Directors of the Company on August 28, 2024.

Critical judgements and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Share-based payments and warrants

Management determines costs for share-based payments and warrants issued in financing transactions using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

2. BASIS OF PRESENTATION (continued)

<u>Contingencies</u>

Refer to Note 10.

Material accounting policies

These condensed interim consolidated financial statements reflect the accounting policies described in Note 3 to the Company's audited consolidated financial statements for the years ended December 31, 2024 and 2023.

Future accounting changes
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2026. Many are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments – Disclosures*. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to asses the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted. The Company is assessing the impact of the adoption of this standard to the financial statements.

Presentation and Disclosure in Financial Statements (IFRS 18)
In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. The new standards replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted. The Company is assessing the impact of the adoption of this standard to the financial statements.

3. EXPLORATION AND EVALUATION EXPENDITURES

<u>Polaris Project</u>
In October 2024, the Company entered into binding option agreements to acquire a 100% interest in the Polaris Project ("Polaris" or the "Project") from Austral Exploraciones SpA ("Austral"), a privately owned Chilean exploration company. The transaction was approved by the TSX Venture Exchange and closed on January 30, 2025.

In exchange for an option to acquire a 100% interest in the Polaris Project, the Company:
- Paid US$50,000 ($69,232) upon signing the Letter of Intent for exclusivity in July 2024;
- Paid US$100,000 ($137,502) upon signing the binding agreements in October 2024;
- Issued 15,000,000 shares of the Company on closing of the transaction (issued January 31, 2025). The value of these shares was $975,000 representing the fair market value on the date of issue.

Expressed in Canadian Dollars

3. EXPLORATION AND EVALUATION EXPENDITURES (continued)

As well, the Company will be required to:

- Issue 20,000,000 shares of the Company on September 30, 2025;
- Issue 15,000,000 shares of the Company and make a cash payment of US$100,000 on January 30, 2026;
- Make a cash payment of US$150,000 on January 30, 2027;
- Make a cash payment of US$250,000 on January 30, 2028;
- Make a cash payment of US$2,000,000 on January 30, 2029;
- Issue an aggregate of 15 million shares to the Vendors upon the Company publicly filing a NI 43-101 compliant technical report for the Project with a mineral resource estimate of greater than 2 million ounces of gold (at a minimum of 1g/t of heap leachable material at a 0.25 g/t minimum cut-off grade);
- Issuance of an aggregate of 15 million shares to the Vendors upon the Company publicly filing a NI 43-101 compliant economic study for the Project;
- Issuance of an aggregate of 15 million shares to the Vendors upon the Company publicly filing a NI 43-101 compliant feasibility study for the Project; and
- Issuance of a 2% NSR over the Project to Austral.

Shares issued to Austral are subject to a statutory four month hold period. If the issuance of any Halcones Shares would result in Austral owning more than 19.99% of the issued and outstanding common shares of Halcones, the issuance of such Halcones Shares shall be subject to disinterested shareholder approval at a meeting of the shareholders of the Company (the "Shareholder Approval"). If the Shareholder Approval is not obtained, Halcones may elect to satisfy a portion of the share consideration in cash at a deemed price of $0.05 per Halcones Share.

The Company has filed a NI 43-101 technical report on the Project on www.sedarplus.ca under the Company's profile and on the Company's website.

During the comparative six months ended June 30, 2024, the Company evaluated its option in the Carachapampa Project, from which it withdrew in April 2024.

Exploration and evaluation expenses expensed to the consolidated statements of operations and comprehensive loss are detailed in the following table:

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
Drilling and geophysics	$ 128,463	$ -	$ 135,005	$ 854
Option payments on Polaris project	-	-	975,000	-
Land management fees, taxes and permits	73,228	220	73,757	1,377
Travel, meals and accomodations	1,571	-	1,571	82
Professional fees	62,538	26,283	96,130	39,436
Project overhead costs	121,990	(71,993)	222,251	123,615
Total exploration and evaluation expenses	**$ 387,790**	**$ (45,490)**	**$ 1,503,714**	**$ 165,364**

Expressed in Canadian Dollars

4. COMMON SHARES

Authorized

On December 31, 2024, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares outstanding		Amount
Balance, December 31, 2024	**172,420,036**	**$**	**10,592,107**
Private placement unit financing (i)	41,356,353		2,894,945
Warrant valuations (i)	-		(657,200)
Broker and finder's warrant valuations (i)	-		(97,500)
Cost of issue (i)	-		(320,464)
Shares issued for property acquisition (Note 3)	15,000,000		975,000
Balance, June 30, 2025	**228,776,389**	**$**	**13,386,888**

(i) On March 27, 2025, Company closed the first tranche of a private placement financing issuing 23,445,000 units of the Company at a price of $0.07 per unit for gross proceeds of $1,641,150. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant, where each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per share for a period of 3 years following the date of issuance. The value of the warrants was $356,100, estimated using the Black-Scholes option pricing mode with the following assumptions: expected dividend yield – 0%; volatility – 129.96%; risk-free interest rate – 2.56% and expected life – 3 years. In connection with this first tranche, the syndicate of agents leading the offering received an aggregate cash fee of $114,881 as well as 1,641,150 compensation warrants, where each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.07 for a period of 3 years from the date of close. The value of these broker warrants was estimated to be $71,800 using the Black-Scholes option pricing mode with the following assumptions: expected dividend yield – 0%; volatility – 129.96%; risk-free interest rate – 2.56% and expected life – 3 years.

On April 10, 2025, Company closed the second and final tranche of a private placement financing issuing 7,707,200 units of the Company at a price of $0.07 per unit for gross proceeds of $539,504. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant, where each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per share for a period of 3 years following the date of issuance. The value of the warrants was $133,300, estimated using the Black-Scholes option pricing mode with the following assumptions: expected dividend yield – 0%; volatility – 129.07%; risk-free interest rate – 2.64% and expected life – 3 years. In connection with this first tranche, the syndicate of agents leading the offering received an aggregate cash fee of $37,765 as well as 539,504 compensation warrants, where each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.07 for a period of 3 years from the date of close. The value of these broker warrants was estimated to be $21,200 using the Black-Scholes option pricing mode with the following assumptions: expected dividend yield – 0%; volatility – 129.07%; risk-free interest rate – 2.64% and expected life – 3 years.

Expressed in Canadian Dollars

4. COMMON SHARES (continued)

On May 2, 2025, Company closed a non-brokered private placement financing issuing 10,204,153 units of the Company at a price of $0.07 per unit for gross proceeds of $714,291. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant, where each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per share for a period of 3 years following the date of issuance. The value of the warrants was $175,600, estimated using the Black-Scholes option pricing mode with the following assumptions: expected dividend yield – 0%; volatility – 127.97%; risk-free interest rate – 2.56% and expected life – 3 years. In connection with this financing, the Company paid cash finder's fees of $9,099 and issued 129,990 finder's warrants, where each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.07 for a period of 3 years from the date of close. The value of these broker warrants was estimated to be $21,200 using the Black-Scholes option pricing mode with the following assumptions: expected dividend yield – 0%; volatility – 129.07%; risk-free interest rate – 2.64% and expected life – 3 years. Please see Note 8.

Cost of issue on all three financings also included legal fees and filings fees.

5. EQUITY RESERVES

Warrants

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, December 31, 2024	**43,932,462**	$ 0.10	**$ 629,377**
Granted (Note 4(i))	22,988,820	$ 0.10	$ 754,700
Balance, June 30, 2025	**66,921,282**	$ 0.10	**$ 1,384,077**

The following table summarizes the warrants outstanding as at June 30, 2025:

Number of warrants outstanding	Number of warrants exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Share price	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$				Years	
12,431,462	12,431,462	14/Jul/23	14/Jul/26	0.10	177,800	$ 0.04	80%	4.30%	3.00	0%
7,400,000	7,400,000	19/Jul/23	19/Jul/26	0.10	98,800	$ 0.04	80%	4.27%	3.00	0%
7,300,000	7,300,000	31/Jul/23	31/Jul/26	0.10	99,700	$ 0.04	80%	4.41%	3.00	0%
3,450,000	3,450,000	18/Aug/23	18/Aug/26	0.10	47,200	$ 0.04	79%	4.51%	3.00	0%
105,000	105,000	14/Jul/23	14/Jul/26	0.05	2,267	$ 0.04	80%	4.30%	3.00	0%
931,000	931,000	19/Jul/23	19/Jul/26	0.05	20,092	$ 0.04	80%	4.27%	3.00	0%
735,000	735,000	31/Jul/23	31/Jul/26	0.05	15,900	$ 0.04	80%	4.41%	3.00	0%
210,000	210,000	18/Aug/23	18/Aug/26	0.05	4,518	$ 0.04	79%	4.51%	3.00	0%
10,600,000	10,600,000	26/Aug/24	26/Aug/27	0.10	145,300	$ 0.04	81%	3.17%	3.00	0%
770,000	770,000	26/Aug/24	26/Aug/27	0.05	17,800	$ 0.05	81%	3.17%	3.00	0%
11,722,500	11,722,500	27/Mar/25	27/Mar/28	0.10	348,300	$ 0.05	130%	2.56%	3.00	0%
1,641,150	1,641,150	27/Mar/25	27/Mar/28	0.07	71,800	$ 0.06	130%	2.56%	3.00	0%
3,853,600	3,853,600	10/Apr/25	10/Apr/28	0.10	133,300	$ 0.05	129%	2.64%	3.00	0%
539,504	539,504	10/Apr/25	10/Apr/28	0.07	21,200	$ 0.06	129%	2.64%	3.00	0%
5,102,076	5,102,076	2/May/25	2/May/28	0.10	175,600	$ 0.05	128%	2.56%	3.00	0%

Expressed in Canadian Dollars

5. EQUITY RESERVES (continued)

The weighted-average remaining contractual life of the warrants as at June 30, 2025 is 1.84 years (December 31, 2024: 1.84 years).

Options

The Company's stock option plan provides that the aggregate number of securities reserved for issuance under the Stock Option Plan, combined with any other compensation securities of the Corporation will not exceed 10% of the number of Common Shares issued and outstanding from time to time. Options may be granted under the Stock Option Plan to service providers of the Corporation and its affiliates, as the board of directors of the Corporation may from time to time designate. The exercise price of each Option shall be determined by the board of directors of the Corporation in its sole discretion, at the time such Option is allocated under the Stock Option Plan, and cannot be less than the Discounted Market Price (as defined in the policies of the TSXV). All Options granted under the Stock Option Plan will expire no later than the date that is ten (10) years from the date that such Options are granted.

During the three and six months ended June 30, 2025, 5,850,000 stock options were granted to directors, officers and consultants of the Company. These options vest immediately and expire 2 years from the date of grant. The value of these stock options was estimated to be $60,500 using the Black-Scholes option pricing mode with the following assumptions: expected dividend yield – 0%; volatility – approximately 118%; risk-free interest rate – 2.61% and expected life – 2 years.

	Number of options	Weighted average exercise price	Value of options
Balance, December 31, 2024	**14,470,000**	**$ 0.21**	**$ 1,108,789**
Granted - June 2025	5,850,000	0.10	60,500
Balance, December 31, 2023	**20,320,000**	**$ 0.14**	**$ 1,169,289**

The following table summarizes the options outstanding as at June 30, 2025:

Number of options outstanding	Number of options exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Share price	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$				Years	
1,000,000	1,000,000	26/Jan/23	26/Jan/28	$0.11	100,653	$ 0.11	151%	2.95%	5.00	0%
7,050,000	7,050,000	26/Jan/23	26/Jan/28	$0.20	687,136	$ 0.11	151%	2.95%	5.00	0%
6,420,000	6,420,000	11/Oct/23	11/Oct/28	$0.10	321,000	$ 0.07	109%	4.15%	5.00	0%
5,650,000	5,650,000	23/Jun/25	23/Jun/27	$0.10	56,500	$ 0.04	118%	2.61%	2.00	0%
200,000	200,000	24/Jun/25	24/Jun/27	$0.10	4,000	$ 0.05	118%	2.61%	2.00	0%
20,320,000	**20,320,000**				**1,169,289**					

The weighted-average remaining contractual life of the options as at June 30, 2025 is 2.63 years (December 31, 2024: 3.38 years).

Expressed in Canadian Dollars

5. EQUITY RESERVES (continued)

Restricted Share Units/Deferred Share Units

On November 15, 2024, the Company's RSU/DSU plan was approved by shareholders of the Company. The Board of Directors may at any time authorize the grant to eligible participants RSUs and/or DSUs. Each grant shall specify the performance period and performance conditions, if any, and the vesting date. Each RSU or DSU award represents the right for the participant to receive on vesting either one common share of the Company or a cash payment equal to the equivalent therefore, which shall be at the sole and absolute discretion of the Board of Directors. The aggregate number of common shares that may be reserved for issuance under the RSU/DSU plan is limited to 12,100,000 common shares. The maximum aggregate number of common shares that are issuable pursuant to all share-based compensation granted or issued in any 12-month period to any one eligible consultant shall not exceed 2% of the total number of issued and outstanding common shares of the Company on a non-diluted basis. RSUs shall be settled by the Company upon the vesting date in either cash or common shares, however DSUs, upon vesting, shall be settled in either cash or shares upon the earlier of the death, eligible retirement or termination of the participant.

During the three and six months ended June 30, 2025, the Company granted 5,050,000 RSUs to directors and officers of the Company. These RSUs vest annually in equal instalments over a three year period beginning one year from the date of grant. The value of the RSUs was estimated using the grant date fair value of the underlying shares of the Company and an accrual of $6,137 was recorded for the three and six months ended June 30, 2025.

	Value of stock options	Value of RSUs	TOTAL
Balance, December 31, 2024	**$ 1,108,789**	**$ -**	**$ 1,108,789**
Stock-based compensation expense	60,500	6,137	66,637
Balance, December 31, 2024	**$ 1,169,289**	**$ 6,137**	**$ 1,175,426**

6. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board 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 considers its capital to consist of common shares, stock options and warrants.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts.

The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 significant changes in the Company's approach to capital management during the three months ended June 30, 2025 and 2024.

6. CAPITAL MANAGEMENT (continued)

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months.

7. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash, accounts payable and accrued liabilities and short-term loan. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at June 30, 2025 and 2024, the Company had no instruments to classify in the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

a. *Trade credit risk*
The Company is not exposed to significant trade credit risk.

b. *Cash and cash equivalents*
In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Chilean Peso (CLP) from its property interests in Chile as well as fluctuations in the US dollar in which some costs are denominated. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

7. FINANCIAL INSTRUMENTS (continued)

As at June 30, 2025, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

June 30, 2025		
	Chilean pesos	**US dollars**
Cash	$ 106,167	$ 33,307
Accounts payable and accrued liabilities	(376,125)	(221,185)
Short-term loan	(81,209)	-
	$ (351,167)	$ (187,878)

A 10% strengthening (weakening) of the Canadian dollar against the Chilean Peso would decrease (increase) net loss by approximately $27,000 (June 30, 2024 - $64,000).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately $13,000 (June 30, 2024 - $22,000).

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At June 30, 2024, the Company had a cash balance of $1,071,985 (December 31, 2024 - $176,243) to settle current liabilities of $1,027,128 (December 31, 2024 - $1,419,970). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms. During the six months ended June 30, 2025, vendors and consultants, including directors and officers (Note 8), waived $393,193 in payables.

(d) *Commodity / equity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote as the Company is not a producing entity.

8. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three months ended June 30, 2025 and 2024, the remuneration of directors and other key management personnel is as follows:

	Three months ended June 30,		**Six months ended June 30,**	
	2025	**2024**	**2025**	**2024**
Management fees	$ 398,079	$ 488,896	$ 185,375	$ 255,250
Share-based compensation	$ 34,618	$ 205,000	$ 34,618	$ -
Total	$ 432,697	$ 693,896	$ 219,993	$ 255,250

Expressed in Canadian Dollars

8. RELATED PARTY TRANSACTIONS (continued)

During the six months ended June 30, 2025, directors and officers of the Company waived $442,129 in fees owed by the Company. As at June 30, 2025, an amount of $224,163 (December 31, 2023 - $220,085) included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Directors and officers of the Company participated in the non-brokered private placement that closed on May 2, 2025 for an aggregate of 2,571,428 units of the Company.

The Company's subsidiary had borrowed a net total of 29,500,000 CLP ($45,103) as at the end of the prior quarter from a subsidiary of Nobel Resources Corp. ("Nobel") on a short-term basis, and repaid this sum during the three and six months ended June 30, 2025. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. The Company and Nobel Resources Corp. have certain directors and officers in common. Also during the three and six months ended June 30, 2025, Nobel borrowed $25,000 from the Company and this amount remains due to the Company as at June 30, 2025. Subsequent to the end of the quarter, Nobel borrowed an additional US$80,000 ($115,942) from the Company, for a total receivable due from Nobel of $140,942,

The Company's subsidiary borrowed US$60,000 ($81,209) on a short-term loan basis from a subsidiary of Emerita Resources Corp. during the three and six months ended June 30, 2025. This amount was repaid by the Company subsequent to June 30, 2025. This amount was unsecured, non-interest bearing and had no fixed terms of repayment. The Company and Emerita Resources Corp. have certain directors and officers in common.

9. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Chile. The following table summarizes the total assets and liabilities by geographic segment as at June 30, 2025:

June 30, 2025	**Chile**	**Canada**	**Total**
Cash	$ 106,167	$ 1,047,027	$ 1,153,194
Amounts receivable	-	90,848	90,848
Prepaid expenses	73,292	198,362	271,654
Total Assets	**$ 179,459**	**$ 1,336,237**	**$ 1,515,696**
Accounts payable and accrued liabilities	$ 350,043	$ 677,085	$ 1,027,128
Short-term loan	81,209	-	$ 81,209
Total liabilities	**$ 431,252**	**$ 677,085**	**$ 1,108,337**

10. COMMITMENTS AND CONTINGENCIES

Environmental

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

General

The Company may be subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable, and the amounts are estimable.

Management Contracts

The Company is party to certain management contracts. As at June 30, 2025, these contracts require payments of approximately $1,824,000 (December 31, 2024 - $1,890,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately $925,000 (December 31, 2024 - $957,000) pursuant to the terms of these contracts as at June 30, 2025. As a triggering event has not taken place on June 30, 2025, these amounts have not been recorded in these consolidated financial statements. Minimum payments under these contracts due within one year are approximately $925,000.