PERUVIAN METALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2026 AND 2025

(Unaudited)

(Expressed in Canadian dollars)

NOTICE TO READER

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

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

The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
AS AT

	Note	June 30, 2026 (Unaudited)	March 31, 2026 (Audited)
		$	$
ASSETS			
Current assets			
Cash		1,266,031	1,253,443
Marketable securities	5	897,000	1,720,000
Amounts receivable	5	139,160	136,762
Sales tax recoverable		171,442	100,337
Inventory	6	26,238	20,987
Prepaid expenses		28,118	22,630
Total current assets		**2,527,989**	**3,254,159**
Non-current assets			
Amounts receivable	5	154,548	181,934
Property, plant and equipment	9	1,054,568	1,089,592
Investment in San Maurizo Mines Inc.	5	478,971	519,167
Total non-current assets		**1,688,087**	**1,790,693**
TOTAL ASSETS		**4,216,076**	**5,044,852**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		368,893	250,564
Total current liabilities		**368,893**	**250,564**
Non-current liabilities			
Asset retirement and reclamation obligations	10	262,730	260,307
Total non-current liabilities		**262,730**	**260,307**
TOTAL LIABILITIES		**631,623**	**510,871**
Shareholders' equity			
Capital stock	11	56,365,805	56,158,828
Warrant reserve	11	82,344	95,251
Share-based payment reserve	12	1,189,934	251,060
Obligation to issue shares		3,806	-
Accumulated other comprehensive loss		(70,275)	(131,932)
Accumulated deficit		(54,212,384)	(52,069,209)
Equity attributable to shareholders of the parent		**3,359,230**	**4,303,998**
Equity attributable to non-controlling interest		225,223	229,983
TOTAL SHAREHOLDERS' EQUITY		**3,584,453**	**4,533,981**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,216,076**	**5,044,852**

Going concern (Note 2)

Commitments and contingencies (Note 20)

Subsequent events (Note 22)

Approved and Authorized by the Board on August 31, 2026:

"Dan Hamilton"	*"Jeffrey Reeder"*
Director	Director

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
FOR THE

		3 Months ended	
	Note	June 30, 2026	June 30, 2025
		$	$
Mineral processing revenue	16	637,241	808,694
Plant operating cost	14	(610,361)	(487,282)
Income from processing plant operations		**26,880**	**321,412**
Expenses			
General and administrative	15	1,183,645	88,386
Exploration and evaluation expenditures		282,351	110,206
Total expenses		**1,465,996**	**198,592**
(Loss) Income before the following:		**(1,439,116)**	**122,820**
Interest income		11,964	34
Accretion expense	10	(2,423)	(2,948)
Depreciation	9	(2,449)	(5,832)
Realized loss on sale of investment	5	(540)	-
Unrealized gain (loss) on marketable securities	5	(586,500)	-
Foreign currency translation gain (loss)		(48,049)	37,325
Share of loss of San Maurizo Mines Inc.	5	(54,412)	(25,514)
Net (loss) income		**(2,121,525)**	**125,885**
Other comprehensive loss			
Items that may be reclassified subsequently to profit and loss:			
Foreign translation differences for foreign operations		77,071	2,146
Comprehensive income (loss)		**(2,044,454)**	**128,031**
Attributable to:			
Non-controlling interest		21,650	117,468
Shareholders of the parent		(2,143,175)	8,417
Net income (loss)		**(2,121,525)**	**125,885**
Attributable to:			
Non-controlling interest		37,064	117,468
Shareholders of the parent		(2,081,518)	10,563
Comprehensive income (loss)		**(2,044,454)**	**128,031**
(Loss) Earnings per share			
Basic and diluted	13	(0.01)	0.00
Weighted average number of shares outstanding			
Basic and diluted	13	147,485,543	126,171,807

See accompanying notes to the condensed consolidated financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JUNE 30, 2026 AND 2025

	Share Capital									
	Common Shares	**Amount**	**Warrant Reserve**	**Share-based Payment Reserve**	**Obligation to issue shares**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Equity Attributable to Shareholders of the Parent**	**Non-Controlling Interest**	**Total**
	#	**$**	**$**	**$**		**$**	**$**	**$**	**$**	**$**
Balance, March 31, 2025	**126,171,807**	**54,101,103**	**200,144**	**12,500**		**(53,230,939)**	**(104,659)**	**978,149**	**223,838**	**1,201,987**
Foreign translation differences for foreign operations	-	-	-	-		-	(2,146)	(2,146)	(536)	(2,682)
Dividends paid	-	-	-	-		-	-	-	(59,019)	(59,019)
Net income	-	-	-	-		8,417	-	8,417	117,468	125,885
Balance, June 30, 2025	**126,171,807**	**54,101,103**	**200,144**	**12,500**		**(53,222,522)**	**(106,805)**	**984,420**	**281,751**	**1,266,171**
Balance, March 31, 2026	**147,178,950**	**56,158,828**	**95,251**	**251,060**	**-**	**(52,069,209)**	**(131,932)**	**4,303,998**	**229,983**	**4,533,981**
Shares issued for cash	-	111,600	-	-	-	-	-	111,600	-	111,600
Warrants exercised	357,500	48,657	(12,907)	-	3,806	-	-	39,556	-	39,556
Options exercised	400,000	46,720	-	(22,720)	-	-	-	24,000	-	24,000
Share based payments	-	-	-	961,594	-	-	-	961,594	-	961,594
Foreign translation differences for foreign operations	-	-	-	-	-	-	61,657	61,657	15,414	77,071
Dividends paid	-	-	-	-	-	-	-	-	(41,824)	(41,824)
Net income	-	-	-	-	-	(2,143,175)	-	(2,143,175)	21,650	(2,121,525)
Balance, June 30, 2026	**147,936,450**	**56,365,805**	**82,344**	**1,189,934**	**3,806**	**(54,212,384)**	**(70,275)**	**3,359,230**	**225,223**	**3,584,453**

See accompanying notes to the condensed consolidated financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED JUNE 30,

	2026	2025
	$	$
CASH FLOW FROM OPERATING ACTIVITIES		
Net income (loss) for the period	(2,121,525)	125,885
items not requiring cash:		
Interest income	(5,463)	-
Accretion expense	2,423	2,948
Depreciation	48,188	37,511
Realized loss on sale of investments	540	-
Share based payments	961,594	-
Share of loss of San Maurizo Mines Inc.	54,412	-
Unrealized loss on marketable securities	586,500	-
Foreign currency translation gain	(4,173)	(37,325)
Foreign translation differences for foreign operations	-	(7,718)
Changes in non-cash working capital:		
Amounts receivable, advances receivable and sales tax receivable	(36,481)	(55,891)
Inventory	(5,251)	(4,832)
Prepaid expenses	(5,488)	22,815
Accounts payable and accrued liabilities	118,329	57,443
Due to related parties	-	(5,593)
Net cash (used in) provided by operating activities	**(406,395)**	**135,243**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(13,588)	(10,056)
Proceeds on sale of investment	235,960	21,136
Investment in San Maurizo Mines Inc.	(14,216)	(62,029)
Net cash provided by (used in) investing activities	**208,156**	**(50,949)**
CASH FLOW FROM FINANCING ACTIVITIES		
Settlement of subscriptions receivable	111,600	-
Shares issued for cash – exercise of options	24,000	-
Shares issued for cash – exercise of warrants	39,556	-
Dividends paid to non-controlling interest of subsidiary	(41,824)	(59,019)
Net cash provided by financing activities	**133,332**	**(59,019)**
Effect of exchange rates on cash	77,495	(1,145)
Change in cash	**12,588**	**24,130**
Cash, beginning of period	1,253,443	79,099
Cash, end of the period	**1,266,031**	**103,229**

Supplemental cash flow information (Note 21)

1. GENERAL INFORMATION

Peruvian Metals Corp. ("Peruvian Metals", and with its subsidiaries, the "Company") is a publicly listed company originally incorporated in British Columbia and subsequently continued federally under the Canada Business Corporations Act. Effective September 5, 2018 Peruvian Metals changed its name from Duran Ventures Inc. to Peruvian Metals Corp. Peruvian Metals' common shares have been listed on the TSX Venture Exchange ("TSXVE") since July 4, 2007, and trade under the symbol "PER". The Company is engaged in mineral processing and the exploration and development of mineral properties in Peru. The Company's principal office is located at 250 Southridge NW, Suite 300, Edmonton, AB, Canada T6H 4M9.

2. GOING CONCERN

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining and milling operations. The recoverability of the carrying value of exploration and evaluation assets and property, plant and equipment and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's assets are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and political uncertainty.

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 government licensing registration or regulations, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory, social and environmental requirements.

These condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

For the three months ended June 30, 2026, the Company realized a net loss of $2,121,525 (2025 – net income of $125,885), had negative cash flow from operations of $406,395 (2025 – $135,243 cash provided), and as at June 30, 2026 had an accumulated deficit of $54,212,384 (March 31, 2026 – $52,069,209).

Management is aware, in making its assessment, of material uncertainties related to events or conditions that could cast significant doubt upon the Company's ability to continue as a going concern. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing or 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. If the going concern assumption is not appropriate, material adjustments to the condensed consolidated interim financial statements may be required.

3. BASIS OF CONSOLIDATION

These condensed consolidated interim financial statements include the accounts of Peruvian Metals and its wholly owned subsidiaries, Hatum Minas SAC ("Hatum Minas"), Magellan Gold Peru SAC, and it's 80% owned subsidiary companies Minera Aguila de Ora SAC ("Madosac") and Insumos Y Minerales del Norte SRL ("Insumos"), all of which are incorporated in Peru. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

All inter-company balances and transactions have been eliminated. The condensed consolidated interim financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company after eliminating inter-entity balances and transactions.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the condensed consolidated interim statements of financial position.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements of the Company were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company has consistently applied the accounting policies used in preparation of these condensed consolidated interim financial statements throughout all the periods presented. Significant accounting judgements and estimates used by management in the preparation of these consolidated financial statements are presented in Note 5 of the Company's consolidated financial statements as at and for the year ended March 31, 2026.

The policies applied in these condensed consolidated interim financial statements are based on the IFRS issued and effective as of June 30, 2026. These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 31, 2026.

(b) Basis of preparation

The condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of the Company and its wholly owned subsidiaries except for Madosac for which the functional currency is the Peruvian Sol. The condensed consolidated interim financial statements are prepared on the historical cost basis except for marketable securities which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(Expressed in Canadian dollars)

5. INVESTMENTS

a) Investment in San Maurizo Mines Inc. ("San Maurizo")

During the year ended March 31, 2025, the Company acquired a 50% interest in San Maurizo, a private Manitoba-based company by purchasing half of the outstanding shares previously owned by its sole shareholder, Hudson Heartland Ltd., through the issuance of 2,500,000 common shares and the payment of US$250,000. San Maurizo holds a 100% direct interest in the Mercedes gold-silver-lead-zinc-copper property, situated in central Peru via its wholly owned subsidiary, Basic Minerals SAC ("Basic Minerals").

The project is subject to a 20% Net Profit Interest ("NPI") which is to be eliminated once US$4 million has been paid to the NPI holder. Afterwards, a 1.5% Net Smelter Royalty ("NSR") is to be paid to the NPI holder. San Maurizo retains the right to buy out the NSR for US$1.5 million.

Summarized financial information of San Maurizo, is set out below:

As at	June 30, 2026	March 31, 2026
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	67,993	174,002
Other current assets	67,244	64,910
Total current assets	135,237	238,912
Non-current assets	215,383	206,945
Total assets	350,620	445,857
LIABILITIES		
Current liabilities		
Current liabilities	164,059	373,404
	164,059	373,404
Non-current liabilities	1,248,657	1,241,683
Total liabilities	1,412,716	1,615,087

	Three months ended June 30, 2026	Three months ended June 30, 2025
	$	$
EXPENSES		
Depreciation and amortization	444	-
Other income and expenses	108,380	51,028
Loss for the period	**(108,824)**	**(51,028)**
Share of loss for the period	**(54,412)**	**(25,514)**

(Expressed in Canadian dollars)

A continuity of the Company's investment in San Maurizo is as follows:

	$
Balance, March 31, 2025	**368,371**
Investment in San Maurizo	294,746
Share of loss of San Maurizo	(143,950)
Balance, March 31, 2026	**519,167**
Investment in San Maurizo	14,216
Share of loss of San Maurizo	(54,412)
Balance, June 30, 2026	**478,971**

b) Shares in Rio Silver Inc. ("Rio Silver")

On December 12, 2025, the Company closed a sale transaction with Rio Silver whereby Rio Silver purchased the Company's Minas Maria Norte property via acquisition of 100% of the issued and outstanding common shares of the Company's Mamaniña Exploraciones subsidiary. The consideration received, or to be received, for the sale was as follows:

- Initial cash payments of $25,000 (*received*) and $25,000 USD (*received*);
- 3,999,999 common shares of Rio Silver (*received*);
- 10 equal semi-annual cash payments of $25,000 USD commencing June 15, 2025 and ending December 15, 2029 (*three payments received*)

The 3,999,999 shares were determined to have a value of $2,399,999 based on the TSXV trading price of Rio Silver's shares as of the transaction date. The semi-annual cash payments still receivable had a value of $222,462 as of the date of the transaction. The fair value of $222,462 attributable to the semi-annual advances at the transaction date was determined using a discount rate of 10%. This valuation input was based on discount rates used for similar arrangements by comparable companies. As of June 30, 2026, the future semi-annual amounts receivable had a carrying value of $206,604 (June 30, 2025 - $Nil) and $5,463 (June 30, 2025 - $Nil) in interest income was recognized pursuant to these payments.

	$
Total consideration received	
Cash	70,013
Common shares of Rio Silver	2,399,999
Amounts receivable	239,672
	2,709,684
Carrying value of net assets sold	
Cash	5
Amounts receivable	175
	180
Gain on sale of subsidiary	**2,709,504**

As at June 30, 2026, the Company held 3,449,999 common shares in Rio Silver, measured at fair value through profit and loss. These shares represented 5.73% of the issued and outstanding shares of Rio Silver. At June 30, 2026, the Company adjusted the fair value of the shares in line with the market closing price and recognized an unrealized loss of $586,500 (2025 - $Nil).

(Expressed in Canadian dollars)

	$
Balance, March 31, 2026	**1,720,000**
Sale	(235,960)
Realized loss	(540)
Unrealized loss	(586,500)
Balance, June 30, 2026	**897,000**

6. INVENTORY

The Company's inventory at June 30, 2026 is comprised of plant consumables with a value of $26,238 (March 31, 2026 - $20,987).

7. EXPLORATION AND EVALUATION PROPERTY INTERESTS

Palta Dorado Property, Peru

During the fifteen months ended March 31, 2024, the Company purchased Rio Silver's 50% interest in the Palta Dorada gold-silver-copper property located in northern Peru, resulting in 100% ownership. To acquire Rio Silver's remaining 50% interest, Peruvian Metals paid US$250,000. Rio Silver retained a 3% net smelter return which is capped at US$2 million. Peruvian Metals must also ensure that the royalty will pay a minimum of US$50,000 per year for a period of five years.

Panteria Project

On April 21, 2022, the Company completed the sale of mineral concessions belonging to the Panteria Project (the "Mineral Concessions") to IMMC. The total consideration for the sale of the Panteria Project was $256,540 ($200,000 US) cash and $417,376 shares (9,275,000 shares) for aggregate proceeds of $673,916 to be paid in two equal installments. In addition to the cash and shares, a 1% NSR has been granted to the Company. During the year ended March 31, 2025, the second cash payment of $100,000 US was received.

Additional bonus/milestone payments by IMMC include $750,000 (not received) on or before the completion date of 10,000 metres of drilling on the Panteria Project, and additional $750,000 (not received) on or before the completion date of 20,000 metres of drilling on the Panteria Project. At the sole election of IMMC, these payments can be made in cash or by the issuance of common shares of IMMC at their market value at the time of issuance, provided that such issuance is not to result in the Company holding 10% or more of the issued and outstanding shares of IMMC following such issuance. As of June 30, 2026 the progress targets had not been achieved and no bonus milestone/payment has been received.

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Related parties include officers of the Company, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including the directors of the Company. The remuneration of key management personnel of the Company for three months ended June 30, 2026 and 2025 were as follows:

	Three months ended	
	June 30, 2026	**June 30, 2025**
	$	**$**
Aggregate compensation	82,500	70,500

During the three months ended June 30, 2026, $41,824 (2025 – $59,019) in dividends were issued to the party holding the remaining 20% non-controlling interest in Madosac and Insumos.

As at June 30, 2026, a balance of $Nil (March 31, 2026 - $Nil) was due to certain officers and directors of the Company relating to unpaid compensation and advances. Amounts payable were unsecured, non-interest bearing and due on demand.

9. PROPERTY, PLANT AND EQUIPMENT

All of the Company’s property, plant and equipment at June 30, 2026 and 2025, are located in Peru.

	Office furniture and equipment	**Computer equipment**	**Vehicles and field equipment**	**Plant**	**Total**
	$	**$**	**$**	**$**	**$**
Cost					
Balance, March 31, 2025	**21,187**	**3,657**	**93,132**	**2,563,285**	**2,681,261**
Additions	-	-	2,299	36,905	39,204
Foreign currency translation	29,457	(3,657)	(41,479)	29,566	13,887
Balance, March 31, 2026	**50,644**	**-**	**53,952**	**2,629,756**	**2,734,352**
Additions	-	-	-	13,588	13,588
Foreign currency translation	2,065	-	2,201	359	4,625
Balance, June 30, 2026	**52,709**	**-**	**56,153**	**2,643,703**	**2,752,565**
Accumulated depreciation					
Balance, March 31, 2025	**10,820**	**3,283**	**54,050**	**1,227,315**	**1,295,468**
Additions	9,940	-	830	318,227	328,997
Foreign currency translation	22,475	(3,283)	(4,884)	5,987	20,295
Balance, March 31, 2026	**43,235**	**-**	**49,996**	**1,551,529**	**1,644,760**
Additions	2,187	-	262	45,739	48,188
Foreign currency translation	1,821	-	2,046	1,182	5,049
Balance, June 30, 2026	**47,243**	**-**	**52,304**	**1,598,450**	**1,697,997**
Net book value					
Balance, March 31, 2026	**7,409**	**-**	**3,956**	**1,078,227**	**1,089,592**
Balance, June 30, 2026	**5,466**	**-**	**3,849**	**1,045,253**	**1,054,568**

(Expressed in Canadian dollars)

10. ASSET RETIREMENT AND RECLAMATION OBLIGATIONS

The Company's operations are governed by laws and regulations covering the protection of the environment. The Company intends to implement progressive measures for rehabilitation work to be carried out during the operation, closing and follow-up work upon closing of the Aguila Norte processing plant; consequently, the Company has accounted for its asset retirement obligations for the plant using best estimates of future costs, based on information available at the reporting date. These estimates are subject to change following modifications to laws and regulations or as new information becomes available.

The Company received its final environmental permit for the Aguila Norte Plant in February 2018 and set up a provision for the asset retirement and reclamation obligations. As at June 30, 2026, the estimated undiscounted cash flow required to settle the asset retirement obligation for Aguila Norte Plant and its related tailings pond is $270,000 and is projected to be disbursed July 2027. A 6.63% (March 31, 2026 – 6.30%) discount rate was used to evaluate this provision.

	$
Balance, March 31, 2025	**247,774**
Accretion	9,227
Change in estimate	3,306
Balance, March 31, 2026	**260,307**
Accretion	2,423
Balance, June 30, 2026	**262,730**

11. CAPITAL STOCK AND WARRANT RESERVE

a) Authorized, issued and outstanding shares

Authorized - Unlimited number of common shares,
- 100,000,000 preferred shares

	Common Shares	Amount
	#	$
Balance, March 31, 2025	**126,171,807**	**54,101,103**
Shares issued for cash	16,000,000	1,788,400
Shares issued for warrant exercises	5,007,143	429,846
Share issuance costs	-	(160,521)
Balance, March 31, 2026	**147,178,950**	**56,158,828**
Shares issued for cash	-	111,600
Shares issued for warrant exercises	357,500	48,657
Shares issued for option exercises	400,000	46,720
Balance, June 30, 2026	**147,936,450**	**56,365,805**

During the three months ended June 30, 2026:

(i) The Company issued a total of 357,500 common shares for warrant exercises at an exercise price of $0.10 per warrant. Total proceeds of $35,750 were received.

(ii) The Company issued a total of 400,000 common shares for option exercises at an exercise price of $0.06 per option. Total proceeds of $24,000 were received.

During the three ended June 30, 2025 there was no share activity.

(Expressed in Canadian dollars)

b) Share Purchase Warrants

A summary of changes in warrants outstanding for the three months ended June 30, 2026 is presented below:

	Warrants	Amount	Weighted average exercise price
	#	$	$
Balance, March 31, 2025	**12,096,643**	**200,144**	**0.06**
Issued	8,000,000	-	0.17
Agent warrants issued	559,559	82,344	0.17
Exercised	(5,007,143)	(100,132)	0.07
Expired	(6,732,000)	(87,105)	0.05
Balance, March 31, 2026	**8,917,059**	**95,251**	**0.17**
Exercised	(357,500)	(12,907)	0.10
Balance, June 30, 2026	**8,559,559**	**82,344**	**0.17**

Warrants outstanding as at June 30, 2026:

Expiry date	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life
	#	$	(years)
February 24, 2027	5,396,900	0.15	0.66
March 25, 2028	2,706,659	0.20	1.74
March 30, 2028	456,000	0.20	1.75
	8,559,559		**1.06**

12. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a share option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the options are determined by the Board of Directors.

The aggregate number of share options may not exceed 10% of the issued and outstanding common shares of the Company, and if any option granted under the Plan expires or terminates for any reason in accordance with the terms of the Plan without being exercised, that option would again be available for the purpose of the Plan. In addition, the exercise price of options granted under the Plan may not be lower than the exercise price permitted by the TSXVE, and all options granted under the plan may have a term not to exceed five years after issuance. All options currently issued and outstanding vested 100% on the date of grant.

(Expressed in Canadian dollars)

A summary of changes in options outstanding for the three months ended June 30, 2026 is presented below:

	Number of options	Weighted average exercise price
	#	$
Balance, March 31, 2025	**250,000**	**0.08**
Issued	4,200,000	0.06
Balance, March 31, 2026	**4,450,000**	**0.06**
Issued	3,400,000	0.34
Exercised	(400,000)	0.06
Balance, June 30, 2026	**7,450,000**	**0.19**

During the three months ended June 30, 2026:

(i) The Company granted a total of 3,200,000 options with an exercise price of $0.35 and a contractual life of 5 years. 2,600,000 of the options granted were granted to directors, officers and employees of the Company.

(ii) The Company granted a total of 200,000 options with an exercise price of $0.18 and a contractual life of 2 years to a consultant.

As at June 30, 2026, the Company had outstanding share options issued to directors, officers, employees and consultants of the Company as follows:

Date of grant	Number of options outstanding	Number of options vested	Exercise price	Expiry date
December 14, 2023	250,000	250,000	0.08	December 14, 2028
January 6, 2026	3,800,000	3,800,000	0.06	January 6, 2029
April 1, 2026	200,000	200,000	0.18	April 1, 2028
May 12, 2026	3,200,000	3,200,000	0.35	May 12, 2031

The weighted average remaining contractual life of options issued and outstanding as at June 30, 2026 was 3.51 years (March 31, 2026 – 2.77 years).

The grant date fair value of the options granted was estimated using the Black-Scholes option pricing model, using the following weighted average assumptions:

	June 30, 2026
Risk-free interest rate	2.91%
Expected life (years)	4.83
Expected volatility	192%
Expected rate of forfeiture	nil
Expected dividend yield	nil
Share price	$0.29

(Expressed in Canadian dollars)

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income (loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net income (loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares. Potential ordinary shares that are anti-dilutive in nature are not considered in calculating diluted earnings per share.

Income and share data used in the basic and diluted earnings per share calculations are as follows:

	Three months ended	
	June 30, 2026	**June 30, 2025**
Net income (loss)	**$ (2,143,175)**	**$ 8,417**
Weighted average number of shares outstanding		
Basic	147,485,543	126,171,807
Dilution from warrants	-	-
Dilution from options	-	-
Diluted	**147,485,543**	126,171,807

14. PLANT OPERATING EXPENSES

	Three months ended	
	June 30, 2026	**June 30, 2025**
	$	**$**
Processing costs	**277,768**	281,561
Salaries and management fees	**148,276**	122,914
Depreciation	**45,739**	32,653
Office and general	**66,979**	4,607
Vehicles and equipment rentals	**62,388**	31,933
Professional fees	**558**	4,953
Security	**8,653**	8,356
	610,361	**486,977**

(Expressed in Canadian dollars)

15. GENERAL AND ADMINISTRATIVE

	Three months ended	
	June 30, 2026	June 30, 2025
	$	$
Management and consulting fees	69,000	47,943
Share based payments	961,594	-
Professional fees	89,528	-
Shareholder relations and filing fees	45,436	16,151
Accounting and administration	2,385	4,570
Travel	12,812	9,541
Insurance	2,454	3,585
Rent	-	5,250
Telephone and communication	432	1,346
Interest and bank charges	4	-
	1,183,645	**88,386**

16. SEGMENTED INFORMATION

For the three months ended June 30, 2026 and 2025, the Company's operations were focused in the resource industry in Peru while its head office was in Canada. As such, all of the Company's revenue and property, plant and equipment were concentrated in Peru. Furthermore, 100% of the Company's revenue for the three months ended June 30, 2026 was with a single customer.

17. NON-CONTROLLING INTERESTS

The following subsidiary has material NCI:

Name of subsidiary	**Principal place of business**	**Ownership interest held by NCI**
Madosac	Peru	20%

The following is summarized financial information for the Madosac subsidiary, prepared in accordance with IFRS. The information is before inter-company eliminations with other consolidated entities.

	Three months ended	
	June 30, 2026	June 30, 2025
	$	$
Revenue	637,241	808,694
Income	84,813	284,766
Income attributable to NCI	16,963	56,953
Other comprehensive loss	15,414	(536)
Total comprehensive income	**100,227**	**284,230**
Total comprehensive income attributable to NCI	**20,045**	**56,846**
Dividends paid to NCI during the year	41,824	59,019

(Expressed in Canadian dollars)

As at	June 30, 2026	March 31, 2026
	$	$
ASSETS		
Current assets	765,876	688,966
Non-current assets	2,502,187	2,390,763
Total assets	3,268,063	3,079,729
LIABILITIES		
Current liabilities	8,735,075	8,375,222
Total liabilities	8,735,075	8,375,222
Net liabilities	**5,467,012**	**5,295,493**

	Three months ended	
	June 30, 2026	June 30, 2025
	$	$
Net cash used in operating activities	(36,216)	(86,985)
Net cash provided by investing activities	51,629	86,117
Net cash provided by financing activities	7,306	80,749
Net increase in cash and cash equivalents	**22,719**	**79,881**

18. FINANCIAL INSTRUMENT RISK FACTORS

The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below. There have been no significant changes in the risks, objectives, policies and procedures from the previous year.

a) Credit risk management

Credit risk relating to cash and amounts and advances receivable arises from the possibility that any counterparty to an instrument could fail to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and receivables. The Company applies the simplified approach to providing for expected credit losses ("ECL") prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables. As at June 30, 2026, the Company's cash is comprised of $1,127,618 (March 31, 2026 - $1,123,203) held in a Canadian financial institution and $138,413 (March 31, 2026 - $130,240) held in Peruvian financial institutions.

b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Cash includes cash on hand and balances with banks. The deposits are held in Canadian and Peruvian chartered banks, or a financial institution controlled by Canadian and Peruvian chartered banks.

As at June 30, 2026, the Company had a cash balance of $1,266,031 (March 31, 2026 - $1,253,443) to settle current liabilities of $368,893 (March 31, 2026 - $250,564).

c) Market risk

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to source mineral for processing profitably and develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future milling and mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

The Company is exposed to price risk associated with the change in the market value of its shares in Rio Silver. The Company closely monitors equity prices to determine the appropriate course of action to take. A 10% change in the market price of the investment would have resulted in an approximate $89,700 change to the Company's net income for the three months ended June 30, 2026.

d) Foreign currency risk

Foreign currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the costs that the Company incurs in its operations.

Some of the Company's financial instruments and transactions are denominated in currencies other than its functional currencies. The fluctuation in foreign currencies will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. At June 30, 2026, the Company held net financial assets of approximately $279,000 denominated in currencies other than functional currencies. A 10% change in the foreign exchange rate would result in a change in the net income for the year of approximately $27,900.

e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's cash balances earn interest at fixed rates over the next three to twelve months. The Company is not exposed to significant interest rate risk.

f) Fair value of financial assets and liabilities

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
Level 3 - Applies to assets or liabilities for which there is unobservable market data.

(Expressed in Canadian dollars)

The Company's primary financial instruments are classified as follows:

Financial instruments	Classification
Cash	Amortized Cost
Marketable securities	Fair Value through Profit and Loss
Amounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Due to related parties	Amortized Cost

The recorded amounts of cash, current portion of amounts receivable, accounts payable and accrued liabilities and due to related parties approximate their respective fair values due to their short-term nature.

The carrying value of the non-current portion of advances receivable approximates its fair value due to minimal changes in interest rates and the overall credit risk on the instrument. Marketable securities are measured at fair value using Level 1 inputs.

19. CAPITAL RISK MANAGEMENT

The Company defines capital as shareholders' equity which at June 30, 2026 was $3,584,453 (March 31, 2026 - $4,533,981). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operation activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to fund operations at the Aguila Norte Plant, pursue the exploration of its mineral properties, and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at June 30, 2026 and March 31, 2026, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis. There were no significant changes in the Company's approach to capital management during the three months ended June 30, 2026 and the year ended March 31, 2026. The Company and its subsidiaries are not subject to externally imposed capital requirements.

20. COMMITMENTS AND CONTINGENCIES

a) Lease agreements

The Company's subsidiary, Madosac, has annual office rental obligations of $21,138 (US$15,600) due during the year ending March 31, 2027.

b) Management compensation

The Company has agreed to pay management compensation of a minimum total in annual payments of $180,000.

c) Environmental matters

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 has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(Expressed in Canadian dollars)

d) Legal proceedings

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities.

The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at June 30, 2026 and 2025, no amounts have been accrued related to such matters.

21. SUPPLEMENTAL CASH FLOW INFORMATION

	2026	2025
	$	$
Interest received	6,501	34

22. SUBSEQUENT EVENTS

Subsequent to June 30, 2026, 25,375 common shares were issued upon the completion of a warrant exercise for which cash of $3,806 had been received and recorded as an obligation to issue shares as at June 30, 2026 (Note 11).