Consolidated Financial Statements

For the years ended March 31, 2026 and 2025

(Expressed in United States dollars, unless otherwise noted)

Charlton
+Company

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Xali Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Xali Gold Corp (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations (loss) and comprehensive income (loss), changes in shareholders' deficit and cash flows for the year 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 March 31, 2026, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards ("IFRS").

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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $1,350,759 during the year ended March 31, 2026, and, as of that date, the Company's total deficit was $36,461,982. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

Other Matters

The consolidated financial statements of Xali Gold Corp. for the year ended March 31, 2025, were audited by another auditor who expressed an unmodified opinion on those statements on August 15, 2025.

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 for the year ended March 31, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, prepared under the conditions mentioned above, 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 matters described below to be the key audit matters to be communicated in our auditor's report.

<u>Asset Acquisition – Minera Calipuy SAC</u>

As disclosed in Note 4 to the consolidated financial statements, the Company acquired all of the issued and outstanding common shares of Minera Calipuy S.A.C. ("Calipuy") during the year ended March 31, 2026. The acquisition of Calipuy has been accounted for as an asset acquisition.

The principal considerations for our determination that the accounting for the acquisition is a key audit matter are that the transaction requires management to exercise judgement to determine the appropriate accounting treatment, including whether the acquisition should be accounted for as an asset acquisition or business combination, assessing the fair value of consideration provided, and estimating the fair value of net assets acquired. These factors in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment.

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:

- Obtaining an understanding of the transaction, including management's assessment of whether the transaction constituted an asset acquisition or business combination;
- Reviewing the share purchase agreement to understand key terms and conditions;
- Agreeing the consideration to supporting documentation and ensuring correct IFRS application;
- Evaluating management's calculation of the fair value of the net assets acquired in accordance with the Company's material accounting policies; and
- Assessing the adequacy of the related disclosures to the consolidated financial statements.

Recognition and Assessment of Asset Retirement Obligations

As described in Note 4 and Note 6 to the consolidated financial statements, the Company recorded asset retirement obligations of $480,995 as at March 31, 2026. The recognition and accounting of asset retirement obligation requires management to exercise significate judgement with respect to estimates of future reclamation and remediation costs that the Company will be required to complete as part of the laws and regulations, as well as discount rates and expected timing.

We consider the asset retirement obligations to represent a key audit matter, as it represents an area of significant risk of material misstatement given the degree of estimation uncertainty involved. A high degree of auditor judgment, subjectivity, and effort was required in performing procedures to evaluate management's quantitative and qualitative estimates and assumptions.

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:

- Evaluating, assessing, and testing the assumptions, estimates, and judgements that have been applied by management with respect to the determining the carrying value of the asset retirement obligations as at March 31, 2026;
- Evaluating and assessing the objectivity and competence of the specialist employed by management to determine the future cost estimates;
- Performing recalculations of management provided workbooks;
- Assessing the appropriateness of the cost estimates and changes from the previous fiscal year to ensure all changes are appropriately supported; and
- Assessing the adequacy of the related disclosures to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Management 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. 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, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group 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 ended 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 Melyssa Charlton.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
July 29, 2026

Xali Gold Corp.
Consolidated Statements of Financial Position
At March 31, 2026 and 2025
(expressed in United States dollars)

As at	Notes		March 31, 2026		March 31, 2025
Assets					
Current assets					
Cash		**$**	**395,344**	$	38,293
Tax receivable			**4,135**		3,581
Prepaid expenses and deposits			**22,099**		9,845
			421,578		51,719
Non-current assets					
Unproven mineral right interests	**4**		**10,719,643**		1
Total assets		**$**	**11,141,221**	$	51,720
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	**4,5,8**	**$**	**3,432,851**	$	2,948,450
Deferred consideration liability- current	**4**		**1,500,000**		-
Loan payable			**20,000**		20,000
Loans payable to related parties	**8**		**198,403**		89,937
			5,151,254		3,058,387
Non-current liabilities					
Deferred consideration liability	**4**		**8,643,914**		**-**
Asset retirement obligations	**4,6**		**480,995**		91,900
Total non-current liabilities			**9,124,909**		91,900
Total liabilities			**14,276,163**		3,150,287
Shareholders' deficit					
Share capital	**7**		**27,111,939**		25,792,961
Reserves	**7**		**6,215,101**		6,200,695
Share subscription received	**7**		**-**		19,000
Deficit			**(36,461,982)**		(35,111,223)
Total shareholders' deficit			**(3,134,942)**		(3,098,567)
Total liabilities and shareholders' deficit		**$**	**11,141,221**	$	51,720
Nature of operations and going concern	**1**				
Commitments	**12**				
Subsequent events	**14**				

Approved for issuance on behalf of the Board of Directors on July 29, 2026

(signed) Larry Kornze	**(signed) George Elliott**
Director	**Director**

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

Xali Gold Corp.
Consolidated Statements of Operations (Loss) and Comprehensive Income (Loss)
For the years ended March 31, 2026 and 2025
(expressed in United States dollars)

	Notes	Years ended March 31, 2026	2025
Expenses			
Exploration expenses	**10**	**$ 274,797**	$ 864,701
General and administrative expenses	**10**	**584,737**	411,681
		859,534	1,276,382
Other expenses (income)			
Gain on settlement of debt	**7**	**(5,972)**	(3,547)
Impairment of property and equipment	**6**	**-**	615,583
Loss (gain) on foreign exchange		**201,620**	(748,862)
Project generation		**4,997**	-
Finance expense	**4**	**306,262**	-
Other expense (income)	**4**	**(50,000)**	1,722
Decommissioning expense	**6**	**34,318**	-
Recovery on impairment		**-**	(150,000)
Write-off of mining fees	**4**	**-**	(2,260,108)
Total other expenses (income)		**491,225**	(2,545,212)
Net (loss) income for the year		**$ (1,350,759)**	$ 1,268,830
Other comprehensive income (loss)			
Foreign currency translation		**(24,677)**	96,246
Comprehensive (loss) income for the year		**$ (1,375,436)**	$ 1,365,076
Earnings (loss) per share, basic and diluted		**$ (0.01)**	$ 0.01
Weighted average number of common shares outstanding, basic and diluted		**147,188,210**	142,119,087

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

Xali Gold Corp.
Consolidated Statements of Changes in Shareholders' Deficit
For the years ended March 31, 2026 and 2025
(expressed in United States dollars)

	Share capital		Reserves						
	Total common shares	Share capital	Equity settled employee compensation and warrants	Other reserve	Foreign currency reserve	Total reserves	Share subscription received	Deficit	Total
Balance, March 31, 2024	139,489,840	$ 25,682,237	$ 6,072,919	$ 52,046	$ (137,824)	$ 5,987,141	$ -	$ (36,380,053)	$ (4,710,675)
Proceeds from share subscription	-	-	-	-	-	-	19,000	-	19,000
Shares issued for services	2,927,000	107,099	-	-	-	-	-	-	107,099
Shares issued for restricted share units	150,000	3,625	-	(3,625)	-	(3,625)	-	-	-
Fair value of vested restricted share units	-	-	-	7,882	-	7,882	-	-	7,882
Share-based payments	-	-	113,051	-	-	113,051	-	-	113,051
Net income for the year	-	-	-	-	-	-	-	1,268,830	1,268,830
Foreign currency translation gain	-	-	-	-	96,246	96,246	-	-	96,246
Balance, March 31, 2025	**142,566,840**	**$ 25,792,961**	**$ 6,185,970**	**$ 56,303**	**$ (41,578)**	**$ 6,200,695**	**$ 19,000**	**$ (35,111,223)**	**$ (3,098,567)**
Shares issued for cash	15,000,000	1,094,550	-	-	-	-	-	-	1,094,550
Share issuance costs	-	(27,736)	3,310	-	-	3,310	-	-	(24,426)
Shares issued, exercise of options	3,025,000	237,036	(126,030)	-	-	(126,030)	-	-	111,006
Shares issued for restricted share units	600,000	15,128	-	(15,128)	-	(15,128)	-	-	-
Fair value of vested restricted share units	-	-	-	10,871	-	10,871	-	-	10,871
Share-based payments	-	-	166,060	-	-	166,060	-	-	166,060
Share subscription adjustment	-	-	-	-	-	-	(19,000)	-	(19,000)
Net loss for the year	-	-	-	-	-	-	-	(1,350,759)	(1,350,759)
Foreign currency translation loss	-	-	-	-	(24,677)	(24,677)	-	-	(24,677)
Balance, March 31, 2026	**161,191,840**	**$ 27,111,939**	**$ 6,229,310**	**$ 52,046**	**$ (66,255)**	**$ 6,215,101**	**$ -**	**$ (36,461,982)**	**$ (3,134,942)**

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

Xali Gold Corp.
Consolidated Statements of Cash Flows
For the years ended March 31, 2026 and 2025
(expressed in United States dollars)

		Years ended March 31, 2026		2025
Cash provided by (used) in				
Operating activities				
Net income (loss) for the year	**$**	**(1,350,759)**	$	1,268,830
Items not affecting cash:				
Foreign exchange		**(2,252)**		(739,134)
Interest expense		**1,624**		-
Impairment of property and equipment		**-**		615,583
Finance expense		**306,262**		-
Share-based payments		**166,060**		113,051
Gain on settlement of debt		**(5,972)**		(3,547)
Decommissioning expense		**34,318**		-
Write-off of mining fees		**-**		(2,260,108)
Changes in non-cash working capital items:				
Tax receivable		**(554)**		3,416
Prepaid expenses and deposits		**(11,330)**		(320)
Accounts payable and accrued liabilities		**284,558**		840,608
Net cash used in operating activities		**(578,045)**		(161,621)
Investing activities				
Acquisition of Calipuy		**(500,000)**		-
Transaction cost		**(5,440)**		**-**
Net cash used in investing activities		**(505,440)**		-
Financing activites				
Proceeds received from related party loan		**131,280**		71,652
Repayment of related party loans		**-**		(3,283)
Proceeds from share subscriptions		**-**		19,000
Issue of common shares for cash, net of issuance cost		**1,070,123**		**-**
Proceeds from exercise of options		**107,529**		**-**
Net cash provided by financing activities		**1,308,932**		87,369
Net change in cash		**225,447**		(74,252)
Cash, beginning of year		**38,293**		16,299
Change in foreign exchange		**131,604**		96,246
Cash, end of year	**$**	**395,344**	$	38,293
Non-cash investing and financing activities:				
Fair value of shares issued for RSUs	**$**	**15,128**	$	3,625
Realloate fair market value of options exercised	**$**	**126,030**	$	-
Fair value of shares issued for debt settlement	**$**	**-**	$	107,099
Share subscription received reclassified to loan payable	**$**	**19,000**	$	**-**
Reclassification of loan payable to accounts payable	**$**	**27,148**	$	**-**
Transfer from accounts payable to reserves	**$**	**10,871**	$	**-**
Fair market value of brokers'warrants	**$**	**3,310**	$	**-**

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

1. Nature of operations and going concern

Xali Gold Corp. and its subsidiaries (the "Company") are engaged in the exploration of mineral right interests in Mexico and Peru. The Company was incorporated on April 24, 2009 under the Business Corporations Act of British Columbia. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol XGC.V. The Company's office is located at Suite 1100, 1111 Melville Street, Vancouver, BC, V6E 3V6, Canada.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. For the year ended March 31, 2026, the Company had no revenues, and incurred a net loss from operations of $1,350,759 (2025 - income of $1,268,830). As at March 31, 2026, the Company has a working capital deficiency of $4,729,676 (2025 - $3,006,668), and an accumulated deficit of $36,461,982 (2025 - $35,111,223). The continued operations of the Company are dependent on management's ability to manage costs and raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These factors indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concernThese consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate. The impact of those adjustments to the consolidated financial statements could be material.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. Statement of compliance and basis of presentation

These consolidated financial statements for the year ended March 31, 2026 were reviewed by the Audit Committee and approved and authorized for issue on July 29, 2026, by the Board of Directors of the Company.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements are presented in United States dollars. These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

3. Material accounting policy information

a. Material accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, contingent assets, and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. The following are the estimates and judgments applied by management that most significantly affect the Company's consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's

3. Material accounting policy information (continued)

a. Material accounting estimates and judgments (continued)

experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

Significant accounting estimates and assumptions

i. Valuation of share-based payments

The determination of the fair value related to share-based payments for the issuance of stock options are brokers' warrants are subject to estimate. Estimating fair value for share-based payment transactions 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 share option, volatility and dividend yield and making assumptions about them. Where a share-based payment includes performance conditions that impact the vesting of the award, management applies estimates to the likelihood the performance obligation will be met and the percentage of forfeitures (Note 7).

ii. Asset retirement obligations

The Company's rehabilitation provisions represents management's best estimate of the present value of the future cash outflows required to settle each liability. Management assesses these provisions on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, inflation, and the impact of changes in discount rates, interest rates and foreign exchange rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future (Notes 4 and 6).

iii. Discount rate used to present value deferred consideration

Management is required to estimate the discount rate used to present value its deferred consideration liability. This rate is used to discount the future cash flows to determine the present value of the future cash payments. Management estimates its incremental borrowing rate based on the risk-free rate and a credit risk premium for a period commensurate with the term of the debt (Note 4).

iv. Unproven mineral right interests and impairment

Unproven mineral right interests consist of the cost of acquiring mining licenses. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current, and it is considered probable that the costs will be recouped through successful development and exploitation of the area or alternatively by sale of the property. Management is required to exercise significant judgment in determining the timing of the determination of the technical and economic feasibility of mineral resources. The Company considers both external and internal sources of information in assessing whether there are any indicators that unproven mineral right interests are impaired. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available (Note 4).

3. Material accounting policy information (continued)

a. Material accounting estimates and judgments (continued)

v. Property and equipment

The carrying amounts of assets included in property and equipment are reviewed for impairment whenever facts and circumstances indicate that the carrying amounts are less than the recoverable amounts. Management applies judgment in assessing whether indicators of impairment exist that would necessitate impairment testing or an impairment in the carrying value of property and equipment (Note 6).

<u>Significant accounting judgements</u>

i. Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern (Note 1).

ii. Deferred income taxes

The Company recognizes deferred tax assets to the extent their recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods (Note 13).

iii. Functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment in which the entity operates, and the Company reconsiders its functional currency and that of its subsidiaries if there is a change in events and conditions which determined the primary economic environment (Note 3).

iv. Title to unproven mineral right interests

Although the Company has taken steps to verify title to mineral properties that it currently has under option, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer, and government regulation. As a result, title may be affected by undetected defects (Note 4).

v. Acquisitions

Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. When applicable, management may consider the optional use of the concentration test, when in substance, an acquisition represents the purchase of a single asset or group of similar assets. For asset acquisitions made in exchange for contingent consideration, management must develop and assess expectations for the probability of the liability being triggered in the future. During the year ended March 31, 2026, the Company's acquisition of Minera Calipuy S.A.C. was determined to be an asset acquisition (Note 4).

(expressed in United States dollars unless otherwise noted)

3. Material accounting policy information (continued)

b. Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Inter-company transactions, balances and income and expenses on transactions between the Company and its subsidiaries are eliminated.

The principal subsidiaries of the Company as at March 31, 2026 and 2025 are as follows:

Subsidiary	2026	2025	Place of incorporation	Functional currency
Candente Mexico Resource Corp.	100%	100%	Canada	CDN Dollars
El Oro (BC) Exploration Inc.	100%	100%	Canada	CDN Dollars
Candente Gold Peru S.A.C.	100%	100%	Peru	US Dollars
Minera Calipuy S.A.C.	100%	Na	Peru	US Dollars
Minera CCM, S.A. de C.V. ("CCM")	100%	100%	Mexico	US Dollars
Minera CCM El Oro Jales S.A. de C.V. ("CCM El Oro Jales")	100%	100%	Mexico	US Dollars
Candente Mexico Servicios S.A. de C.V.	100%	100%	Mexico	US Dollars
Minera Xali Oro S.A. de C.V.	100%	100%	Mexico	US Dollars
Candente Gold Mexico Jales (BVI) Ltd.	Na	100%	BVI	US Dollars
El Oro Jales I (BVI) Ltd.	Na	100%	BVI	US Dollars
El Oro Jales II (BVI) Ltd.	Na	100%	BVI	US Dollars

During the year ended March 31, 2026, El Oro Jales I (BVI) Ltd. and El Oro Jales II (BVI) Ltd. were formally dissolved. The entities were previously dormant and did not incur transactions during the years ended March 31, 2026 or 2025.

c. Foreign currency translation

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates, which has been determined to be the United States dollar (“USD”) or Canadian dollar (“CAD”). Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the period end date exchange rates. Non-monetary items are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The presentation currency of the Company is the USD. The accounts of group companies with a functional currency other than the USD are translated from their functional currency into USD on consolidation. Items in the consolidated statement of loss are translated using weighted average exchange rates that approximate the exchange rate at the transaction date. Items in the consolidated statement of financial position are translated at the exchange rate at the financial position date.

3. Material accounting policy information (continued)

c. Foreign currency translation (continued)

Exchange differences on the translation of the net assets of the entities are recognized as a cumulative translation adjustment in other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in a separate component of equity is recognized in the consolidated statement of operations.

d. Unproven mineral right interests

The Company capitalizes all acquisition costs, net of any recoveries, of acquiring an unproven mineral right interest, until the rights to which they relate are placed into production, at which time these deferred costs will be amortized over the estimated useful life of the rights upon commissioning the property or written off if the rights are disposed of, impaired or abandoned. Exploration costs prior to the discovery of commercially viable reserves and resources are expensed as incurred. Management reviews the carrying amounts of mineral rights interest annually or when there are indicators of impairment and will recognize impairment based upon current exploration results and upon assessment of the probability of profitable exploitation of the rights. An indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned, or if the entity has decided to discontinue exploration activity in a specific area. Acquisition costs include the cash consideration, and the fair value of shares issued on the acquisition of mineral rights interest. Rights acquired under option or joint venture agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Proceeds from property option payments received by the Company are netted against the costs of the related mineral rights interest, with any excess being included in the consolidated statement of operations.

e. Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property and equipment are depreciated over their estimated useful lives on a straight-line basis over their estimated useful lives, at the following rates: 3 to 10 years for equipment.

An item is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of operations.

The Company conducts an annual assessment of the residual balances, useful lives, and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

f. Asset retirement obligations

Asset retirement obligations encompass legal, statutory, contractual, or constructive obligations associated with the retirement of a long-lived tangible asset (for example, final mill closure or site reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

3. Material accounting policy information (continued)

f. Asset retirement obligations (continued)

The present value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value.

Changes to the obligation resulting from any revisions to regulatory requirements, expected reclamation costs, discount rates or the timing of cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long-lived asset, and are reviewed annually by the Company. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, or provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date the cost is charged to the consolidated statement of loss. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against the consolidated statement of loss as extraction progresses.

g. Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The financial instruments are initially measured at fair value. The Company determines the classification of financial instruments at initial recognition based on the business model in which they are held and the characteristics of their contractual cash flows.

The following is the Company's accounting policy for financial instruments under IFRS 9:

Financial Assets	
Cash	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Loan payable	Amortized cost
Deferred consideration liability	Amortized cost
Loans payable to related parties	Amortized cost

(ii) Measurement

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or does not meet the criteria to be measured at amortized cost or at FVOCI. A financial asset is classified as held for trading if:

3. Material accounting policy information (continued)

g. Financial instruments (continued)

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets are measured at amortized cost if they are not designated at FVTPL, and the following conditions are met:

- are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and,
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVOCI

Financial assets are measured at fair value through other comprehensive income only if they are not designated at FVTPL, and the following conditions are met:

- it has been held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method, unless they are required or opted to be measured at FVTPL.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize, in the consolidated statement of operations, an impairment gain or loss, and the amount of

3. Material accounting policy information (continued)

g. Financial Instruments (continued)

expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(v) Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h. Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss and that at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. A deferred income tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred income tax assets or liabilities are recognized as a component of tax income or expense in the consolidated statement of operations except where they related to items that are recognized in other comprehensive income or directly in equity, in which case, related deferred tax is also recognized in other comprehensive income or equity, respectively.

3. Material accounting policy information (continued)

h. Income taxes (continued)

Deferred income tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

IGV

The Company incurs Impuesto General a las Ventas (“IGV”) in Perú which is a Peruvian value-added tax. IGV paid related to non-approved mineral property expenditures is only recoverable when future sales revenues are earned from the related mineral properties by offsetting the IGV otherwise payable at that time. As the IGV payments incurred on both approved and non-approved mineral property expenditures are uncertain of recovery, they have been included in the acquisition costs of the unproven mineral rights interest. Any future recoveries of these amounts are offset against exploration expenditures.

i. Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted. In situations where equity instruments are issued for goods or services, the share-based payment is measured at the fair value of the goods and services received. Where the fair value of the goods and services received cannot be reliably estimated, they are measured at the fair value of the share-based payment. The fair value of share-based payments to employees is measured at grant date using the Black-Scholes Option Pricing Model.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. Consideration received on the exercise of stock options is recorded in share capital and the related options reserves is transferred to share capital.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

j. Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve the issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending upon the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a

3. Material accounting policy information (continued)

j. Warrants issued in equity financing transactions (continued)

price stipulated by the agreement. Warrants that are part of units are valued using the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced, and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred to share capital. Warrants that are issued as payment for a broker or finders' fee or other transaction cost are accounted for as share-based payments and are measured using the Black-Scholes Option Pricing Model.

k. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to passage of time is recognized as interest expense.

l. Impairment of non-financial assets

At each date of the consolidated statement of financial position or whenever the facts and circumstances indicate that the asset may exceed its recoverable amount, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the consolidated statement of operations, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

m. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Diluted earnings (loss) per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. For the years ended March 31, 2026 and 2025, this calculation provides to be anti-dilutive. As at March 31, 2026, the Company has 11,330,724 (2025 – 12,325,000) potentially dilutive shares outstanding.

(expressed in United States dollars unless otherwise noted)

3. Material accounting policy information (continued)

n. Adoption of new accounting pronouncements

IAS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to clarify the accounting requirements when a currency lacks exchangeability and to provide guidance on how to estimate an appropriate exchange rate in such circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The adoption of these amendments did not have a material impact on the Company's financial statements.

o. Future accounting standards

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements which will replace IAS 1, Presentation of Financial Statements. The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is still in the process of assessing the impact of this standard on its consolidated financial statements.

IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, providing clarifications on recognition, derecognition, and classification requirements, along with enhanced disclosure requirements. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. The Company is still in the process of assessing the impact of this standard on its consolidated financial statements.

4. Unproven mineral right interests

As at March 31, 2026 and 2025, the Company's capitalized unproven mineral right interests' costs are as follows:

	Peruvian Properties	
	March 31, 2026	March 31, 2025
Opening balance	**$ 1**	$ 1
Additions	**10,719,642**	-
Ending balance	**$ 10,719,643**	$ 1

Mexican properties

El Oro – Hardrock

The El Oro gold-silver property located in the states of Mexico and Michoacán, Mexico ("El Oro Property") was the Company's principal asset from 2010 to 2024 having acquired it from a wholly owned subsidiary of Goldcorp Inc. The El Oro property was written down in prior years.

4. Unproven mineral right interests (continued)

<u>Mexican properties (continued)</u>

As at March 31, 2026, the Company owed $1,541,860 (March 31, 2025 - $1,216,532) of outstanding mining fees to the Mexican Mining Bureau (“MMB”). During the year ended March 31, 2025, Company wrote-off $2,260,108 for outstanding mining fees that had past the statute of limitations, relating to old concessions that were involuntarily cancelled and reclaimed by the MMB.

Agreement with Remedioambiente S.A. de C.V. (“Remedioambiente”)

On January 28, 2025, the Company signed a definitive agreement (the “Agreement”) with Remedioambiente S.A. de C.V. granting them the exclusive right to explore and extract gold, silver and any other economic minerals that may be found above the 2400 meter (“m”) level in the historic workings covered by the El Oro 5 Concessions in exchange for payment of a 3% Net Smelter Return (“NSR”) to the Company on all gold and silver recovered by Remedioambiente.

The Agreement has a term of five years which may be extended for an additional five years providing the Company is receiving benefits totaling $1,000,000 per year. The Company retains the exclusive ownership of all mineral bodies discovered or delineated below the 2400 m level.

Remedioambiente shall maintain the concessions in good standing during this period, by paying the semi-annual concession fees, by incurring the minimum investments and the corresponding filings with the MMB, by making the filings of statistical reports and by paying the Governmental Royalties.

<u>El Oro – Mine Tailings Project</u>

During the year ended March 31, 2014, the Company signed an agreement with the Municipality of El Oro (“Municipality”) that provides the Company with the access and processing rights to tailings deposits in El Oro. Mexico. Under the terms of the agreement, the Company will pay an 8% net profits interest (“NPI”) royalty to the Municipality on any products produced from the tailings properties. The Company is entitled to retain the first $1,500,000 of the 8% NPI payable to the Municipality.

Agreement with Kappes, Cassiday & Associates (“KCA”)

On April 15, 2024, the Company signed a legally binding Letter of Intent to enter a Purchase Agreement (the “LOI Agreement”) with Kappes, Cassiday & Associates (“KCA”) on the Mexican Mine Tailings Reprocessing Project at El Oro (the “El Oro Tailings Project”) in Mexico.

In order to earn 100% interest in the El Oro Tailings Project, subject to royalty payments outlined below, KCA has agreed to:

i. Pay the Company $150,000 within six months after signing the LOI Agreement (received).
ii. Pay the Company minimum royalty payments of $50,000 every six months commencing six months from signing the LOI Agreement, until a total royalty payment of $1,000,000 has been paid ($50,000 received to date).

Terms of the royalty payments are as follows:

Once production begins, KCA will pay the Company a gross royalty equal to 4% of the sales income ("NSR") received from the gold and silver produced from the El Oro Tailings Project, less any royalties due and payable to others (the Municipality of El Oro), but in no case less than a 3% gross royalty.

(expressed in United States dollars unless otherwise noted)

4. Unproven mineral right interests (continued)

Mexican properties (continued)

KCA has the right at any time to buy a 1% royalty from the Company for $1,000,000, which would lower the NSR from 4% to 3% of the sales income received from the gold and silver produced from the Project, less any royalties due and payable to others including the Municipality of El Oro, but in no case less than a 2% royalty.

KCA will also be obligated to pay the Municipality of El Oro an 8% Net Profits Interest (“NPI”) on production from the Tailings or renegotiate this with the Municipality and the Company has the right to receive the first $1,500,000 from the Municipality’s 8% NPI.

Sarape Property

In February 2025, the Company entered into a letter of intent (“LOI”) with Advance Lithium Corp. (“Advance”) for the option to acquire up to 90% interest in the Sarape epithermal gold-silver project (“Sarape”) in Mexico in exchange for the issuance of 140,000,000 common shares of the Company, cash payments of up to 10% of each financing completed by the Company, subject to a maximum payment of CDN$450,000 over the lifetime of the agreement, and by performing an aggregate of 20,000 metres of drilling. The LOI stipulated that a definitive agreement must be entered into on or prior to August 31, 2025. The parties elected not to move forward with a definitive agreement, and as a result, the LOI expired unexercised.

Peruvian properties

Acquisition of Minera Calipuy S.A.C. (Pico Machay Gold Project)

On October 23, 2025, the Company entered into a Share Purchase Agreement ("SPA") with Pan American Silver Corp. and its subsidiary, Aquiline Resources Inc. (together, "Pan American"), to acquire 100% of the issued and outstanding shares of Minera Calipuy S.A.C. ("Calipuy"). Calipuy holds all rights, title and interest in the Pico Machay Gold Project ("Pico Machay" or the "Project") located in Central Peru. The transaction closed on December 24, 2025. Calipuy did not meet the definition of a business in accordance with *IFRS 3 – Business Combinations*, and as such, was accounted for as an asset acquisition.

Consideration payable

Under the terms of the SPA, the Company is required to make the following cash payments:

Time Period	Cash Payments
Closing of Transaction	$ 500,000 (Paid)
On or before December 24, 2026	1,500,000
On or before December 24, 2027	1,500,000
On or before December 24, 2028	4,000,000
On or before December 24, 2029	3,000,000
On or before December 24, 2030 or commencement of production	4,500,000
On delineating more than of 1,250,000 ounces of gold	2,500,000
Total	**$17,500,000**

The consideration is comprised of $500,000 in cash owed up front, $14,500,000 in deferred consideration payable, and $2,500,000 in contingent consideration payable. The cash and deferred consideration was recognized as part of the cost of the acquired mineral property interest, net of assets and liabilities assumed, and a corresponding financial liability measured at present value.

(expressed in United States dollars unless otherwise noted)

4. Unproven mineral right interests (continued)

Peruvian properties (continued)

The deferred consideration payments amount to $14,500,000, and were recorded as a deferred consideration liability equal to $9,839,904 representing the present value of the payments, discounted at a rate of 12%.

As at March 31, 2026, the Company recorded $306,262 of finance expense in relation to the deferred consideration liability. As at March 31, 2026, there is a deferred consideration liability of $10,143,914 ($1,500,000 current, $8,643,914 non-current) (2025 - $Nil) in the consolidated statement of financial position.

The $2,500,000 resource delineation milestone is considered to be contingent consideration. The consideration will become payable upon completion of a technical report prepared in accordance with National Instrument 43-101 by the purchaser disclosing aggregate mineral reserves or mineral resources classified as any of proven mineral reserves, probable mineral reserves, measured mineral resources, or indicated mineral resources greater than 1,250,000 gold ounces in the aggregate.

As the SPA does not meet the definition of a business, it was accounted for as an asset acquisition. Accordingly, the contingent consideration associated with the asset purchase agreements has been accounted for under *IAS 37 – Provisions, contingent liabilities and contingent assets*. It is management's view, the variable future payments are dependent on the Company's future activities, and as a result, will not meet the initial recognition criteria of a financial liability until the targets are probable. When adjustments are made to the financial liability for the variable payments as they become probable, the corresponding increase to the asset will be recorded to the extent the payments are associated with future economic benefits to be derived from the asset. As at March 31, 2026, the Company had recognized $nil on the statement of financial position, as the targets are not yet probable.

	$
Total consideration:	
Deferred consideration liability	9,839,904
Cash payment	500,000
Transaction cost	5,440
	10,345,344
Allocated to:	
Unproven mineral right interests	10,719,642
Accounts payable and accrued liabilities	(215)
Income tax payables	(19,306)
Asset retirement obligations	(354,777)
	10,345,344

There is an existing 1% NSR covering the El Alcatraz concessions which covers the centre of the project.

Asset retirement obligation – Pico Machay

The asset retirement obligation represents the estimated costs for required future reclamation and restoration activities on the Pico Machay Gold Project. These activities include remediation of access roads, deconstruction of platforms and campsite, recontouring and revegetation of previously used areas and closure environmental monitoring for five years. During the year ended March 31, 2026, the undiscounted amount of estimated cash flows required to settle the asset retirement obligations was

(expressed in United States dollars unless otherwise noted)

4. Unproven mineral right interests (continued)

Peruvian properties (continued)

$526,766 (2025 - $Nil). The estimated future cash flows were discounted using a real risk free rate of 4% (2025 – Nil) resulting in a present value of $354,777 (2025 - $Nil) which had previously been capitalized to the exploration property. The asset retirement obligation will be accreted over a period of 13 years. Accretion expense in the period from acquisition to year end was insignificant.

		March 31, 2026		March 31, 2025
Opening balance	**$**	**-**	$	-
Initial recognition		**354,777**		-
Ending balance	**$**	**354,777**	$	-

Other properties

As at March 31, 2026, the Company has maintained the Las Brujas property in good standing. This property is an early-stage gold and gold-silver exploration project in Peru.

5. Accounts payable and accrued liabilities

		March 31, 2026		March 31, 2025
Trade payables	**$**	**589,684**	$	424,014
Due to directors and officers (Note 8)		**631,592**		553,251
Due to Alta Copper Corp.		**637,432**		624,801
Accrued liabilities - mining fees - El Oro (Note 4)		**1,541,860**		1,216,532
Accued liabilities - other		**32,283**		129,852
	$	**3,432,851**	$	2,948,450

6. Equipment

As of March 31, 2026, the Company owns 50% of the San Dieguito de Arriba Plant (“SDA Plant”), a processing plant located in San Dieguito de Arriba, Nayarit State, Mexico. The plant comprises equipment, tools, supporting infrastructure and other facilities required to process ore and recover precious and base metals in the form of flotation concentrates. The plant also includes a precious metals leach circuit - Merrill Crowe system and associated assets, licences, and agreements.

In December 2023, the Company, along with the other owner of 50% of the plant, entered into an agreement with Grupo Minero WIYA (“WIYA”) whereby WIYA would acquire the SDA Plant for monthly payments of $150,000 for a period of 10 months (total payment of $1,500,000), and payment of all outstanding repairs to bring the plant into operation. From December 2023 to March 2025, the Company only received $75,000 (50% of $150,000) from WIYA and the agreement has since been cancelled due to non-payment from WIYA. During the year ended March 31, 2025, the Company recorded an impairment loss of $615,583 on the SDA Plant given the fact that the Company has no active customer that could lease or purchase the plant to generate cash flows that would recover the Company’s original acquisition cost, the Company has no intent or use to operate the plant itself, and the Company has no active plans to fund current and future repairs and maintenance costs of the plant.

(expressed in United States dollars unless otherwise noted)

6. Equipment (continued)

<u>Asset retirement obligation – SDA Plant</u>

The asset retirement obligation represents the estimated costs for required future reclamation and restoration activities. These activities include removal of site structures and infrastructure, recontouring and revegetation of previously used areas and the management of water and water quality in and around the site. During the year ended March 31, 2026, the undiscounted amount of estimated cash flows required to settle the asset retirement obligations calculated to be $134,428 (2025 - $91,900). The estimated future cash flows were discounted using a risk free rate of 5% resulting in a present value of $126,218 (2025 - $91,900). The asset retirement obligation will be accreted over a period of 5 years.The change in estimate in the year of $34,318 was recorded as a decommissioning expense.

		March 31, 2026		March 31, 2025
Opening balance	**$**	**91,900**	$	91,900
Changes in estimate		**34,318**		-
Ending balance	**$**	**126,218**	$	91,900

7. Share capital and equity reserve

a. Shares authorized

The Company has an unlimited number of common shares with no par value.

b. Shares issued

As at March 31, 2026, the Company had 161,191,840 (2025 – 142,566,840) common shares issued and outstanding.

<u>During the year ended March 31, 2026:</u>

On December 23, 2025, the Company closed a non-brokered private placement and issued 15,000,000 units at a price of CAD$0.10 per unit for gross proceeds of $1,094,550 (CAD$1,500,000). Each unit consisted of one common share and one-half of one share purchase warrant exercisable at a price of CAD$0.20 per common share expiring on June 23, 2027. The share purchase warrants contain an acceleration clause. If after four months from the date of issuance, the Company's common shares exceed CAD$0.30 for ten consecutive trading days, then the Company shall be entitled to issue notice of the expiry within forty days. The Company uses residual value method and the warrants were allocated a valued of $nil. The Company paid a finders' fee of $21,993 and issued 99,000 brokers' warrants with an exercise price of CAD$0.20, with a fair value of $3,310. The Company paid other share issuance costs totaling $2,433.

On January 27, 2026 the Company issued an aggregate of 2,825,000 common shares in connection with the exercise of stock options for aggregate gross proceeds of $103,706.

On March 2, 2026, the Company issued 600,000 common shares with fair value of $15,128 pursuant to the conversion of restricted share units ("RSUs") (Note 7(e)).

On March 17, 2026 the Company issued 200,000 common shares in connection with the exercise of stock options for gross proceeds of $7,300.

(expressed in United States dollars unless otherwise noted)

7. Share capital and equity reserve (continued)

b. Shares issued (continued)

During the year ended March 31, 2025:

On February 3, 2025, the Company issued 150,000 common shares with fair value of $3,625 pursuant to the conversion of RSUs (Note 7(e)).

On May 10, 2024, the Company issued 2,927,000 common shares with a fair value of $107,099 to the former CFO of the Company to settle accounts payable.

c. Stock options

The Company has an Omnibus Equity Incentive Plan (the "Plan") which was approved on November 8, 2024. The Plan provides flexibility to the Company to grant equity-based incentive awards in the form of stock options, restricted share units, performance share units, and deferred share units to directors, officers, employees, and consultants of the Company. Under the Plan a total of 10% of the Company's outstanding common shares are reserved for the issuance of shares at discretion of the Board of Directors, with a maximum life of 10 years. The maximum number of shares which may be reserved for any eligible person within a 12-month period shall not exceed 5% of issued and outstanding shares and the maximum number of shares which may be reserved for all consultants or providers of investor relations services within a 12-month period shall not exceed 2% of the issued and outstanding shares.

Stock option transactions for the years ended March 31, 2026 and 2025 were as follows:

	Number of options	Weighted average exercise price (CAD$)
Options outstanding March 31, 2024	8,725,000	0.05
Options expired	(250,000)	0.05
Options cancelled	(850,000)	0.05
Options granted	4,100,000	0.05
Options outstanding March 31, 2025	11,725,000	0.05
Options exercised	(3,025,000)	0.05
Options expired	(300,000)	0.05
Options forfeited	(550,000)	0.05
Options granted	7,200,000	0.19
Options outstanding March 31, 2026	**15,050,000**	**0.12**
Options exercisable March 31, 2026	**9,750,000**	**0.05**

As at March 31, 2026, the following stock options were exercisable and outstanding:

(expressed in United States dollars unless otherwise noted)

7. Share capital and equity reserve (continued)

c. Stock options (continued)

	Outstanding		Exercisable
Expiry date	**Exercise price (CAD$)**	**Number of options**	**Number of options**
May 20, 2026	0.05	3,250,000	3,250,000
October 19, 2027	0.07	500,000	500,000
December 18, 2029	0.05	4,100,000	4,100,000
October 30, 2030	0.05	2,200,000	1,900,000
March 17, 2031	0.25	5,000,000	-
	0.12	15,050,000	9,750,000

During the year ended March 31, 2026, the Company granted 7,200,000 (2025 – 4,100,000) stock options to directors and consultants of the Company. The Company recorded share-based payments of $166,060 for stock options vested during the year ended March 31, 2026 (2025 - $113,051), of which $74,606 (2025 - $75,597) pertains to officers and directors of the Company.

The total fair value of options granted was $1,165,987 (2025 - $112,409) or $0.16 per option (March 31, 2025 - $0.04).

For the years ended March 31, 2026 and 2025, the fair value of the stock options granted were determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	Years ended March 31,	
	2026	2025
Risk-free interest rate	2.76%	3.03%
Expected life	5 years	5 years
Estimated volatility	134.21%	131.00%
Dividend rate	N/A	N/A

The average remaining life of the options is 3.41 years as at March 31, 2026.

d. Warrants

Warrants transactions for the years ended March 31, 2026 and 2025 were as follows:

	Number of warrants	**Weighted average exercise price (CAD$)**
Balance, March 31, 2025 and 2024	-	-
Issued	7,599,000	0.20
Balance, March 31, 2026	7,599,000	0.20

(expressed in United States dollars unless otherwise noted)

7. Share capital and equity reserve (continued)

d. Warrants (continued)

As at March 31, 2026, the following warrants were exercisable:

Number of warrants	Exercise price (CAD$)	Expiry date
7,500,000	0.20	June 23, 2027
99,000	0.20	June 23, 2027
7,599,000	0.20	

On December 23, 2025 in connection with the non-brokered private placement, the Company issued 7,500,000 warrants with a residual value of $Nil, as well issued 99,000 brokers' warrants with fair value of $3,310. The fair value of the agent warrants granted were determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions: risk-free interest rate of 2.50%, expected life of 1.5 years, and estimated volatility of 136.07%.

The average remaining life of the warrants is 1.23 years as at March 31, 2026.

e. Restricted share units

	Number of RSUs	Weighted Average Exercise Price (CAD$)
Balance, March 31, 2024	-	-
Issued	750,000	0.05
Converted	(150,000)	(0.05)
Balance, March 31, 2025	600,000	0.05
Converted	(600,000)	(0.05)
Balance, March 31, 2026	-	-

As at March 31, 2026, the Company had no RSU's outstanding.

On March 2, 2026, the Company issued 600,000 common shares with fair value of $15,128 pursuant to the conversion of RSUs to settle an accounts payable of $21,100. The Company recognized a gain on settlement of accounts payable of $5,972.

During the year ended March 31, 2025, the Company granted 150,000 RSUs to the CFO of the Company with a fair value of $7,882 to settle outstanding debt of $11,429, resulting in a gain on settlement of accounts payable of $3,547.

8. Related party disclosures

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes directors, executive officers, and entities controlled by such persons. The following is a list of related parties that the Company enters into trading transactions with:

a. Related party transactions

The Company incurred the following compensation with companies controlled by members of management and with directors, which has been recorded as general and administrative expenses:

(expressed in United States dollars unless otherwise noted)

8. Related party disclosures (continued)

a. Related party transactions (continued)

		Years ended March 31, 2026		2025
Management fees	**$**	**91,187**	$	90,607
Accounting fees to a company controlled by the CFO		**26,931**		28,592
Share-based payments (fair value of stock options)		**74,606**		75,597
	$	**192,724**	$	194,796

b. Balance owing

As at March 31, 2026 and 2025, the following amounts were due to related parties:

	March 31, 2026				March 31, 2025			
		Loans from related party		**Accounts payable and accrued liabilities**		Loans from related party		Accounts payable and accrued liabilities
CFO	**$**	**-**	**$**	**28,247**	$	-	$	27,650
Company controlled by the CFO		**-**		**8,402**		-		15,782
Company controlled by the CEO		**198,403**		**393,149**		86,459		324,862
Director		**-**		**-**		3,478		-
Geological consulting and technical officer		**-**		**201,794**		-		184,957
	$	**198,403**	**$**	**631,592**	$	89,937	$	553,251

Amounts due to related parties are unsecured, non-interest bearing, and due on demand, with the exception of the loans with Ridley Rocks Inc., a company controlled by the CEO, as noted below.

The first loan was into on September 15, 2025 by the Company and Ridley Rocks Inc., the principal value is $109,234 (CAD$150,000) (2025 - $nil (CAD $nil)), which has a maturity date of September 15, 2026, unsecured and has a compounding annual interest rate of 3%. The Company recorded $1,624 as interest on the loan through the profit and loss statement. The final loan was entered into on March 31, 2026 by the Company and Ridley Rocks Inc., the principal value is $89,169 (CAD$124,300) (2025 - $nil (CAD $nil)), which has a maturity date of March 31, 2027, unsecured and non-interest bearing.

9. Segmented information

The Company operates in one segment, the exploration of mineral properties. The Company operates in two geographical areas, being Peru and Mexico. Following is an analysis of the Company's non-current assets in Peru:

		March 31, 2026		March 31, 2025
Unproven mineral right interests (Note 4)	**$**	**10,719,643**	$	1
	$	**10,719,643**	$	1

As at March 31, 2026 and 2025, the Company had $nil in non-current assets in Mexico.

(expressed in United States dollars unless otherwise noted)

10. General and Administrative Expenses

	Notes	Years ended March 31, 2026	2025
GENERAL AND ADMINISTRATIVE			
Accounting, audit and tax advisory fees	8	**$ 84,285**	$ 72,429
Bank charges and interest		**3,542**	3,384
Consulting		**2,669**	-
Legal		**45,600**	25,210
Management fees, office salaries and benefits	8	**94,759**	93,123
Office, rent and miscellaneous		**51,337**	11,037
Regulatory and filing fees		**34,266**	43,709
Share-based payments	7,8	**166,060**	113,051
Shareholder communications		**98,333**	53,410
Interest and other expense (income)		**3,886**	(3,672)
Total general and administrative expenses		**$ 584,737**	$ 411,681

	Years ended March 31, 2026	2025
EXPLORATION		
Field support including project administration	**$ 97,370**	$ 22,910
Mining fees - El Oro	**136,968**	841,791
Consultants	**29,254**	-
Transportation, meals & lodging	**11,205**	-
Total exploration expenses	**$ 274,797**	$ 864,701

11. Financial risk and capital management

The Company is exposed to certain financial risks in the normal course of its operations:

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner.

The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. As at March 31, 2026, the Company has cash of $395,344 (2025 - $38,293) which is not sufficient to settle current liabilities totalling $5,151,254 (2025 - $3,058,387); accordingly, liquidity risk is considered to be high.

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's subsidiaries is the United States and Canadian dollars and

11. Financial risk and capital management (continued)

b. Currency risk (continued)

some of the subsidiaries' transactions are denominated in Mexican Pesos and Peruvian Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies.

c. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to meet its contractual obligations and cause the Company to incur a financial loss. The Company's exposure to credit risk is primarily attributable to its cash balances. Cash balances are held with reputable financial institutions and management believes the risk of loss to be low. The Company's tax receivable relates to sales tax credits from a government agency and is not subject to credit risk.

d. Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily gold and silver) to determine the appropriate course of action to be taken by the Company.

e. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

f. Fair values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash, accounts payable and accrued liabilities, loan payable and loans payable to related parties approximate their fair values due to the short-term nature of these instruments.

The deferred consideration liability is present valued and accreted up to its face value over a period of five years using a discount rate of 12%.

(expressed in United States dollars unless otherwise noted)

11. Financial risk and capital management (continued)

g. Capital management

The Company's capital structure is comprised of the components of shareholders' deficit. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to any restrictions on its capital.

12. Commitments

As at March 31, 2026, the Company had the following contractual commitments:

Consulting Agreements

The Company maintains a consulting agreement with Bullion Exploration Inc. that includes a termination clause requiring payment of a lump sum of CAD$50,000. Additionally, in the event of a change of control, or change of control combined with termination within one year, the Company is required to make a one-time payment of CAD$200,000.

The Company maintains a consulting agreement with Ridley Rocks Inc. that includes a termination clause requiring payment of a lump sum of CAD$200,000 upon severance. Additionally, in the event of a change of control or change of control combined with termination within one year, the Company is required to make a one-time payment of CAD$500,000.

Pico Machay Gold Project – Deferred Acquisition Payments

Pursuant to the SPA entered into on October 23, 2025 to acquire 100% Calipuy, the Company is obligated to make the following future cash payments to Pan American.

Payment date	**Amount $**
December 24, 2026	**1,500,000**
December 24, 2027	**1,500,000**
December 24, 2028	**4,000,000**
December 24, 2029	**3,000,000**
December 24, 2030 or commencement of production, whichever occurs first	**4,500,000**
Total contractual commitments	**14,500,000**

(expressed in United States dollars unless otherwise noted)

12. Commitments (continued)

The Company has recognized these non-contingent deferred payments at their present value as deferred consideration in the consolidated statement of financial position (current $1,500,000, noncurrent $8,643,914).

In addition, the Company may be required to make a further contingent payment of $2,500,000 upon the delineation of more than 1,250,000 ounces of gold resources or reserves as defined in the SPA. As this milestone had not been achieved as at March 31, 2026, no liability has been recognized in the consolidated financial statements (Note 4).

13. Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2026		2025
(Loss) income for the year	**$**	**(1,350,759)**	$	1,268,830
Expected tax (recovery)	**$**	**(371,000)**	$	343,000
Change in statutory, foreign tax, foreign exchange rates and other		**(320,000)**		459,000
Permanent differences		**141,000**		(243,000)
Share issuance costs		**(8,000)**		-
Adjustment to prior years provision versus statutory tax returns		**2,802,000**		(158,000)
Expiry of non-capital losses		**417,000**		(11,000)
Change in unrecognized deductible temporary differences		**(2,661,000)**		(390,000)
Total income tax expense (recovery)	**$**	**-**	$	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2026		2025
Deferred tax assets (liabilities)				
Unproven mineral rights interests	**$**	**280,000**	$	2,202,000
Property and equipment		**73,000**		99,000
Share issuance costs		**6,000**		-
Asset retirement obligations		**130,000**		25,000
Non-capital losses		**2,445,000**		3,269,000
		2,934,000		5,595,000
Unrecognized deferred tax assets		**(2,934,000)**		(5,595,000)
Net deferred tax assets	**$**	**-**	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

(expressed in United States dollars unless otherwise noted)

13. Income taxes (continued)

	2026	**Expiry date range**	2025	Expiry date range
Temporary Differences	**$**		$	
Share issuance costs	**24,000**	**2031**	-	2026
Property and equipment	**270,000**	**No expiry date**	367,000	No expiry date
Unproven mineral rights interests	**956,000**	**No expiry date**	7,475,000	No expiry date
Asset retirement obligations	**447,000**	**No expiry date**	92,000	No expiry date
Non-capital losses	**8,799,000**		11,742,000	
Canada	**6,368,000**	**2030 to 2046**	8,390,000	2030 to 2045
Peru	**769,000**	**No expiry date**	668,000	No expiry date
Mexico	**1,662,000**	**2027 to 2035**	2,684,000	2026 to 2034

14. Subsequent events

Subsequent to March 31, 2026, the Company:

- issued an aggregate of 250,000 common shares in connection with the exercise of warrants with an exercise price of $0.15 (CAD$0.20) for aggregate gross proceeds of $36,650 (CAD$50,000).

- issued an aggregate of 3,000,000 common shares in connection with the exercise of stock options with an exercise price of $0.04 (CAD$0.05) for aggregate gross proceeds of $109,080 (CAD$150,000). The remaining 250,000 stock options in the tranche expired unexercised.

- closed a non-brokered private placement and issued 4,000,000 common shares at a price of $0.18 (CAD$0.25) per share for gross proceeds of $707,700 (CAD$1,000,000). The Company incurred cash finder fees of $21,231 and issued 120,000 brokers' shares with a fair value of $20,281.