



Coppernico Metals Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)

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

Notice of no auditor review of condensed interim consolidated financial statements

Pursuant to 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 interim consolidated financial statements of Coppernico Metals Inc. for the three and six months ended June 30, 2025, have been prepared by and are the responsibility of the Company's management.

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

August 13, 2025

Coppernico Metals Inc.

Condensed Interim Consolidated Statements of Financial Position
Unaudited (Expressed in Canadian dollars)

	As at June 30, 2025	As at December 31, 2024
Assets		
Current assets:		
Cash	\$ 5,480,662	\$ 11,225,074
Amounts receivable	16,244	25,309
Prepaid expenses, deposits and other (Note 3)	513,357	750,964
	\$ 6,010,263	\$ 12,001,347
Non-current assets:		
Prepaid expenses, deposits and other (Note 3)	51,970	98,866
Equipment	59,739	-
Mineral property interests (Note 4)	7,554,252	7,895,956
Equity investments (Note 5)	97,146	100,588
Total assets	\$ 13,773,370	\$ 20,096,757
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	\$ 566,602	\$ 2,014,926
Provision for site reclamation and closure (Note 7)	-	222,273
	\$ 566,602	\$ 2,237,199
Non-current liabilities:		
Provision for site reclamation and closure (Note 7)	226,470	222,105
Total liabilities	\$ 793,072	\$ 2,459,304
Equity		
Share capital (Note 8)	34,365,403	34,365,403
Equity reserves (Note 9)	3,740,754	3,447,891
Accumulated other comprehensive income	265,223	603,338
Deficit	(25,391,082)	(20,779,179)
Total equity	12,980,298	17,637,453
Total liabilities and equity	\$ 13,773,370	\$ 20,096,757

Going concern (Note 1(c)); Commitment (Note 5)

Approved on behalf of the Board of Directors:

"Ivan Bebek"

Chair and Chief Executive Officer

"Jeffrey Mason"

Director

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

Coppernico Metals Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Unaudited (Expressed in Canadian dollars, except share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Operating expenses:				
Exploration and evaluation (Note 10)	\$ 637,948	\$ 689,635	\$ 3,144,581	\$ 1,500,883
Fees, salaries and other employee benefits	354,679	200,615	757,801	407,797
Legal and professional	42,542	64,530	76,894	125,497
Marketing and investor relations	202,064	142,173	514,479	231,384
Office and administration	51,785	80,877	104,414	144,881
Project investigation	50,931	9,408	55,259	14,919
Regulatory and transfer agent	45,786	17,898	67,348	21,924
	1,385,735	1,205,136	4,720,776	2,447,285
Other expenses:				
Accretion of provision for site reclamation and closure	3,345	-	6,480	-
Foreign exchange loss (gain)	7,707	(2,011)	27,582	(1,784)
Interest expense	-	551	-	805
Interest income	(58,130)	(19,225)	(146,377)	(28,371)
Loss from equity investments (Note 5)	2,780	19,940	3,442	21,038
Loss for the period	\$ 1,341,437	\$ 1,204,391	\$ 4,611,903	\$ 2,438,973
Other comprehensive loss (income):				
Unrealized currency loss (income) on translation	326,468	(51,313)	338,115	(189,583)
Comprehensive loss for the period	\$ 1,667,905	\$ 1,153,078	\$ 4,950,018	\$ 2,249,390
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.02
Basic and diluted weighted average number of shares	177,304,848	157,649,977	177,304,848	147,984,879

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

Coppernico Metals Inc.

Condensed Interim Consolidated Statements of Changes in Equity

Unaudited (Expressed in Canadian dollars, except share amounts)

	Number of common shares	Share capital	Equity reserves	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance at December 31, 2023	137,589,269	\$ 18,384,042	\$ 149,637	\$ 89,036	\$ (11,609,253)	\$ 7,013,462
Securities issued pursuant to private placements, net of issue costs	39,648,913	15,960,694	2,334,018	-	-	18,294,712
Warrants issued for finders' fees	-	-	152,368	-	-	152,368
Other comprehensive income	-	-	-	189,583	-	189,583
Loss for the period	-	-	-	-	(2,438,973)	(2,438,973)
Balance at June 30, 2024	177,238,182	\$ 34,344,736	\$ 2,636,023	\$ 278,619	\$ (14,048,226)	\$ 23,211,152
Balance at December 31, 2024	177,304,848	\$ 34,365,403	\$ 3,447,891	\$ 603,338	\$ (20,779,179)	\$ 17,637,453
Share-based payments	-	-	292,863	-	-	292,863
Other comprehensive loss	-	-	-	(338,115)	-	(338,115)
Loss for the period	-	-	-	-	(4,611,903)	(4,611,903)
Balance at June 30, 2025	177,304,848	\$ 34,365,403	\$ 3,740,754	\$ 265,223	\$ (25,391,082)	\$ 12,980,298

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

Coppernico Metals Inc.

Condensed Interim Consolidated Statements of Cash Flows
Unaudited (Expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Operating activities:				
Loss for the period	\$ (1,341,437)	\$ (1,204,391)	\$ (4,611,903)	\$ (2,438,973)
Reclamation expenditures	(91,570)	-	(91,570)	-
Adjusted for:				
Interest income	(58,130)	(19,225)	(146,377)	(28,371)
Interest expense	-	551	-	805
Non-cash transactions:				
Net unrealized foreign exchange loss (gain)	45,577	(21,274)	41,746	(24,089)
Loss from equity investments	2,780	19,940	3,442	21,038
Accretion of provision for site reclamation and closure	3,345	-	6,480	-
Share based compensation	117,963	-	292,863	-
Depreciation	2,806	-	5,716	-
Changes in non-cash working capital:				
Amounts receivable	10,105	(52,356)	9,065	(56,454)
Prepaid expenses, deposits and other	4,926	(331,544)	273,035	(300,602)
Accounts payable and accrued liabilities	(1,331,413)	(524,176)	(1,375,822)	(150,825)
Cash used in operating activities	(2,635,048)	(2,132,475)	(5,593,325)	(2,977,471)
Investing activities:				
Interest income	58,130	19,225	146,377	28,371
Purchase of equipment	-	-	(68,644)	-
Mineral property additions	(8,805)	-	(203,067)	(174,280)
Cash provided by (used in) investing activities	49,325	19,225	(125,334)	(145,909)
Financing activities:				
Proceeds from private placements, net of share issuance costs	-	18,337,335	-	18,469,721
Repayment of short-term loan and interest	-	(551)	-	(52,905)
Cash provided by financing activities	-	18,336,784	-	18,416,816
Effect of foreign exchange on cash	(23,698)	7,898	(25,753)	9,360
Change in cash	(2,609,421)	16,231,432	(5,744,412)	15,302,796
Cash, beginning of the period	8,090,083	242,165	11,225,074	1,170,801
Cash, end of the period	\$ 5,480,662	\$ 16,473,597	\$ 5,480,662	\$ 16,473,597

Supplemental cash flow information (Note 12)

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

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Notes to the Condensed Interim Consolidated Financial Statements

Unaudited (Expressed in Canadian dollars)

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1. Business Overview

a) Corporate information

Coppernico Metals Inc. (the “Company” or “Coppernico”) was incorporated under the British Columbia Business Corporations Act. The Company’s common shares trade on the Toronto Stock Exchange (“TSX”) under the symbol “COPR” and on the OTCQB Venture Market under the symbol “CCPMF” and are listed in the Unofficial Market of the Frankfurt Stock Exchange under the symbol “9I3”. The registered and records office of Coppernico is located at Suite 3500, 1133 Melville St, Vancouver, BC, V6E 4E5.

The Company is principally engaged in the acquisition and exploration of mineral property interests.

b) Nature of operations

The Company’s key mineral property asset is the Sombrero copper-gold project (“Sombrero Project”) located in southern Peru. The Sombrero Project covers approximately 53,800 hectares (538 square kilometres) in which it holds, through its wholly owned, private Peruvian subsidiary, Sombrero Minerales S.A.C., direct and indirect interests through a combination of staking and option agreements. The Company has not yet determined whether the property contains mineral reserves where extraction is both technically feasible and commercially viable.

c) Going concern

As at June 30, 2025, the Company had net working capital of \$5,443,661 (December 31, 2024 – \$9,764,148) while it incurred a net loss of \$4,611,903 for the six months ended June 30, 2025 (June 30, 2024 - \$2,438,973). The Company has incurred operating losses to date and does not generate operating revenue to support its activities; hence, it primarily relies on equity financing. Although the Company has had success raising capital in the past, the ability to continue as a going concern remains dependent upon its ability to continue to obtain the financing, if available, to fund exploration and maintenance of its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements (the “financial statements”) have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with IFRS accounting standards as issued by the International Accounting Standards Board (“IASB”). The accounting policies followed in these financial statements are the same as those applied in the Company’s most recent audited annual consolidated financial statements for the year ended December 31, 2024.

These financial statements were approved and authorized for issuance on August 13, 2025, by Coppernico’s Board of Directors.

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b) Basis of presentation

These financial statements have been prepared on a historical cost basis. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.

c) Basis of consolidation

These financial statements include the financial information of the Company and entities controlled by the Company. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and 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. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company. A summary of the Company's subsidiaries included in these financial statements is as follows:

Subsidiary	Place of incorporation	Functional Currency	Beneficial Interest
Sombrero Minerales, S.A.C.	Peru	US\$	100%

These financial statements include a 50% investment in Universal Mineral Services Peru S.A.C. ("UMS Peru"), which is now dormant and in the process of being dissolved, and a 25% investment in Universal Mineral Services Ltd. ("UMS Canada"). Both are private, shared service entities (Note 5).

d) Functional and presentation currency

The financial statements of the Company and its subsidiary are prepared in the respective entity's functional currency determined on the basis of the primary economic environment in which such entities operate. The Company's functional and presentation currency is the Canadian dollar while the functional currency of its Peruvian subsidiary is the United States dollar. These financial statements are presented in Canadian dollars, unless otherwise noted. Amounts denominated in US dollars are denoted as US\$.

e) Critical accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company's critical accounting judgements and estimates were presented in Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2024, and have been consistently applied in the preparation of these financial statements. No new estimates and judgements were applied for the period ended June 30, 2025.

f) Application of new and revised accounting standards

On August 14, 2023, the IASB issued amendments to IAS 21 "Lack of Exchangeability" which contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments to IAS 21 are effective for annual periods beginning on or after January 1, 2025. The adoption of the new standard did not have an impact on the financial statements of the Company.

g) Standards issued but not yet effective

On April 9, 2024, the IASB issued a new standard, IFRS 18 Presentation and Disclosure in Financial Statements, to improve the reporting of financial performance. IFRS 18 introduces categories and defined subtotals in the

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statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. IFRS 18 replaces IAS 1 Presentation of Financial Statements and will be effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is in the process of assessing the impact of this new accounting standard on the consolidated financial statements.

On May 30, 2024, the IASB issued Amendments IFRS 9 and IFRS 7 which clarify the date of initial recognition or derecognition of financial liabilities, including financial liabilities that are settled in cash using an electronic payment system. The amendments also introduce additional disclosure requirements to enhance transparency regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently assessing the impact, if any, of the amendments on the consolidated financial statements.

3. Prepaid expenses, deposits and other

The Company makes short term advances to third parties in the normal course of business, typically in relation to annual insurance policies, software renewals and marketing activities, such as conference fees. Also included in this balance is the working capital deposit as at June 30, 2025, of \$182,010 (December 31, 2024, of \$194,815) held by UMS Canada in accordance with the related service agreement (Notes 5 and 11). Such amount is to be repaid to the Company or to be applied to the Company's final billing at the time the service agreement is terminated.

In November 2023, the Company entered into an access and use agreement with a local Peruvian community which provides the Company with surface rights to the respective area over the three-year term of the agreement. As a result, as at June 30, 2025, an asset has been recorded within prepaid expenses, deposits and other, and proportionately allocated between current and non-current.

4. Mineral property interests

A continuity of the Company's mineral property interests is as follows:

	Sombrero Project
Balance as at December 31, 2023	\$ 6,688,619
Mineral property additions	182,323
Recognition of provision for site reclamation and closure	432,826
Currency translation adjustment	592,188
Balance as at December 31, 2024	\$ 7,895,956
Mineral property additions	178,604
Recognition of provision for site reclamation and closure	(111,434)
Currency translation adjustment	(408,874)
Balance as at June 30, 2025	\$ 7,554,252

a) Sombrero Project

The Sombrero copper-gold project, located in Southern Peru, covers approximately 53,800 hectares (538 square kilometres), acquired through a combination of staking and option agreements. The property includes the Ccascabamba target area, where the Company recently conducted its inaugural drill program to test several identified drill targets, and the Nioc target area which together cover approximately 16,300 hectares.

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During the three and six months ended June 30, 2025, after completing systematic reconnaissance work to review the greater Sombrero land package and in consultation with its strategic investor Teck Resources Limited, the Company optimized its Sombrero Project by staking additional concessions covering 1,200 hectares in the area where exploration is currently focused and relinquishing approximately 50,100 hectares of non-core concessions that did not meet the Company's requirement of having a clear path to drilling.

The Company currently holds the following concessions:

Ownership	Registered Owner	Total Hectares	# of Claims Within Sombrero Project	# of Claims Within Ccascabamba and Nioc Target Areas
Direct	Sombrero Minerales S.A.C.	51,900	61	18
Molleacruz Option	Ingrid Prado Pinto	1,300	4	-
Aceros Option	Corporación Aceros Arequipa S.A.	600	3	3

i. Sombrero Project – Molleacruz Option

On June 22, 2018, the Company entered an option agreement (the "Molleacruz Option") giving the Company the right to acquire a 100% interest in the Molleacruz concessions which are located within the Sombrero Project and just outside the Ccascabamba and Nioc target areas. Under the Molleacruz Option, the Company may acquire a 100% interest, subject to a 0.5% net smelter royalty ("NSR"), through a combination of work expenditures and cash payments as detailed below:

Due Dates	Property Payment / Work Expenditure Status	Property Payments (in US\$'000)	Work Expenditures (in US\$'000)
June 22, 2018	Completed	\$50	\$ -
Subject to access	Completed/Deferred	50	150
Subject to access	Deferred	100	150
Subject to access	Deferred	200	500
Subject to access	Deferred	300	700
Subject to access	Deferred	900	1,500
Total		\$1,600	\$3,000

Effective May 20, 2019, the Company formally declared the existence of a force majeure event under the Molleacruz Option thereby deferring the Company's obligation to make the June 2019 property payments and any subsequent property payments and work expenditures for a maximum of 24 months from the declaration date. On March 1, 2021, the Company agreed with the owner to further extend the force majeure declaration and as consideration paid US\$50,000 in relation to the June 2019 property payment. On May 15, 2023, the Company amended its Molleacruz Option again and this time extended the recognition of the force majeure status until such time as an agreement, or agreements are in place that allow the Company to access the Molleacruz concessions in order to carry out exploration work. A payment of US\$5,000 was paid at the time of amendment and will be paid annually under the option agreement until access to the concessions is achieved by the Company. In February 2025, an updated Molleacruz Option was signed with no material changes to the terms with the purpose of filing a current dated document with the Peruvian public registry. The Company continues to work with the local community to achieve access in this area.

ii. Sombrero Project - Aceros Option

On December 13, 2018, the Company entered a series of agreements (the "Aceros Option") with Corporacion Aceros Arequipa S.A. ("Aceros") giving the Company the right to option three mineral concessions located within the Company's Sombrero Project. If the Aceros Option is exercised, a joint venture would be formed in which the Company would hold an 80% interest (Aceros – 20%). The joint venture would combine the 530 hectares of Aceros concessions plus 4,600 hectares of the Company's Sombrero land position.

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Below is a schedule of work expenditures and cash payments required of which approximately US\$1.2 million of work expenditures have been completed to date. In 2021, the Company amended the agreement with Aceros to defer the deadlines for the work expenditure requirements dependent on access to the concessions. The Company continues to work to achieve access to the Aceros concessions.

Due Dates	Property Payment / Work Expenditure Status	Property Payments (in US\$ '000)	Work Expenditures (in US\$ '000)
December 13, 2018	Completed	\$140	\$ -
December 13, 2019	Completed	60	150
Within 6 months of obtaining access	Completed	250	500
Within 24 months of obtaining access	Completed / Deferred	350	1,500
Within 36 months of obtaining access	Deferred	-	3,000
Total		\$800	\$5,150

In each of January 2025, and 2024, the Company paid the annual US\$118,000 holding payment required under the terms of the Aceros Option. The payments were inclusive of 18% IGV (Impuesto General de las Ventas, which is similar to valued-added tax, VAT, in other countries) in Peru, which is only recoverable against IGV collected on sales, and therefore the Company does not consider it recoverable at this time.

5. Equity investments

Investment in Associate Company - UMS Canada

UMS Canada, a private company, is located in Vancouver, BC, and provides geological, financial and transactional advisory services as well as administrative services to the Company and three other companies on a cost recovery basis. In 2022, the Company acquired a 25% share interest in UMS Canada and accounts for this investment as an associate company. UMS Canada is party to a Vancouver, B.C., office lease agreement with a total term of ten years, for which certain portions of the rent expenses will be payable by the Company. As at June 30, 2025, UMS Canada had entered into a 3rd party sublease agreement, which reduces the Company's share of future lease payments to approximately \$0.1 million in total for the remaining 6-year term of the lease.

Investment in Joint Venture - UMS Peru

UMS Peru is a private company incorporated under Peruvian law, which in the past provided administrative and geological services to Sombrero Minerales S.A.C. and the Peruvian subsidiaries of a non-related company. In 2022, the Company acquired a 50% ownership of UMS Peru and accounts for this investment as a joint venture. UMS Peru charges its services at cost plus a markup of 5% for administrative services and 7% for geological services. During Q4 2023, UMS Peru stopped providing services to the Company and is now in the process of being wound up.

Summarized financial information of UMS Canada and UMS Peru

The Company's share of net losses of UMS Canada and UMS Peru were as follows:

For the three months ended June 30, 2025	UMS Canada	UMS Peru
Cost recoveries	\$ (598,949)	\$ -
Geological services	144,528	-
Administrative services	465,543	-
Net loss for the period	11,122	-
Company's share of net loss	\$ 2,780	\$ -

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For the six months ended June 30, 2025	UMS Canada	UMS Peru
Cost recoveries	\$ (1,250,512)	\$ -
Geological services	339,988	-
Administrative services	924,292	-
Net loss for the period	13,768	-
Company's share of net loss	\$ 3,442	\$ -

The carrying amounts of the Company's investments in UMS Canada and UMS Peru as at June 30, 2025, were as follows:

	UMS Canada	UMS Peru	Total
Carrying amount as at December 31, 2023	\$ 121,991	\$ -	\$ 121,991
Company's share of net loss for the year	(21,403)	-	(21,403)
Carrying amount as at December 31, 2024	\$ 100,588	\$ -	\$ 100,588
Company's share of net loss for the period	(3,442)	-	(3,442)
Carrying amount as at June 30, 2025	\$ 97,146	\$ -	\$ 97,146

The Company's equity interest in net assets and liabilities of UMS Canada and UMS Peru as at June 30, 2025, were as follows:

	UMS Canada	UMS Peru
Current assets	\$ 889,917	\$ 13,640
Non-current assets	1,921,405	30,278
Current liabilities	(1,272,100)	(43,918)
Non-current liabilities	(1,150,640)	-
Net assets - 100%	388,582	-
Company's equity interest in net assets at June 30, 2025	\$ 97,146	\$ -

6. Accounts payable and accrued liabilities

The Company records accounts payable and accrued liabilities that arise in the normal course of business, in relation to its exploration and evaluation, and other activities. More specifically, the Company makes accruals for annual concession and penalty fees in the period to which they relate. Notwithstanding Peruvian rules allowing companies to defer payment of these fees, the Company does not have a practical ability to avoid payment of such fees related to concessions that it intends to maintain, as such avoidance would result in the loss of the concessions.

As at June 30, 2025, the Company has a total provision of \$96,807 for concession fees accrued in relation to maintaining its Sombrero Project concessions, which is due to be paid by June 30, 2026 (\$837,106 accrued as at December 31, 2024). On June 20, 2025, the Company paid \$630,575 (US\$462,197) related to Peruvian government 2023 penalties and 2024 concession fees for the Sombrero project. An accrual of \$276,726 (US\$202,834) was reversed as at June 30, 2025, in relation to the concessions that were relinquished.

7. Provision for site reclamation and closure

The Company has recorded a provision for site reclamation and closure at the Sombrero Project in relation to its drill program conducted between July 2024 and March 2025. The amount of the provision reflects the present value of the estimated amount of future cash flows that are anticipated to complete reclamation work in accordance with the Company's drill permit. The components of this obligation are costs associated with the reclamation and closure of the drill infrastructure, including platforms, water wells and access roads, built on the Sombrero Project. It also

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includes revegetation utilizing native species and post closure monitoring. The estimate of future reclamation obligations is subject to change based on amendments to applicable laws and management's intentions.

Throughout the duration of the drill program, the Company conducted progressive closure both in accordance with its drill permit and in consideration of the needs of its host communities, and in April 2025, once drilling had been temporarily suspended, the Company completed a focused reclamation program leaving open only the remaining access roads that are expected to be used for future programs. The Company is currently seeking an expanded drill permit which would defer reclamation requirements until its expiry which the Company is estimating to be December 31, 2028. The present value of the future estimated cash flow at June 30, 2025, is \$226,470 (US\$165,997) which was based on the following key assumptions:

- Undiscounted risk-adjusted cash flow for site reclamation of US\$176,781 including a 15% contingency and 18% IGV;
- Expected timing of future cash flows is December 2028, based on permit requirements and management's current intentions for exploration and related closure programs;
- Projected Peruvian inflation rate of 3.54%; and
- Discount rate of 5.42% based on the Peruvian government bond yield.

As a monetary liability, the US dollar provision is translated to Canadian dollars at the closing exchange rate of 1.3643 as at June 30, 2025.

The following is a continuity of the provision for reclamation:

Recognition of provision for site reclamation and closure	\$ 149,935
Accretion of provision	1,619
Change in estimate	282,892
Currency translation adjustment	9,932
Closing balance as at December 31, 2024	\$ 444,378
Reclamation expenditures	(91,570)
Accretion of provision	6,480
Change in estimate	(111,434)
Currency translation adjustment	(21,384)
Closing balance as at June 30, 2025	\$ 226,470

8. Share capital

- a) Authorized - unlimited common shares without par value.
- b) Common share issuances

There were no share capital transactions during the six-month period ended June 30, 2025.

During the six months ended June 30, 2024, the Company had the following share capital transactions:

On January 17, 2024, the Company closed the third and final tranche of a non-brokered private placement originally announced in September 2023 (the "September 2023 Placement"). The Company issued 898,333 units for gross proceeds of \$134,750, each unit consisting of a common share and a share purchase warrant, exercisable at \$0.30 until August 13, 2029. Share issue costs incurred in relation to the last tranche of the September 2023 Placement were \$2,364.

The Company applied the residual value approach to allocate the proceeds received from the last tranche of September 2023 Placement unit offering to their respective components (common shares and warrants). Using

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this approach, the Company attributed a residual value of \$8,983 to the warrants issued in 2024, which was recorded within the equity reserve.

On May 16, 2024, the Company closed a \$19,375,290 private placement equity financing. The Company issued an aggregate of 38,750,580 units at \$0.50 per unit. Each unit consisted of one common share, one half of a share purchase warrant and one special warrant. Each warrant is exercisable to acquire an additional common share at a price of \$0.75 until May 16, 2026. The special warrants entitled the holders thereof to receive 0.05 additional units if the common shares of the Company were not listed on a Canadian stock exchange by August 14, 2024. Subsequent to June 30, 2024, the special warrants expired as a result of the Company's common shares being listed on the TSX on August 13, 2024.

The Company applied the residual value approach to allocate the proceeds received from the May 2024 private placement unit offering to their respective components (common shares, warrants, and special warrants). Using this approach, the Company first valued the common shares by considering available market data for comparable companies and attributed \$0.44 per unit to the common share component. Then, using the Black-Scholes option valuation model and assuming a common share price ascribed of \$0.44, option term of 2 years, share price volatility of 77.84% and a risk-free interest rate of 4.19%, \$0.06 per unit was attributed to the half warrant, and a total of \$2,325,035 was recorded within warrant reserve. This left no residual value to be allocated to the special warrants, which were thus valued at nil.

In connection with the offering, the Company incurred total share issue costs of \$1,060,596 which included cash fees of \$690,519 paid to agents, other finders and the Company's financial advisor. The Company also issued 854,640 compensation options collectively to the agents and other finders each which entitles the holder to purchase one common share for a price of \$0.50 until May 16, 2026. The Company attributed \$152,368 to the compensation options based on the Black-Scholes option valuation model applying an expected volatility of 77.84% and a risk-free interest rate of 4.19%.

9. Equity reserves

(a) Equity incentive awards

On May 22, 2024, the Company adopted a Long-Term Incentive Plan ("LTI Plan") with the objective of encouraging additional share ownership by its employees, officers and directors. The LTI Plan provides for the awarding of share options, performance share units ("PSUs"), restricted share units ("RSUs") and deferred share units ("DSUs"). The LTI Plan limits the number of shares reserved for issuance under the LTI Plan, together with all other security-based compensation arrangements of the Company, to 10% of the issued and outstanding shares and sets a maximum term of five years for all awards. Vesting terms of all equity awards is determined at the discretion of the Board. No PSUs, RSUs or DSUs have been awarded to date.

The following is a continuity of the number of share options issued and outstanding as at June 30, 2025:

	Number of share options	Weighted average exercise price
Outstanding, December 31, 2023	-	\$ -
Granted	8,045,000	0.50
Forfeited	(187,500)	0.50
Expired	(62,500)	0.50
Outstanding, December 31, 2024, and June 30, 2025	7,795,000	\$ 0.50

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As at June 30, 2025, the number of share options outstanding and exercisable was:

Expiry date	Outstanding			Exercisable		
	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
August 6, 2029	7,795,000	\$0.50	4.10	4,871,875	\$0.50	4.10

There were no share options granted during the six months ended June 30, 2025, or 2024.

During the three and six months ended June 30, 2025, the Company recognized share-based payments expense net of forfeiture recovery as outlined below (\$nil for the three and six months ended June 30, 2024).

	Three months ended June 30, 2025	Six months ended June 30, 2025
Exploration and evaluation	\$ 23,440	\$ 70,882
Fees, salaries, and other employee benefits	81,527	200,942
Marketing and investor relations	4,896	12,326
Project investigation	8,100	8,713
Total for the period	\$ 117,963	\$ 292,863

(b) Share purchase warrants

The continuity of the share purchase warrants issued and outstanding is as follows:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2023	14,963,716	\$ 0.30
Issued	21,248,262	0.72
Exercised	(66,666)	0.30
Outstanding, December 31, 2024, and June 30, 2025	36,145,312	\$ 0.55

A summary of the Company's share purchase warrants issued and outstanding as at June 30, 2025, is as follows:

Expiry date	Warrants outstanding	Exercise price
May 16, 2026	19,375,289	\$ 0.75
May 16, 2026	854,640	0.50
January 29, 2027	120,000	0.15
August 13, 2029	15,795,383	0.30
	36,145,312	\$ 0.55

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10. Exploration and evaluation

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Surface exploration	\$ 255,111	\$ 217,252	\$ 456,353	\$ 430,905
Exploration drilling	51,244	107,770	1,718,474	107,770
Concession holding costs (recoveries)	(139,352)	120,234	20,372	523,722
Community and environmental	361,121	164,443	707,229	278,961
Project support	86,384	79,936	171,271	159,525
Share-based compensation	23,440	-	70,882	-
Total for the period	\$ 637,948	\$ 689,635	\$ 3,144,581	\$ 1,500,883

11. Related party transactions

Related party transactions are those with entities over which the Company has control or significant influence, or with key management personnel, being those having the authority and responsibility for planning, directing, and controlling the Company. A summary of the Company's related party transactions for the three and six months ended June 30, 2025, and 2024, is as follows:

a) UMS Canada and UMS Peru

Due to the Company having an ownership interest in both UMS Canada and UMS Peru (Note 5) they are classified as related parties. All transactions with UMS Canada and UMS Peru have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Exploration and evaluation	\$ 67,920	\$ 113,581	\$ 225,932	\$ 194,727
Project investigation	37,952	539	38,086	4,664
Marketing and investor relations	-	8,676	-	31,104
General and administration	158,688	177,939	369,946	337,270
Total transactions for the period	\$ 264,560	\$ 300,735	\$ 633,964	\$ 567,765

As at June 30, 2025, \$38,814 (December 31, 2024 - \$120,763) was included in accounts payable and accrued liabilities and \$182,010 (December 31, 2024 - \$194,815) in prepaid expenses, deposits and other relating to transactions with UMS Canada. Including the initial deposit of \$150,000 advanced to UMS Canada for working capital purposes, the Company had a net deposit balance of \$293,196 with UMS Canada as at June 30, 2025.

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b) Key management compensation

The Company provided the following compensation to key management and Board members, being its four executives, of which one is a director, and six non-executive independent directors:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Salaries and other employee benefits provided to executives	\$ 197,981	\$ 189,655	\$ 412,296	\$ 376,382
Fees paid to non-executive independent directors	39,701	31,085	77,696	58,172
Share-based compensation	77,866	-	196,658	-
Total	\$ 315,548	\$ 220,740	\$ 686,650	\$ 434,554

As at June 30, 2025, the Company had an outstanding accounts payable balance with key management personnel of \$28,060 (December 31, 2024 - \$122,662).

During the six months ended June 30, 2024, the Company repaid to five Board Directors of the Company a total of \$52,354 in relation to amounts loaned in 2023 under an unsecured promissory note arrangement, plus accrued interest. In accordance with the promissory notes, on January 29, 2024, the lending Directors were issued a total of 120,000 common share purchase warrants exercisable for a three-year period at \$0.15 per common share.

During the six months ended June 30, 2024, a Board Director of the Company loaned \$120,000 to the Company under an unsecured promissory note arrangement at an annualized simple interest rate of 12% and with the intention of being repaid by the Company on the earlier of May 31, 2024, or two days following a financing of at least \$1,000,000. The funds were loaned on May 9, 2024, and repaid in full on May 17, 2024, together with accrued interest of \$551.

On August 6, 2024, a total of 4,900,000 share purchase options were issued to key management personnel.

12. Supplemental cash flow information

	Six months ended June 30,	
	2025	2024
Changes in liabilities arising from financing and investing activities:		
Mineral property acquisition costs	\$ (24,463)	\$ (15,871)
Private placement share issuance costs	-	22,641
Other cash flow disclosures:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ (2,905)

13. Financial instruments

The Company's financial instruments consist of cash, amounts receivable, deposits, as well as accounts payable and accrued liabilities, which are classified as and measured at amortized cost. The fair values of the current financial instruments approximate their carrying values due to their short-term nature.

The following summarizes the fair value hierarchy under which the Company's financial instruments are valued:

Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

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As at June 30, 2025, and December 31, 2024, there were no financial instruments measured at fair value.

The Company's financial instruments are exposed to liquidity risk, credit risk and market risk, which includes currency risk. As at June 30, 2025, the primary risks were as follows:

a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required. As at June 30, 2025, the Company has sufficient cash on hand to discharge its financial liabilities as they become due allowing the Company to continue operations and execute on its planned exploration and other activities.

As at June 30, 2025, the Company has total current liabilities of \$566,602, due to be paid within 12 months, which include the 2025 Sombrero Project government concession fees totaling \$96,807, due by June 30, 2026 (Note 6). Current liabilities also include financial amounts that the Company has committed to incur under its social access agreement to support the community with specified initiatives. The Company also has a non-current provision of \$226,470 recorded in relation to reclamation and closure obligations it has at the Sombrero Project.

The Company has not accrued \$443,513 of penalty fees that would be payable in 2026 if minimum required investments were not achieved in 2024 as the Company's expenditures on the related concessions are in excess of the required minimum investments on these concessions. Penalties are legislated fees payable to the government, in the event that the Company does not expend the government mandated minimum investment amount on exploration properties. In the case that adequate amounts are expended on the exploration properties and the minimum investment is fully met on any applicable concession, penalty fees on that concession are eliminated. The Company reported its 2024 expenditures to the Peruvian authorities in April 2025 for their review and approval and therefore the final amount owing, if any, is contingent on their review findings.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash, amounts receivable and deposits. The risk exposure is limited because the Company's cash is held with highly rated financial institutions in interest-bearing accounts, the amounts receivable consist of GST receivable from the Government of Canada and the deposit is held by UMS Canada. The carrying amount of the Company's financial assets of \$5,678,916 (of which \$5,480,662 is cash), represents the maximum exposure to credit risk.

c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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The Canadian parent company is exposed to U.S. dollar (US\$) foreign currency risk with the Canadian dollar ("C\$") functional currency, and the Peruvian subsidiary is exposed to Peruvian Soles (PEN) foreign currency risk with the US\$ functional currency. As at June 30, 2025, the Company's foreign currency exposure related to its financial assets and liabilities held in US\$ and PEN is as follows:

	June 30, 2025	December 31, 2024
PEN expressed in C\$		
Period-end exchange rate C\$ per PEN	0.3851	0.3830
Financial assets	\$ 22,620	\$ 39,239
Financial liabilities	(236,658)	(737,314)
Net exposure	\$ (214,038)	\$ (698,075)
US\$ expressed in C\$		
Period-end exchange rate C\$ per US\$	1.3643	1.4389
Financial assets	\$ 28,594	\$ 27,806
Financial liabilities	(29,459)	(26,418)
Net exposure	\$ (865)	\$ 1,388

A 10% increase or decrease in either the U.S. dollar or Peruvian Sol exchange rate would not have a material impact on the Company's net loss.

14. Segmented information

The Company operates in one reportable segment, being the exploration and evaluation of unproven exploration and evaluation assets. The Company's non-current assets primarily consist of its mineral property interests and non-current prepaids, deposits and other which are located in Peru, and the remaining; balance relates to its equity investment located in Canada. The Company, as a consequence of being in the exploration and evaluation stage, has no reportable segment revenues or operating results.

15. Management of capital

The Company considers capital to include items within shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and evaluation of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue additional shares. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The properties in which the Company currently has an interest are in the exploration stage and are not positive cash-flow generating; as such, the Company has historically relied on the equity markets to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and stage of the Company, is reasonable. The Company is not subject to any capital restrictions and the Company's approach to capital management has remained unchanged from the prior year.