



Coppernico Metals Inc.

Consolidated Financial Statements

For the years ended December 31, 2025, and 2024

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Coppernico Metals Inc.

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at December 31, 2025, the Company had net working capital of \$2,108,637, while it incurred a net loss of \$8,332,463 for the year then ended. 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. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Assessment of Impairment Indicators of Mineral Property Interests (“E&E Assets”)

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company’s E&E Assets was \$10,065,923 as of December 31, 2025. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets’ carrying amount which is impacted by the Company’s intent and ability to continue to explore and evaluate these assets. This 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 of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

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:

- Obtained an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluated management’s assessment of impairment indicators.
- Evaluated the intent for the E&E Assets through discussion and communication with management.
- Reviewed the Company’s recent expenditure activity and expenditure budgets for future periods.
- Assessed compliance with agreements and expenditure requirements including reviewing option agreements and vouching payments.
- Obtained, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Assessment of Valuation of Provision for Site Reclamation and Closure Obligations (“Provision”)

As described in Note 8 to the consolidated financial statements, the Company has recorded a provision for site reclamation and closure related to its mineral property interests. The carrying amount of the Provision was \$2,690,630 as of December 31, 2025.

This was a key audit matter given the determination of the Provision required judgement in the assessment of the nature and extent of future work to be performed, the future cost of performing the work, the timing of when the rehabilitation will take place and economic assumptions such as the discount and inflation rates applied to future cash outflows associated with rehabilitation activities to bring them to their present value.

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:

- Assessed the qualifications and competence of the Company’s external expert, who produced the cost estimates for the Fierrazo reclamation obligation.
- Compared the underlying assumptions in the rehabilitation plan, on a test basis, against historical data, and industry benchmarks.
- Tested the mathematical accuracy of the rehabilitation model to support the Provision balance.
- Evaluated the discount rates and inflation rates applied to calculate the net present value of the Provision.

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

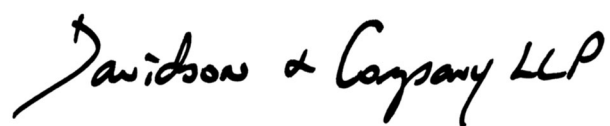
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 Daniel Nathan.

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

Chartered Professional Accountants

Vancouver, Canada

March 12, 2026

Coppernico Metals Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	As at December 31, 2025	As at December 31, 2024
Assets		
Current assets:		
Cash	\$ 2,892,441	\$ 11,225,074
Amounts receivable	16,838	25,309
Prepaid expenses, deposits and other (Note 4)	536,974	750,964
	\$ 3,446,253	\$ 12,001,347
Non-current assets:		
Prepaid expenses, deposits and other (Note 4)	-	98,866
Equipment	54,456	-
Mineral property interests (Note 5)	10,065,923	7,895,956
Equity investments (Note 6)	101,310	100,588
Total assets	\$ 13,667,942	\$ 20,096,757
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	\$ 1,337,616	\$ 2,014,926
Provision for site reclamation and closure (Note 8)	-	222,273
	\$ 1,337,616	\$ 2,237,199
Non-current liabilities:		
Accounts payable and accrued liabilities (Note 7)	216,130	-
Provision for site reclamation and closure (Note 8)	2,690,630	222,105
Total liabilities	\$ 4,244,376	\$ 2,459,304
Equity		
Share capital (Note 9)	34,365,403	34,365,403
Equity reserves (Note 10)	3,863,695	3,447,891
Accumulated other comprehensive income	306,110	603,338
Deficit	(29,111,642)	(20,779,179)
Total equity	9,423,566	17,637,453
Total liabilities and equity	\$ 13,667,942	\$ 20,096,757

Going concern (Note 1(c)); Commitment (Note 6), Subsequent event (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 consolidated financial statements.

Coppernico Metals Inc.

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

	Year ended December 31, 2025		Year ended December 31, 2024
Operating expenses:			
Exploration and evaluation (Note 11)	\$ 5,336,408	\$	6,151,623
Fees, salaries and other employee benefits	1,404,751		1,549,401
Legal and professional	146,798		271,875
Marketing and investor relations	1,104,902		993,735
Office and administration	192,303		300,036
Project investigation	194,517		37,964
Regulatory and transfer agent	91,816		200,652
	\$ 8,471,495	\$	9,505,286
Other expenses (income), net:			
Accretion of provision for site reclamation and closure (Note 8)	34,843		1,619
Foreign exchange loss	39,032		14,009
Interest expense	-		805
Interest income	(212,185)		(373,196)
(Income) loss from equity investments (Note 6)	(722)		21,403
Loss for the year	\$ 8,332,463	\$	9,169,926
Other comprehensive loss (income):			
Unrealized currency loss (gain) on translation	297,228		(514,302)
Comprehensive loss for the year	\$ 8,629,691	\$	8,655,624
Basic and diluted loss per share	\$ 0.05	\$	0.06
Basic and diluted weighted average number of shares (Note 9)	177,304,848		162,710,037

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

Coppernico Metals Inc.

Consolidated Statements of Changes in Equity

(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
Exercise of warrants	66,666	20,667	(667)	-	-	20,000
Share-based payments	-	-	812,535	-	-	812,535
Other comprehensive income	-	-	-	514,302	-	514,302
Loss for the year	-	-	-	-	(9,169,926)	(9,169,926)
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	-	-	415,804	-	-	415,804
Other comprehensive loss	-	-	-	(297,228)	-	(297,228)
Loss for the year	-	-	-	-	(8,332,463)	(8,332,463)
Balance at December 31, 2025	177,304,848	\$ 34,365,403	\$ 3,863,695	\$ 306,110	\$ (29,111,642)	\$ 9,423,566

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

Coppernico Metals Inc.

Consolidated Statements of Cash Flows (Expressed in Canadian dollars)

	Year ended December 31, 2025		Year ended December 31, 2024
Operating activities:			
Loss for the year	\$ (8,332,463)	\$	(9,169,926)
Reclamation expenditures	(91,570)		-
Adjusted for:			
Interest income	(212,185)		(373,196)
Interest expense	-		805
Non-cash transactions:			
Net unrealized foreign exchange loss (gain)	28,773		(14,442)
(Income) loss from equity Investments	(722)		21,403
Accretion of provision for site reclamation and closure	34,843		1,619
Share-based payments	415,804		812,535
Depreciation	11,336		-
Changes in non-cash working capital:			
Amounts receivable	8,471		(9,721)
Prepaid expenses, deposits and other	301,569		(355,962)
Accounts payable and accrued liabilities	(379,823)		487,934
Cash used in operating activities	(8,215,967)		(8,598,951)
Investing activities:			
Purchase of equipment	(68,644)		-
Mineral property additions	(229,635)		(174,280)
Interest income	212,185		373,196
Cash (used in) provided by investing activities	(86,094)		198,916
Financing activities:			
Proceeds from private placements, net of share issuance costs	-		18,447,080
Proceeds from warrants exercised	-		20,000
Repayment of short-term loans and interest	-		(52,905)
Cash provided by financing activities	-		18,414,175
Effect of foreign exchange on cash	(30,572)		40,133
Change in cash	(8,332,633)		10,054,273
Cash, beginning of the year	11,225,074		1,170,801
Cash, end of the year	\$ 2,892,441	\$	11,225,074

Supplemental cash flow information (Note 14)

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

Coppernico Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

Years ended December 31, 2025 and 2024

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 56,400 hectares (564 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 December 31, 2025, the Company had net working capital of \$2,108,637 (December 31, 2024 – \$9,764,148) while it incurred a net loss of \$8,332,463 for the year ended December 31, 2025 (December 31, 2024 - \$9,169,926). 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 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 IFRS accounting standards as issued by the International Accounting Standards Board (IASB”).

These financial statements were approved and authorized for issuance on March 12, 2026, by Coppernico’s Board of Directors.

Coppernico Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

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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 subsidiary 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 25% investment in Universal Mineral Services Ltd. ("UMS Canada"), and a 50% investment in Universal Mineral Services Peru S.A.C. ("UMS Peru") until it was dissolved in November 2025. Both are (or were) private, shared service entities (Note 6).

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\$.

3. Material accounting policies

a) Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates and non-monetary items measured at historical cost are translated into the entity's functional currency at rates in effect at the date the transaction took place.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are included in the consolidated statements of loss and comprehensive loss for the period in which they arise.

Since the Company's presentation currency differs from the functional currency of its Peruvian subsidiary, Coppernico translates the Peruvian subsidiary's results and financial position as follows:

- i. Assets and liabilities for each statement of financial position are translated at the closing rate at the date of that statement of financial position;

Coppertino Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

Years ended December 31, 2025 and 2024

- ii. Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at an exchange rate that approximates the exchange rates at the date of the transactions, determined to be the average rate for the period; and
- iii. All resulting exchange rate differences are recognized in other comprehensive income.

b) Cash

Cash consists of cash on hand and demand deposits.

c) Mineral property interests and exploration expenditures

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

The Company accounts for mineral property interests in accordance with IFRS 6 – Exploration for and evaluation of mineral properties (“IFRS 6”).

Costs directly related to acquiring the legal right to explore a mineral property including addition of licenses, mineral rights, and similar acquisition costs are recognized and capitalized as mineral property interests. Acquisition costs incurred in obtaining the legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to mineral property interests. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation activities, including but not limited to annual concession fees, costs related to surface access agreements, researching and analyzing existing exploration data, conducting geological studies, exploration drilling and sampling, and payments made to contractors and consultants in connection with the exploration and evaluation of the property, are expensed as exploration costs in the period in which they occur.

Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as administrative costs in the period in which they occur.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration and evaluation costs.

When a project is deemed to no longer have commercially viable prospects to the Company, all capitalized addition costs in respect of that project are deemed to be impaired. As a result, those costs, in excess of the estimated recoverable amount, are written off to the consolidated statement of loss and comprehensive loss.

The Company assesses mineral property interests for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and its value in use.

Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development at which point the assets and further related costs no longer fall under the guidance of IFRS 6.

Coppernico Metals Inc.

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(Expressed in Canadian dollars)

Years ended December 31, 2025 and 2024

d) Equity investments

The Company conducts a portion of its business through equity interests in associates and joint ventures. An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint venture. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policy decisions. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control exists only when the decisions about relevant activities require the unanimous consent of the parties that control the arrangement.

The Company accounts for its investments in associates and joint ventures using the equity method. Under the equity method, the Company's investments in associates and joint ventures are initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate or joint venture, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company's share of an associate or joint venture's losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The Company's share of earnings and losses of its associates and joint ventures are recognized in net loss during the period.

e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

f) Provision for site reclamation and closure

An obligation to incur rehabilitation and site restoration costs arises when an environmental disturbance is caused by the exploration, development, or on-going production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the consolidated statement of loss and comprehensive loss over the life of the operation through amortization and the unwinding of the discount in the provision. Costs for restoration of subsequent site damage, which is created on an on-going basis during production, are provided for at their estimated net present values and charged against earnings as extraction progresses.

g) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. An asset's recoverable amount is the higher of fair value less costs of disposal 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is

Coppernico Metals Inc.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

Years ended December 31, 2025 and 2024

increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal of impairment is recognized in the consolidated statement of loss and comprehensive loss.

h) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax. Equity instruments issued to agents as financing costs are measured at their fair value at the date the services were provided.

Valuation of equity units issued in private placements

The Company allocates the proceeds from the issuance of units between common shares and share purchase warrants using the residual value method at the date of issuance. The fair value of the common shares is based on the market closing price prior to the issuance of the units and the fair value of the share purchase warrants is measured as the difference between this amount and the net proceeds received. Prior to the listing of the Company's shares on the TSX, in order to determine the market price of the shares the Company used the market approach and considered prices and other relevant information generated by market transactions involving comparable companies.

Any value attributed to the warrants is recorded to reserves. Upon exercise, the fair value is reallocated from equity reserves to issued share capital along with the associated proceeds from exercise.

i) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. The diluted loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of share options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding share options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. For the purposes of calculating loss per share, all share options and share purchase warrants are anti-dilutive and therefore are excluded from the calculation.

j) Income taxes

Income tax reported in the consolidated statement of loss and comprehensive loss for the period presented comprises current and deferred income tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax is based on the local taxable income at the local statutory tax rate enacted or, substantively enacted, at the reporting date and includes any adjustments to tax payable or recoverable with regards to previous periods. Deferred income tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the expected future tax rates enacted or substantively enacted at the reporting date. A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income

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tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

k) Financial instruments

The Company recognizes financial assets and liabilities on its statement of financial position when it becomes a party to the contract creating the asset or liability.

On initial recognition, all financial assets and liabilities are recorded by the Company at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL") for which transaction costs are expensed in the period in which they are incurred.

Amortized cost

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, 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.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

The Company's financial assets at amortized cost include cash, amounts receivable and deposits.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is 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.

The Company does not have any financial assets classified as FVTOCI.

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings.

Financial assets measured subsequently at FVTPL

By default, all other financial assets are measured subsequently at FVTPL.

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The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

The Company does not have any financial assets classified as FVTPL.

Financial liabilities

Financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating amortized cost of a financial liability and allocating the interest expense over the related period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company's financial liabilities at amortized cost include accounts payable and accrued liabilities.

Impairment

The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

l) Comprehensive loss

Other comprehensive loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive loss comprises net loss and other comprehensive loss. Foreign currency translation differences arising on translation of foreign subsidiaries are also included in other comprehensive loss.

m) Significant 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.

Accounting judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i. Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

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ii. Economic recoverability and probability of future economic benefits of mineral property interests

Management has determined that the acquisition of mineral properties and related costs incurred, which have been recognized on the consolidated statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

iii. Indications of impairment of assets

Impairment testing is done at the cash generating unit level and judgment is involved in assessing whether there is any indication that an asset or a cash generating unit may be impaired. The assessment of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables, including metal price trends, exploration plans for properties and the results of exploration and evaluation to date.

iv. Income taxes

The provision for income taxes and composition of income tax assets and liabilities requires management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and to apply those findings to the Company's transactions.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

i. Provisions

Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

ii. Provision for reclamation and closure

Management assesses its reclamation obligations annually and when circumstances suggest that a material change to the obligations may have occurred. Significant estimates and assumptions are made in determining the provision for site reclamation and closure, as there are numerous factors that will affect the ultimate liability that becomes payable. These factors include estimates of the extent, the timing and the cost of reclamation activities, regulatory change, and changes in discount and inflation rates. Those uncertainties may result in actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation asset, which is recorded within mineral property interests, and the liability.

As at December 31, 2025, the Company recognized a provision of \$2,690,630 (US\$1,963,104) (2024 - \$444,378 (US\$308,832)) (Note 8) for estimated site reclamation and closure costs in relation to the site disturbances that have resulted from the first phase of drilling at the Sombrero Project conducted between July 2024 and March 2025, and for estimated site reclamation and closure costs that the Company has taken responsibility for in relation to the historical Fierrazo disturbance.

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iii. Share-based payments

The Company determines the fair value of share options granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Prior to the listing of the Company's shares on the TSX, the share price was also a subjective input into the pricing model. Changes in these inputs and the underlying assumptions used to develop them can materially affect the fair value estimate. The portion of share-based payments recorded in any period is based on the vesting schedule of the share options.

iv. Deferred tax assets and liabilities

Management judgment and estimates are required in assessing whether deferred tax assets and deferred tax liabilities are recognized in the consolidated statements of financial position. Judgments are made as to whether future taxable profits will be available in order to recognize deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty and changes in circumstances may alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statements of financial position and the benefit of other tax losses and temporary differences not yet recognized.

n) Application of new and revised accounting standards

There were no new or amendments to accounting standards or interpretations effective for annual periods beginning on or after January 1, 2025, that had material impact on the Company's financial statements.

o) 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 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 1 January 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 financial statements but recognizes that it will have an impact on the presentation of its statements of loss and comprehensive loss, and cash flows. At this time, the Company has not identified any management-defined performance measures that will require disclosure.

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, but are not expected to have a material impact on the Company's financial statements.

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4. 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 December 31, 2025, of \$169,205 (December 31, 2024, of \$194,815) held by UMS Canada in accordance with the related service agreement (Notes 6 and 12). 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 which expires in November 2026. As a result, as at December 31, 2025, an asset has been recorded within current prepaid expenses, deposits and other.

5. 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	221,620
Recognition of provision for Fierrazo site reclamation and closure	2,337,969
Change in estimate of provision for site reclamation and closure	21,100
Currency translation adjustment	(410,722)
Balance as at December 31, 2025	\$ 10,065,923

Sombrero Project

The Sombrero copper-gold project, located in Southern Peru, covers approximately 56,400 hectares (564 square kilometres). The Sombrero mineral concessions are held through a combination of direct government granted concessions made on application and on two option agreements from underlying concession owners as summarized below:

Ownership	Registered Owner	Total Hectares	# of Concessions Within Sombrero Project
Direct	Sombrero Minerales S.A.C.	54,500	71
Molleacruz Option	Ingrid Prado Pinto	1,300	4
Aceros Option	Corporación Aceros Arequipa S.A.	600	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:

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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 Mollecruz 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 Mollecruz 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 Mollecruz 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 Mollecruz 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.

On August 19, 2025, and September 23, 2025, the Company signed amendments to the Aceros Option (the "Amendments") thereby fully incorporating the Fierrazo concession which had previously been excluded from the underlying Peruvian mining lease agreement due to the presence of historical workings and a related environmental liability associated with the concession. The Amendments also extend the period for the Company to complete the remaining work expenditures, required under the first phase of the Aceros Option, to December 13, 2029, and transfer the responsibility to Coppernico for any required future rehabilitation of both historical and future environmental disturbances at Fierrazo (Note 8). In addition, if the Company does not exercise the Aceros Option and is required to complete the reclamation of the historical disturbances, a payment of up to US\$293,070 would become payable to Aceros to reopen their historical workings to allow the recommencement of Aceros' previous mining operations on the Fierrazo concession.

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As part of the Amendments, the Company and Aceros agreed that all cash payments and US\$1,337,456 of cumulative work expenditures had been completed up to July 31, 2025, and therefore the schedule of work expenditures has been adjusted as follows:

Due Dates	Work Expenditure Status	Work Expenditures (in US\$)
December 13, 2026	Completed	\$ 150,000
December 13, 2027	Outstanding	500,000
December 13, 2028	Outstanding	1,000,000
December 13, 2029	Outstanding	2,162,544
Total		\$3,812,544

Subsequent to year end, in January 2026, and 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 include 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 sometimes in relation to exploration expenditures as discussed in Note 11. The Company does not consider it recoverable at this time.

6. 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. The CEO of the Company is the sole director of UMS Canada. UMS Canada is party to a Vancouver, BC, 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 December 31, 2025, UMS Canada had entered into a 3rd party sublease agreement, which reduces the Company's share of future lease payments to less than \$0.1 million in total for the remaining 5.5-year term of the lease.

Summarized financial information of UMS Canada

The Company's share of net (income) loss of UMS Canada was as follows:

For the year ended December 31, 2025	UMS Canada
Cost recoveries	\$ (2,698,610)
Geological services	907,196
Administrative services	1,788,528
Net income for the year	(2,886)
Company's share of net income	\$ (722)

For the year ended December 31, 2024	UMS Canada
Cost recoveries	\$ (3,507,911)
Geological services	1,208,071
Administrative services	2,385,453
Net loss for the year	85,613
Company's share of net loss	\$ 21,403

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The carrying amount of the Company's investment in UMS Canada as at December 31, 2025, was as follows:

		UMS Canada
Carrying amount as at December 31, 2023	\$	121,991
Company's share of net loss for the year		(21,403)
Carrying amount as at December 31, 2024	\$	100,588
Company's share of net income for the year		722
Carrying amount as at December 31, 2025	\$	101,310

The Company's equity interest in net assets and liabilities of UMS Canada as at December 31, 2025, were as follows:

		UMS Canada
Current assets	\$	875,469
Non-current assets		1,796,443
Current liabilities		(1,200,064)
Non-current liabilities		(1,066,610)
Net assets - 100%		405,238
Company's equity interest in net assets at December 31, 2025	\$	101,310

Investment in Joint Venture - UMS Peru

In 2022, the Company acquired a 50% ownership of UMS Peru and accounted for this investment as a joint venture. UMS Peru was 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. During Q4 2023, UMS Peru stopped providing services to the Company and commenced the process of dissolving the entity. At the time, the Company recorded a total impairment of \$57,583 through the statement of loss for the year ended December 31, 2023, in relation to its investment in UMS Peru, being net assets of \$41,976, and the \$15,607 (US\$11,800) deposit held by UMS Peru, which was not expected to be, and was not, recovered.

In November 2025, UMS Peru was formally dissolved. UMS Peru incurred total net costs of \$17,834 (US\$12,890) after the company had already fully impaired its investment in 2023 and therefore did not record its 50% share of these costs. There was no further impact of the UMS Peru dissolution on the Company's financial statements for the years ended December 31, 2025, and 2024 and no further obligations or commitments remain in respect of this investment.

7. 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 December 31, 2025, the Company has a total provision of \$429,768 for 2025 concession and 2024 penalty 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) and \$216,130 accrued in relation to 2025 penalty fees due to be paid by June 30, 2027 (\$nil 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.

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An accrual of \$276,726 (US\$202,834) was reversed as at June 30, 2025, in relation to the concessions that were relinquished.

8. Provision for site reclamation and closure

The Company has recorded a provision for site reclamation and closure at the Sombrero Project in relation both to its drill program conducted between July 2024 and March 2025, and the historical Fierrazo disturbance assumed in connection with the Aceros Option Amendments (Note 5).

Ccascabamba Target Area Drilling Disturbance

The components of the obligation related to the Ccascabamba target area are costs associated with the reclamation and closure, including revegetation, of the access roads built to conduct drilling, as well as post closure monitoring of the site.

The amount of the provision related to the Ccascabamba target area disturbance reflects the present value of management's best estimate, based on closure costs incurred to date, of future cash flows that are anticipated to complete reclamation work in accordance with the Company's drill permit. As at December 31, 2025, the Company estimates undiscounted risk-adjusted cash flows for Ccascabamba target area reclamation of US\$120,399 including a 15% contingency and 18% IGTV.

Historical Fierrazo Disturbance

The components of the obligation related to the historical Fierrazo disturbance are costs associated with the reclamation and closure, including revegetation, of a small open pit and access roads as well as post-closure monitoring.

The Company engaged a firm of independent qualified environmental consultants to prepare a reclamation program and related estimate of the Fierrazo reclamation obligation which has been submitted to the Peruvian environmental regulatory authorities as part of the Company's extended permit application. The consultants provided a range of estimates which consider current Peruvian legislation and multiple closure scenarios. Considering the range of estimates provided by the third-party expert, the Company believes that the cost to reclaim the Fierrazo disturbance will most likely be between US\$1.24 million and US\$2.48 million, including 18% IGTV, and thus the mid-point of this range, being US\$1.86 million, is the Company's best estimate of the undiscounted risk-adjusted cash flows for the reclamation of Fierrazo.

Inputs and Assumptions

The above are current estimates of what the future obligations will be at the time the reclamation work is completed. These estimates, which are denominated in Peruvian soles being the currency in which the future cash flows are expected to be incurred, are subject to change based on fluctuations of the Peruvian sol against the US dollar, amendments to applicable laws, the outcome of ongoing exploration and its impact on management intentions, as well as the final reclamation programs approved by Peruvian governmental environmental authorities in relation to its current and any future permit applications. The Company's current expanded drill permit application, which would include the Ccascabamba target area and the Fierrazo concession, has a proposed timeline of three (3) years. In accordance with this timeline, the Company anticipates that final reclamation would be completed leading up to the permit's expiry, currently estimated to be December 31, 2028.

Applying the following key assumptions, the present value of the future estimated cash flows provided for at December 31, 2025, is \$2,690,630 (US\$1,963,104):

- Expected timing of future cash flows is December 2028, based on anticipated permit requirements and management's current intentions for exploration and related closure programs;

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- Projected Peruvian inflation rate of 3.39%; and
- Discount rate of 4.09% based on the Peruvian government bond yield.

As a monetary liability denominated in Peruvian soles, the provision is translated to US dollars (the functional currency of Sombrero Minerales) at the closing exchange rate of 0.2968 as at December 31, 2025, and then to Canadian dollars (the Company's presentation currency) at the closing exchange rate of 1.3706 as at December 31, 2025.

The following is a continuity of the provision for site reclamation and closure:

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
Addition of provision for reclamation of Fierrazo disturbance	2,337,969
Reclamation expenditures	(91,570)
Accretion of provision	34,843
Change in estimate	21,100
Currency translation adjustment	(56,090)
Closing balance as at December 31, 2025	\$ 2,690,630

9. Share capital

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

There were no share capital transactions during the year ended December 31, 2025.

During the year ended December 31, 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 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 (which has expired). Each warrant is exercisable to acquire an additional common share at a price of \$0.75 until May 16, 2026.

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, term of 2 years, share price volatility of

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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 equity 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 warrants 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%.

c) Weighted average shares for basic and diluted loss per share calculation

All of the outstanding share options and share purchase warrants at December 31, 2025, and 2024, were antidilutive for the years then ended as the Company was in a loss position.

10. 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 December 31, 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 2025	7,795,000	\$ 0.50

As at December 31, 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	3.60	6,820,625	\$0.50	3.60

The Company uses the Black-Scholes option valuation model to determine the fair value for all share-based payments to directors, officers, employees, and other service providers. There were no share options granted during the year ended December 31, 2025 (8,045,000 share options granted to directors, officers, employees, and other service providers during the year ended December 31, 2024). The weighted average fair value per option of the share options granted in 2024 was calculated as \$0.16, using the Black-Scholes option valuation model at the grant date with the following weighted average assumptions:

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	December 31, 2024
Risk-free interest rate	3.03%
Expected dividend yield	Nil
Share price volatility	82.01%
Expected forfeiture rate	5.84%
Expected life in years	4.61

During the year ended December 31, 2025, and 2024, the Company recognized share-based payments expense net of forfeiture recovery as follows:

	Years ended December 31,	
	2025	2024
Exploration and evaluation	\$ 93,110	\$ 218,884
Fees, salaries, and other employee benefits	286,845	543,954
Marketing and investor relations	17,023	43,529
Project investigation	18,826	6,168
	\$ 415,804	\$ 812,535

(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 2025	36,145,312	\$ 0.55

A summary of the Company's share purchase warrants issued and outstanding as at December 31, 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

11. Exploration and evaluation

	Years ended December 31,	
	2025	2024
Surface exploration	\$ 1,418,780	\$ 674,333
Exploration drilling	1,680,912	2,995,838
Concession holding	635,987	754,232
Community and environment	1,181,609	1,145,744
Project support	326,010	362,592
Share-based payments	93,110	218,884
Total for the year	\$ 5,336,408	\$ 6,151,623

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For the year ended December 31, 2025, the Company recorded a cost recovery of \$62,152 (US\$44,930), in relation to an IGV refund that the Company received. The refund was applied for by the Company in connection with Peruvian mining laws that allow for the recovery of IGV paid during the exploration phase. The process for obtaining a refund involves the submission of documentation in order to sign a contract with the Peruvian tax authorities, and subsequent audits of the expenses incurred. Even once a contract is signed, there is a great deal of uncertainty regarding the amount, if any, that will be refunded and therefore the Company does not record a receivable and corresponding reduction in expenses, until it has received final confirmation of the amount that will be refunded.

12. 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 years ended December 31, 2025, and 2024, is as follows:

a) UMS Canada and UMS Peru

Due to the Company having an ownership interest in UMS Canada and, prior to its dissolution, UMS Peru (Note 6) they are classified as related parties. All transactions with UMS Canada during the years ended December 31, 2025, and 2024 have occurred in the normal course of operations and are summarized in the table below. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted. There were no transactions with UMS Peru during the years ended December 31, 2025, and 2024, after their services were stopped in Q4 2023. UMS Peru was dissolved in November 2025.

	Years ended December 31,	
	2025	2024
Exploration and evaluation	\$ 423,581	\$ 533,434
Project investigation	119,718	52,914
Marketing and investor relations	-	55,547
General and administration	687,298	773,620
Total transactions for the year	\$ 1,230,597	\$ 1,415,515

As at December 31, 2025, \$108,149 (December 31, 2024 - \$120,763) was included in accounts payable and accrued liabilities and \$169,205 (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 \$211,055 with UMS Canada as at December 31, 2025.

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 (now five, effective September 15, 2025) non-executive independent directors:

	Years ended December 31,	
	2025	2024
Salaries and other employee benefit provided to executives	\$ 946,036	\$ 950,054
Fees paid to non-executive independent directors	137,092	132,574
Share-based payments	269,694	556,236
Total	\$ 1,352,822	\$ 1,638,864

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As at December 31, 2025, the Company had an outstanding accounts payable balance with key management personnel of \$170,715 (December 31, 2024 - \$122,662) which is primarily related to accrued short-term incentive compensation awarded in relation to key corporate objectives achieved in 2025. Payment of the awards is deferred until the Company has raised a minimum of \$7 million.

During the year ended December 31, 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 year ended December 31, 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 5-year share purchase options exercisable at \$0.50 were issued to key management personnel.

13. Income taxes

a) Income tax recovery provision

The reconciliation of the income tax recovery computed at statutory rates to the reported income tax recovery is:

	December 31, 2025	December 31, 2024
Loss before income taxes	\$ (8,332,463)	\$ (9,169,926)
Effective income tax rates	27%	27%
Expected income tax recovery	(2,249,765)	(2,475,880)
Increase (decrease) in income tax recovery resulting from:		
Change in prior year estimates	(106,825)	20,479
Difference in foreign tax rates	(126,692)	(137,908)
Non-deductible expenses, foreign exchange and other	352,281	(1,129,576)
Change in unrecognized deferred tax assets	2,131,000	3,722,885
Income tax recovery	\$ -	\$ -

b) Significant components of the deferred tax assets and liabilities are:

	December 31, 2025	December 31, 2024
Non-capital losses carried forward	\$ 2,832,307	\$ 3,034,319
Financing costs	181,193	243,345
Mineral property interests	6,210,627	4,655,404
Provision for site reclamation and closure	793,736	131,091
Peruvian IGV receivable	687,386	510,090
	10,705,249	8,574,249
Unrecognized deferred tax assets	(10,705,249)	(8,574,249)
Net deferred tax balance	\$ -	\$ -

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c) Tax losses

As at December 31, 2025, the Company has Canadian non-capital losses of approximately \$10,214,477 (December 31, 2024 - \$8,493,921) which may be carried forward to reduce taxable income of future years, and which, if unused expire in years 2040 through 2045.

The Company has Peruvian non-capital losses of approximately \$252,198 (December 31, 2024 – \$2,511,730), which may be carried forward to reduce taxable income of future years and which, if unused, expire in year 2028.

14. Supplemental cash flow information

	December 31, 2025	December 31, 2024
Changes in liabilities arising from financing and investing activities:		
Mineral property acquisition costs	(8,015)	8,043
Other cash flow disclosures:		
Income taxes paid	-	-
Interest paid	-	(2,905)

During 2025, the Company recognized a reclamation provision of \$2,337,969 in relation to the Fierrazo historical disturbance assumed as part of the Aceros Option Amendments. As this transaction did not involve the exchange of cash, it has been excluded from the statement of cash flows and disclosed herein as a non-cash investing activity.

15. 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.

As at December 31, 2025, and 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 December 31, 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 December 31, 2025, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue operations for the upcoming year and execute on its planned exploration and other activities.

As at December 31, 2025, the Company has total current liabilities of \$1,337,616, due to be paid within 12 months, which include the 2025 Sombrero Project government concession fees and 2024 penalties totaling \$429,768, due by June 30, 2026 (Note 7).

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The Company has non-current accrued liabilities related to 2025 penalties fees associated with its Sombrero Project totaling \$216,130 which are due by June 30, 2027. In addition, the Company has a non-current reclamation and closure provision of \$2,690,630 which has been calculated based on the current assumption that it will be incurred in 2028.

The Company has not accrued \$302,090 of penalty fees that would be payable in 2027 if minimum required investments were not achieved in 2025 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 will report its 2025 expenditures to the Peruvian authorities in April 2026 for their review and approval and therefore the final amount owing, if any, is contingent on their review findings.

In addition, the Company has not accrued a payment of up to US\$293,070 that would become payable to Aceros to reopen their historical workings to allow the recommencement of their previous mining operations on the Fierrazo concession if the Company does not exercise the Aceros Option and is required to complete the reclamation of the historical disturbance. The amount, if any, cannot be determined as it is contingent on the outcome of future events.

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 value-added taxes receivable from the Government of Canada, and the deposit is held by UMS Canada. The carrying amount of the Company's financial assets of \$3,078,484 (of which \$2,892,441 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.

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 sol (PEN) foreign currency risk with the US\$ functional currency. As at December 31, 2025, the Company's foreign currency exposure related to its financial assets and liabilities held in US\$ and PEN is as follows:

	December 31, 2025	December 31, 2024
PEN expressed in C\$		
Financial assets	\$ 27,430	\$ 39,239
Financial liabilities	(717,750)	(737,314)
Net exposure	\$ (690,320)	\$ (698,075)

A 10% change in the Peruvian sol to U.S. dollar exchange rate would not have a material impact on the Company's net liabilities exposed to the Peruvian sol.

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	December 31, 2025	December 31, 2024
US\$ expressed in C\$		
Financial assets	\$ 353,756	\$ 27,806
Financial liabilities	(119,246)	(26,418)
Net exposure	\$ 234,510	\$ 1,388

A 10% change in the U.S. dollar to Canadian dollar exchange rate would not have a material impact on the Company's net assets exposed to the U.S. dollar.

16. 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 equipment, 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.

17. 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.