
MONTERO MINING AND EXPLORATION LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2025 and 2024
Expressed in Canadian Dollars
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Montero Mining and Exploration Ltd. (the "**Company**") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

MONTERO MINING AND EXPLORATION LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

	Notes	As at June 30, 2025	As at December 31, 2024
		\$	\$
ASSETS			
Current assets			
Cash		491,422	417,527
Funds in trust	4	15,036,893	-
Investments	5	2,365,139	505,926
Other receivables	7	8,650	19,932,142
Prepaid expenses and deposits		43,829	42,421
Total current assets		17,945,933	20,898,016
Non-current assets			
Plant and equipment	6	3,694	4,925
Exploration and evaluation assets	7	921,995	768,625
Total non-current assets		925,689	773,550
TOTAL ASSETS		18,871,622	21,671,566
LIABILITIES			
Current liabilities			
Dividends payable	4	15,036,893	-
Trade and other payables	8,11	96,322	528,734
Loans payable	9,11	-	216,986
Total current liabilities		15,133,215	745,720
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital		20,475,994	20,475,994
Dividends paid	4	(15,036,893)	-
Share based payment reserve	10	10,285,783	10,285,783
Foreign currency translation reserve		1,047,560	1,047,560
Accumulated deficit		(13,034,037)	(10,883,491)
Total shareholders' equity		3,738,407	20,925,846
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		18,871,622	21,671,566

Note 1 – Nature and continuance of operations

Notes 4 and 16 – Subsequent events

On behalf of the Board:

“Antony Harwood”
Antony Harwood, Director

“Andrew Thomson”
Andrew Thomson, Director

See accompanying notes to the condensed interim consolidated financial statements.

MONTERO MINING AND EXPLORATION LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian dollars)

	Notes	Three Months ended June 30, 2025	Three Months ended June 30, 2024	Six Months ended June 30, 2025	Six Months ended June 30, 2024
		\$	\$	\$	\$
EXPENSES					
Consulting, administrative and management fees	11	77,893	49,689	1,380,824	103,628
Directors' fees	11	9,875	-	19,750	-
Depreciation	6	615	398	1,231	431
General and administrative	11	22,679	20,803	92,809	60,002
Professional fees		80,598	20,313	102,139	32,760
Project investigation costs		36,415	-	71,434	6,813
Shareholder and regulatory		22,763	3,228	30,870	10,797
OPERATING EXPENSES		(250,838)	(94,431)	(1,699,057)	(214,431)
OTHER ITEMS					
Interest income (expense), net	5,9	167,867	(3,142)	180,417	(6,283)
Gain on legal settlement	7	251,974	-	251,974	-
Loss on settlement of debt		-	-	-	(51,839)
Foreign exchange loss		(863,079)	(5,856)	(883,880)	(12,091)
TOTAL OTHER ITEMS		(443,238)	(8,998)	(451,489)	(70,213)
NET LOSS AND COMPREHENSIVE LOSS		(694,076)	(103,429)	(2,150,546)	(284,644)
Loss per share, basic and diluted	10	(0.08)	(0.01)	(0.26)	(0.04)
Weighted average number of shares outstanding		8,353,833	7,546,886	8,353,833	7,393,581

See accompanying notes to the condensed interim consolidated financial statements

MONTERO MINING AND EXPLORATION LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Unaudited - Expressed in Canadian dollars)

	Notes	Share Capital		Share Based Payment Reserve	Foreign Currency Translation Reserve	Dividends paid	Accumulated Deficit	Total Equity (Deficit)
		Number of shares	Amount					
			\$	\$	\$	\$	\$	\$
Balance, December 31, 2023		6,441,248	18,116,063	8,836,549.00	1,047,560	-	(28,760,552)	(760,380)
Shares issued for cash		888,834	799,950	-	-	-	-	799,950
Share issue costs		-	(55,758)	-	-	-	-	(55,758)
Shares issued for debt		216,803	251,839	-	-	-	-	-
Net loss and comprehensive loss		-	-	-	-	-	(284,644)	(284,644)
Balance, June 30, 2024		7,546,885	19,112,094	8,836,549	1,047,560	-	(29,045,196)	(48,993)
Shares issued for cash		806,948	1,307,253	-	-	-	-	1,307,253
Share issue costs		-	(62,246)	-	-	-	-	(62,246)
Shares issued for debt		-	118,893	-	-	-	-	118,893
Share based payment		-	-	1,449,234	-	-	-	1,449,234
Net income and comprehensive income		-	-	-	-	-	18,161,705	18,161,705
Balance, December 31, 2024		8,353,833	20,475,994	10,285,783	1,047,560	-	(10,883,491)	20,925,846
Dividends paid		-	-	-	-	(15,036,893)	-	(15,036,893)
Net loss and comprehensive loss		-	-	-	-	-	(2,150,546)	(2,150,546)
Balance, June 30, 2025		8,353,833	20,475,994	10,285,783	1,047,560	(15,036,893)	(13,034,037)	3,738,407

The number of shares outstanding is presented giving effect to the Share Consolidation (Note 10).

See accompanying notes to the condensed interim consolidated financial statements.

MONTERO MINING AND EXPLORATION LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)

	Six Months ended June 30, 2025	Six Months ended June 30, 2024
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(2,150,546)	(284,644)
Adjustments for non-cash items:		
Depreciation	1,231	431
Interest expense	-	6,283
Interest income	182,049	-
Impairment of exploration and evaluation assets	-	51,839
Net changes in non-cash working capital items:		
Other receivables	19,923,492	28
Prepaid expenses and deposits	(1,408)	17,528
Trade and other payables	(432,591)	(257,633)
Net cash provided by (used in) operating activities	17,522,227	(466,168)
INVESTING ACTIVITIES		
Short term investment	(2,041,262)	-
Expenditures on exploration and evaluation assets	(153,191)	(202,064)
Net cash used in investing activities	(2,194,453)	(202,064)
FINANCING ACTIVITIES		
Dividends paid	(15,036,893)	-
Proceeds from issuance of shares	-	799,950
Loans from related party	(216,986)	-
Share issue costs	-	(42,222)
Net cash (used in) provided by financing activities	(15,253,879)	757,728
Net increase in cash	73,895	89,496
Cash, beginning of the period	417,527	9,641
CASH, END OF THE PERIOD	491,422	99,137

Note 13 – Supplemental cash flow information.

See accompanying notes to the condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Montero Mining and Exploration Ltd (“Montero” or the “Company”) was incorporated on October 5, 2006, under the laws of British Columbia, Canada. Montero is engaged in the acquisition and exploration of mineral properties.

Montero is a publicly listed company with its shares listed on the TSX Venture Exchange (“TSX-V”). The Company’s registered office is located at 1040 West Georgia Street, Suite 1900, Vancouver, BC, V6E 4H3 and its head office address is 750 West Pender Street, Suite 401, Vancouver, BC V6C 2T7.

Going Concern

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2025, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. When further funds are required, they will be financed through a private placement of common shares or by debt instruments.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These condensed interim consolidated financial statements do not contain all of the information required for full annual consolidated financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s most recent annual consolidated financial statements for the year ended December 31, 2024, which were prepared in accordance with IFRS as issued by the IASB.

The preparation of condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 3.

The condensed interim consolidated financial statements for the three and six months ended June 30, 2025, were authorized for issue on August 29, 2025, by the Audit Committee of the Company.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on an accrual basis and are based on the historical cost basis as modified by any revaluation of financial assets measured at fair value. The condensed interim consolidated financial statements are presented in Canadian dollars (“CAD”), which is also the Company’s functional currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of Montero, the parent company, and its controlled subsidiaries, after the elimination of all intercompany balances and transactions. Control is achieved when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceased. The condensed interim financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Material accounting judgements, estimates and assumptions

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on managements' experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Areas requiring a significant degree of estimation relate to the recoverability of deferred tax assets, fair value measurements of financial instruments and share-based payments.

4. FUNDS INTRUST

On June 11, 2025, the Company approved of a return to capital to shareholders, and on June 30, 2025, \$15,036,893 was remitted to the Company's transfer agent for distribution to shareholders and recorded as funds held in trust. The distribution was completed on July 4, 2025 (Note 16).

5. INVESTMENTS

Included in investments are:

A \$500,000 one-year term deposit, cashable after 90 days, bearing interest at 4.20% per annum and maturing on September 19, 2025. During the six months ended June 30, 2025, the Company redeemed \$150,000 of the term deposit. Interest of \$3,665 and \$5,512 was earned during the three and six months ended June 30, 2025, respectively (three and six months ended June 30, 2024 - \$Nil and \$Nil, respectively).

A 30-day fixed-term deposit of \$17,251,198 (US\$12,000,000), bearing interest at 4.35% per annum and maturing on April 24, 2025. During the three and six months ended June 30, 2025, the Company recorded a foreign exchange loss related to this investment of \$807,485 and \$737,886, respectively (three and six months ended June 30, 2024 - \$Nil and \$Nil, respectively) and \$57,205 and \$176,538 in interest income, respectively (three and six months ended June 30, 2024 - \$Nil and \$Nil, respectively). On June 25, 2025, the Company redeemed the investment.

A \$1,000,020 91-day fixed term deposit of \$1,000,020, bearing interest at 3.25% per annum and maturing on September 29, 2025. During the three and six months ended June 30, 2025, the Company earned \$Nil and \$Nil, respectively, in interest income on the term deposit (three and six months ended June 30, 2024 - \$Nil and \$Nil, respectively).

A 91-day fixed term deposit of \$1,003,682 (US\$735,675), bearing interest at 4.30% per annum and maturing on September 29, 2025. During the three and six months ended June 30, 2025, the Company recorded a foreign exchange loss related to this investment of \$2,427 and \$2,427, respectively (three and six months ended June 30, 2024 - \$Nil and \$Nil, respectively) and earned \$Nil and \$Nil, respectively, in interest income (three and six months ended June 30, 2024 - \$Nil and \$Nil, respectively).

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2025 and 2024
(Unaudited - Expressed in Canadian dollars)

6. PLANT AND EQUIPMENT

	Field Equipment	Computer Equipment	Total
	\$	\$	\$
Cost:			
Balance, June 30, 2025 and December 31, 2024	39,994	8,458	48,452
Accumulated Depreciation:			
Balance, December 31, 2024	39,994	3,533	43,527
Depreciation	-	1,231	1,231
Balance, June 30, 2025	39,994	4,764	44,758
Net Book Value			
Balance, December 31, 2024	-	4,925	4,925
Balance, June 30, 2025	-	3,694	3,694

7. EXPLORATION AND EVALUATION PROJECTS

Details of the Company's exploration and evaluation activities for the six months ended June 30, 2025 and year ended December 31, 2024, are as follows:

	Avispa Copper Molybdenum Project
	\$
Balance, December 31, 2024	768,625
Costs incurred during the period	
Consultants	7,740
Field and camp costs	772
Licenses and claims	129,587
Project and administration	15,271
Travel and accommodation	-
Total costs	153,370
Balance, June 30, 2025	921,995

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7. EXPLORATION AND EVALUATION PROJECTS (continued)

	Avispa Copper Molybdenum Project
	\$
Balance, December 31, 2023	819,541
Costs incurred during the period:	
Consultants	54,248
Field and camp costs	3,331
Licenses and claims	134,030
Project and administration	36,743
Travel and accommodation	71
Total costs	228,424
Impairment	(279,340)
Balance, December 31, 2024	768,625

a. CHILE

Isabella Gold Silver Project

On August 5, 2020, the Company signed a Binding Purchase and Sale Agreement to acquire a 100% interest in a private Chilean company Minera Joy SpA (“ChileCo”). At that time ChileCo directly held 100% of the mineral rights to 38 mineral exploration concessions and had two subsidiaries companies with additional minerals rights. The 38 mineral exploration concessions were allowed to lapse during the year ended December 31, 2022, t .

The Company, through ChileCo, held an 85% equity interest in Subsidiary 1 (Minera Joy SpA) which held 16 exploration mining concessions. These exploration mining concessions were allowed to lapse during the year ended December 31, 2022, and the Company recorded an impairment of \$294,965.

The Company, through ChileCo, holds a 100% interest in Subsidiary 2 (Minera Joy East SpA). This was subject to an earn-in agreement which the Company terminated on August 31, 2021, resulting in an impairment of \$1,018,964.

ChileCo also held 6 exploration mining concessions (the “Roy Claims”) which was not renewed in March 2024. During the year ended December 31, 2023, the Company recorded an impairment of \$97,917.

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7. EXPLORATION AND EVALUATION PROJECTS (continued)

a. CHILE (continued)

Avispa Copper Molybdenum Project

The Company applied for exploration mining concessions in northern Atacama in October 2019 to explore for copper and molybdenum and these were awarded in October 4, 2020. The Company submitted further applications in April 2021 and on March 14, 2022, and was awarded further exploration concessions that include the original Avispa and recently awarded and adjacent Abeja exploration concessions. During the year ended December 31, 2024, the Company did not renew 31 claims related to Avispa and 61 claims related to Abeja exploration concessions for a total of 92 claims dropped on the Avispa Copper Molybdenum Project. The concessions were not renewed due to being in a less favourable area and little work was done on these claims. As a result, during the year ended December 31, 2024, the Company recorded an impairment of \$279,340 related to these claims.

During the six months ended June 30, 2025, the Company capitalized \$153,370 (December 31, 2024 - \$228,424) in costs related to the Avispa Copper-Molybdenum Project.

b. TANZANIA

Montero's Wigu Hill Rare Earth Element Retention License was expropriated by the Tanzanian Government in 2017/2018 when the Mining (Local Content) Regulations 2018, published on January 10, 2018, cancelled all previously issued Retention Licenses. The Company commenced exploration activities on the project in March 2008 under a prospecting license, before obtaining a five-year Retention License for the property in 2015. On January 10, 2018, the Government of Tanzania cancelled all Retention Licenses at which point they ceased to have any legal effect.

The Company sought damages from the Tanzanian Government for the expropriation of the Retention Licenses before the International Centre for Settlement of Investment Disputes, part of the World Bank Group. During the year ended December 31, 2024, Montero agreed to a settlement of US\$27,000,000 (approximately \$38,000,000) payable by the Tanzania Government in 3 instalments: 1) US\$12,000,000 received on November 20, 2024; 2) US\$8,000,000 received on February 11, 2025; and 3) US\$7,000,000 received on March 3, 2025.

During the year ended December 31, 2024, the Company recorded a gain on legal settlement of \$21,271,636 less arbitration fees of \$1,040,786, resulting in a total gain of \$20,230,850. During the three and six months ended June 30, 2025, the Company recorded a further gain on settlement of \$251,974 and \$251,974, respectively (the three and six months ended June 30, 2024 - \$Nil and \$Nil, respectively).

As at June 30, 2025, no receivable remained outstanding in respect of this settlement (December 31, 2024 - \$19,928,207).

8. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	June 30, 2025	December 31, 2024
	\$	\$
Trade payables	25,515	23,968
Amounts due to related parties (Note 11)	47,995	471,766
Accrued liabilities	22,812	33,000
Total	96,322	528,734

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8. TRADE AND OTHER PAYABLES (continued)

On February 29, 2024, the Company settled \$200,000 of trade payables owed to various creditors and amounts owing to a related party, by issuing an aggregate of 216,803 common shares of the Company with a fair value of \$370,732. The Company recognized a loss on settlement of debt of \$170,732 in the consolidated statement of comprehensive income (loss).

On February 28, 2025, the Company settled principal and interest of \$218,618 owing to a related party (Notes 9 & 11).

9. LOANS PAYABLE

During the year ended December 31, 2023, the Company received loans from an officer of the Company in the aggregate amount of \$202,000. The loans were unsecured, bear interest at 5% per annum and were due and payable in full including accrued interest on or before December 31, 2024.

During the three and six months ended June 30, 2025, the Company accrued interest on the loans of \$Nil and \$1,633, respectively (three and six months ended June 30, 2024 - \$3,141 and \$6,283, respectively).

On February 28, 2025, the loans including accrued interest of \$218,618 were repaid in full.

10. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

On May 5, 2025, the Company completed a consolidation of all of its issued and outstanding common shares on the basis of one (1) post-consolidated common share for every six (6) pre-consolidated common shares. All share and per share data presented in the interim consolidated financial statements have been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.

Issued and outstanding

At June 30, 2025, there were 8,353,833 issued and fully paid common shares outstanding (December 31, 2024 – 8,353,833).

Stock options

The Company has established a Stock Option Plan (the “Plan”) for directors, officers, employees and consultants. The number of common shares that are available for grants of options under the Plan shall not at any time exceed 10% of the number of outstanding common shares calculated at the time of grant. Options granted under the Plan generally have a term of five years and vest on the date of the grant.

Share Based Payment Reserve

As at June 30, 2025, the Company had 741,667 stock options outstanding

Number of Stock Options			Contractual life	
Outstanding	Exercisable	Exercise Price (\$)	remaining	Expiry Date
675,000	675,000	1.98	4.18	September 4, 2029
66,667	66,667	2.04	4.19	September 5, 2029
741,667	741,667			

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10. SHARE CAPITAL (continued)

As at June 30, 2025 and December 31, 2024, the Company's share-based payment reserve is comprised of the following:

Expired warrants	\$	6,149,340
Expired stock options		2,687,209
Stock options issued		1,449,234
Balance, December 31, 2024 and June 30, 2025	\$	10,285,783

The share-based payment reserve records items recognized as stock-based compensation expense, the fair value of warrants associated with private placements and the fair value of agent's warrants. If the stock options are exercised prior to expiry, the corresponding amount will be transferred to share capital.

Warrants

The Company had no warrants outstanding as at June 30, 2025, and December 31, 2024

Earnings/(Loss) Per Share

Basic earnings (loss) per share amounts are calculated by dividing the net income (loss) for the period by the weighted average number of ordinary shares outstanding during the period. The Company reported a loss for the three and six months ended June 30, 2025. The basic and diluted earnings (loss) per share for the three and six months ended June 30, 2025 and 2024 are shown in the table below.

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net loss attributable to owners of the parent company	(694,076)	(103,429)	(2,150,546)	(284,644)
Weighted average number of ordinary shares outstanding	8,353,833	7,546,886	8,353,833	7,393,581
Basic loss per ordinary share	(0.08)	(0.01)	(0.26)	(0.04)

11. RELATED PARTY TRANSACTIONS

The Company incurred the following transactions with management, directors, officers, or companies which have directors in common, or in which the directors have significant influence and interests.

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Consulting and management ⁽¹⁾⁽²⁾⁽³⁾	44,031	43,005	1,161,538	90,525
Director's fee	9,875	-	19,750	-
General and administrative	14,678	13,406	22,562	4,897
Total trading transactions with related parties	68,584	56,411	1,203,850	95,422

⁽¹⁾ Consulting and management fees includes accounting, administrative and corporate services provided by a company controlled by the CFO.

⁽²⁾ Consulting and management fees includes services provided by the CEO.

⁽³⁾ Included in consulting and management fees during the six months ended June 30, 2025 are bonus payments of \$1,070,500 paid to directors and officers of the Company.

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11. RELATED PARTY TRANSACTIONS (continued)

The following amounts due to related parties are included in trade and other payables:

	June 30, 2025	December 31, 2024
	\$	\$
Due to related parties	47,995	471,766
Loans payable	-	216,986
Total	47,995	688,752

- (a) The amounts due to related parties are unsecured, non-interest bearing and are payable within twelve months.
- (b) Loans owing to the CEO were unsecured, bore interest at 5.0% per annum and were due on December 31, 2024. On February 29, 2024, the Company partially settled \$139,274 of the related party loan by issuing 150,975 common shares (Notes 8 and 9). The remaining balance of \$216,986, plus accrued interest, was repaid in full on February 28, 2025 (Note 8).

12. SEGMENTED INFORMATION

The Company has one business segment being the exploration and evaluation of mineral resources. The Company is organized by geographic area and its reportable geographic segment is located in Chile.

13. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions that occurred during the six months ended June 30, 2025 and 2024 are as follows:

	Six months ended June 30,	
	2025	2024
Supplemental cash flow information:	\$	\$
<u>Non-cash transactions:</u>		
Expenditures on exploration and evaluation assets in accounts payable	\$ 179	\$ 1,225
Share issue costs in accounts payable and accrued liabilities	\$ -	\$ 13,535
Shares issued for debt settlement	\$ -	\$ 251,839

14. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern, while supporting the Company's business and maximizing the return to its stakeholders. The Company's capital structure is adjusted based on management's decisions to issue debt or equity instruments to fund expenditures. In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's Board of Directors does not establish quantitative return on capital criteria but rather relies on the expertise of management and other professionals to sustain future development of the business. The capital of the Company consists of equity attributable to owners of the parent comprised of share capital, stock options and warrants.

The Company's principal activities are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flow. In order to facilitate the management of capital and exploration of its mineral properties, the Company needs to raise capital as and when required to complete its projects and for working capital. The sources of future funds presently available to the Company are through the issuance of new share capital, through the exercise of stock options and/or warrants or through borrowings from related parties.

14. CAPITAL MANAGEMENT (continued)

The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as the business performance of the Company. There can be no assurances that the Company will be successful in its efforts to arrange additional financing, when required, on terms satisfactory to the Company.

Management prepares operating budgets to forecast its financing requirements in advance, and they review their capital management approach on an ongoing basis and believe that this approach is reasonable, given the relative size of the Company. The Company's investment policy is to hold excess cash in interest-bearing accounts at high credit quality financial institutions to minimize risk and maximize liquidity. The Company's overall strategy remains unchanged from the prior year. The Company is not subject to any externally imposed capital requirements.

15. RISK MANAGEMENT

The Company operates in the mining industry and faces a number of risks that could adversely affect the Company's operations. These risks include industry risk, credit risk, liquidity risk, interest rate risk, foreign currency risk, commodity price risk. Management reviews and develops policies for managing each of these risks which are summarized below.

Industry Risk

The Company is engaged in the mineral exploration field, which is subject to inherent risks of success as well as compliance with environmental and regulatory requirements. The Company is potentially at risk for environmental reclamation obligations associated with resource property interests. As well, the Company operates in foreign countries and is subject to local political risks, as well as local regulatory requirements regarding ownership and maintenance of mineral licenses. Management is of the opinion that they have the expertise to address these risks and make all efforts to conduct their business in compliance with local industry standards, however environmental and local industry laws and practices are complex, and there is no certainty that all exposure to liability or costs have been mitigated.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's ability to fulfill its payment obligations. The Company's primary exposure to credit risk is attributable to its cash and investments, as well as other receivables. This risk relating to cash and investments is considered low since the Company only invests its cash in major banks which are high credit quality financial institutions. The other receivables, other than amounts due from the Tanzania Government primarily comprise local sales tax refunds due from governmental agencies and, as such, management considers the risk with their collection minimal.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash in order to meet its liquidity requirements and to develop budgets to forecast cash requirements in advance of their requirements. The Company currently does not have a source of operating cash flow and must raise funds for its exploration and evaluation programs and for general working capital. There are risks associated with raising the funds required, and there can be no assurances that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. Liquidity risk is assessed as high.

Interest Rate Risk

Interest rate risk refers to the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents which represents excess cash invested in short-term investments and these accrue interest at variable market rates. The Company monitors these investments with its need for cash flow and is satisfied with the return on these investments, given the timing of the need for cash in the Company. The effect of interest rate changes on the Company is insignificant. Interest rate risk is assessed as low.

15. RISK MANAGEMENT (continued)

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and Chile and portions of its expenditures are incurred in US Dollar and Chilean Peso. At June 30, 2025 and December 31, 2024, the value of financial assets and liabilities denominated in currencies other than the functional currency of the entity to which they relate is not significant. Foreign exchange risk is assessed as low.

Commodity Price Risk

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

16. SUBSEQUENT EVENTS

On July 4, 2025, the Company completed a return of capital to shareholders through a cash distribution totaling \$15,036,893 (Note 4).

On July 15, 2025, the Company's repriced of an aggregate of 741,667 outstanding incentive stock options, reducing their exercise prices from \$1.98 and \$2.04 per common share to \$0.30 per common share.