C3 Metals Inc.

(An Exploration Stage Company)

Consolidated Financial Statements

For the years ended August 31, 2025 and 2024

(expressed in Canadian dollars)

Independent auditor's report

To the Shareholders of C3 Metals Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of C3 Metals Inc. and its subsidiaries (together, the Company) as at August 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at August 31, 2025 and 2024;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 for the year ended August 31, 2025. 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 report.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation assets Refer to note 2 – Material accounting policies, note 3 – Critical accounting estimates and judgments and note 7 – Exploration and evaluation assets to the consolidated financial statements.	Our approach to addressing the matter included the following procedures, among others: • Assessed the judgments made by management in determining the impairment indicators, which included the following: – Obtained, for all claims, by reference to government registries where applicable, evidence to support

Key audit matter	How our audit addressed the key audit matter
The carrying value of exploration and evaluation assets amounted to $63.2 million as at August 31, 2025. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, exploration and evaluation assets are reviewed for impairment. Determining whether to test for impairment requires management's judgments regarding the following factors, among others: (i) the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration and evaluation of mineral resource properties in a specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resource properties in a specific area have not led to the discovery of commercially viable quantities of mineral resources and management has decided to discontinue such activities in the specific area; or (iv) sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets are unlikely to be recovered in full from successful development or by sale. We considered this a key audit matter due to (i) the significance of the exploration and evaluation assets; (ii) the judgments made by management in its assessment of indicators of impairment related to exploration and evaluation assets; and (iii) the high degree of subjectivity in performing procedures related to these judgments applied by management.	(i) the right to explore the area; (ii) claim expiration dates; and (iii) that these titles are all in good standing. – Read the board of directors' minutes and obtained budget approvals to evidence continued and planned substantive expenditure on further exploration and evaluation of mineral resource properties, and whether the right to explore in the specific areas is expected to be renewed. – Assessed whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount, based on evidence obtained in other areas of the audit.

Other information

Management is responsible for the other information. The other information comprises the 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS 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 units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 period 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 Krista Ryan.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Ottawa, Ontario
December 11, 2025

C3 Metals Inc.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(expressed in Canadian dollars)

	August 31, 2025 $	August 31, 2024 $
Assets		
Current assets:		
Cash and cash equivalents	11,851,439	1,521,374
Restricted deposits	52,069	50,790
Amounts receivable	17,409	16,860
Prepaid expenses	268,105	98,801
Marketable securities (note 4)	21,875	31,250
	12,210,897	1,719,075
Equipment (note 5)	59,856	82,328
Exploration advances (note 6)	43,030	26,094
Exploration and evaluation assets (note 7)	63,213,503	58,228,696
	63,316,389	58,337,118
Total assets	75,527,286	60,056,193
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	534,033	325,208
Earn-in funding received in advance (note 7)	654,858	-
Joint operation payable (note 7)	35,778	39,830
Total liabilities	1,224,669	365,038
Shareholders' equity		
Capital stock (note 8)	90,226,478	75,284,405
Contributed surplus	7,123,774	6,202,721
Accumulated deficit	(25,580,396)	(22,678,266)
Accumulated other comprehensive income	2,532,761	882,295
Total shareholders' equity	74,302,617	59,691,155
Total liabilities and shareholders' equity	75,527,286	60,056,193

Nature of operations and going concern (note 1)

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

Approved by the Board of Directors:

/s/ Antony Manini
Director

/s/ Kimberly Ann Arntson
Director

C3 Metals Inc.

(An Exploration Stage Company)

Consolidated Statements of Operations and Comprehensive Loss

(expressed in Canadian dollars)

	Year ended August 31, 2025 $	Year ended August 31, 2024 $
Expenses		
Promotion and investor relations	485,651	612,664
Regulatory authority and transfer agent fees	55,476	70,735
Legal, accounting, audit and financial advisory	654,856	225,714
Office, general and administrative	1,336,655	1,267,550
Share based compensation (note 8)	735,233	157,726
Total expenses	3,267,871	2,334,389
Other expenses (income)		
Exclusivity fee	(41,835)	-
Management fee (note 7)	(185,493)	-
Interest income	(228,207)	(134,990)
Loss on marketable securities (note 4)	9,375	21,875
Foreign exchange loss	80,419	71,317
Total other expenses (income)	(365,741)	(41,798)
Net loss for the year	2,902,130	2,292,591
Other comprehensive loss (income)		
Items that may be subsequently reclassified to net loss		
Foreign currency translation adjustment	(1,650,466)	973,108
Total comprehensive loss for the year	1,251,664	3,265,699
Loss per common share:		
Basic and diluted	0.03	0.04
Weighted average number of common shares outstanding:		
Basic and diluted	84,509,459	60,072,067

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

C3 Metals Inc.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Capital stock #	Capital stock $	Contributed surplus $	Accumulated deficit $	Accumulated other comprehensive income (loss) $	Total shareholders' equity $
Balance, September 1, 2023	53,038,655	67,435,582	5,949,496	(20,385,675)	1,855,403	54,854,806
Net loss for the year	-	-	-	(2,292,591)	-	(2,292,591)
Foreign currency translation adjustment	-	-	-	-	(973,108)	(973,108)
Total comprehensive loss for the year	-	-	-	(2,292,591)	(973,108)	(3,265,699)
Non-brokered private placement of shares (note 8)	8,846,147	8,050,000	-	-	-	8,050,000
Share issue costs (note 8)	-	(201,177)	-	-	-	(201,177)
Stock option compensation charge (note 8)	-	-	253,225	-	-	253,225
	8,846,147	7,848,823	253,225	(2,292,591)	(973,108)	4,836,349
Balance, August 31, 2024	61,884,802	75,284,405	6,202,721	(22,678,266)	882,295	59,691,155
Net loss for the year	-	-	-	(2,902,130)	-	(2,902,130)
Foreign currency translation adjustment	-	-	-	-	1,650,466	1,650,466
Total comprehensive income (loss) for the year	-	-	-	(2,902,130)	1,650,466	(1,251,664)
Non-brokered private placement of shares (note 8)	14,999,999	4,500,000	-	-	-	4,500,000
Bought deal private placement of shares (note 8)	23,000,000	11,500,000	-	-	-	11,500,000
Share issue costs (note 8)	-	(1,057,927)	-	-	-	(1,057,927)
Stock option compensation charge (note 8)	-	-	921,053	-	-	921,053
	37,999,999	14,942,073	921,053	(2,902,130)	1,650,466	14,611,462
Balance, August 31, 2025	99,884,801	90,226,478	7,123,774	(25,580,396)	2,532,761	74,302,617

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

C3 Metals Inc.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Year ended August 31, 2025 $	Year ended August 31, 2024 $
Cash provided by (used in)		
Operating activities		
Net loss for the year	(2,902,130)	(2,292,591)
Items not affecting cash:		
Loss on marketable securities	9,375	21,875
Depreciation of equipment	9,292	8,587
Accrued Interest on restricted deposits	(1,443)	(1,261)
Gain on sale of equipment	-	(3,681)
Share based compensation (note 8)	735,233	157,726
Interest income received on restricted deposits	164	1,259
Change in working capital items:		
Amounts receivable	(549)	24,183
Prepaid expenses	(169,304)	55,845
Accounts payable and accrued liabilities	(86,875)	(322,142)
	(2,406,237)	(2,350,200)
Investing activities		
Purchase of equipment (note 5)	(2,041)	(27,952)
Proceeds from sale of equipment (note 5)	-	22,891
Exploration advances (note 6)	(16,866)	-
Freeport earn-in funding received in advance (note 7)	654,858	-
Additions to exploration and evaluation assets, net of recoveries (note 7)	(2,986,660)	(6,788,301)
	(2,350,709)	(6,793,362)
Financing activities		
Proceeds received upon financing, net is issue costs (note 8)	15,239,215	8,050,000
Share issue costs	(297,142)	(201,177)
	14,942,073	7,848,823
Effect of exchange rate changes on cash	144,938	(16,710)
Net change in cash and cash equivalents	10,330,065	(1,311,449)
Cash and cash equivalents - Beginning of year	1,521,374	2,832,823
Cash and cash equivalents - End of year	11,851,439	1,521,374

Supplemental cash flow information (note 14)

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

(expressed in Canadian dollars)

1. Nature of operations and going concern

Nature of operations

C3 Metals Inc. was incorporated under the Business Corporations Act (Ontario) on March 29, 2010. C3 Metals Inc. is an exploration stage junior mining company trading on the TSX Venture Exchange ("TSX-V") under the symbol CCCM and on the OTCQB Venture Markets under the symbol CUAUF. These consolidated financial statements include the results of C3 Metals Inc. and its subsidiaries, as detailed in note 2, which are collectively referred to as the "Company". Since November of 2009, the Company has been engaged in the identification, acquisition, evaluation and exploration of mineral properties. The Company has not determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company's registered office is located at 69 Yonge Street, Suite 200, Toronto, Ontario, Canada where it is domiciled.

Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities as the come due.

From inception to date, the Company has incurred losses from operations and has had negative cash flows from operating activities. As at August 31, 2025, the Company had a working capital surplus of $10,986,228 (August 31, 2024 - $1,354,037). Given the Company's plans for significant exploration expenditures on its projects during fiscal 2026, existing funds on hand at period end are not sufficient to support planned exploration costs, costs of acquiring new exploration properties or ongoing corporate costs over the coming year. These conditions raise material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company will require additional funding to advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; or, the sale of property assets in the future.

There is no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Material accounting policies

Basis of presentation and statement of compliance

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada (“GAAP”) as set out in the CPA Canada Handbook – Accounting (“CPA Handbook”) which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The Board of Directors of C3 Metals Inc. approved these consolidated financial statements on December 11, 2025.

New and amended standards adopted

Amendments to IAS 1 – Presentation of Financial Statements
In October 2022, the International Accounting Standards Board published amendments to the Classification of Liabilities as Current or Non-current in IAS 1 – Presentation of Financial Statements. The amendments aim to improve the information companies provide when the right to defer settlement of a liability for at least twelve months is subject to the entity complying with covenants after the reporting date. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require an entity to disclose information about these covenants in the notes to the consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company adopted this amendment with no impact to the Company’s consolidated statements of financial position.

New standards and interpretations not yet adopted

Amendments to IFRS 9 Financial Instruments and IFRS 7, Financial Instruments: Disclosures
In May 2024, amendments to IFRS 9 Financial Instruments and IFRS 7, Financial Instruments: Disclosures were issued to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets), and; update the disclosures for equity instruments designated at fair value through other comprehensive income. The Company does not expect these amendments to have a material impact on its operations or consolidated financial statements.

IFRS 18, Presentation and Disclosure in Financial Statements
In April 2024, IFRS 18, Presentation and Disclosure in Financial Statements, was issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, Presentation of Financial Statements, impacts the presentation of primary financial statements and notes, including the statement of losses where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The new standard will not impact the recognition or measurement of items in the consolidated financial statements but its impacts on presentation and disclosure are expected to be pervasive. The Company is currently assessing the impact of the new standard.

(expressed in Canadian dollars)

Basis of measurement

These consolidated financial statements are expressed in Canadian dollars and are prepared using the historical cost convention except for certain financial instruments, which are measured at fair value.

Principles of consolidation

Subsidiary	Ownership	Principal activity	Country of incorporation
Carube Resources Inc. ("CRI")	100%	Holding company	Canada
Carube Resources Jamaica Limited ("CRJL")	100%	Exploration	Jamaica
Rodinia Jamaica Limited ("RJL")	100%	Exploration	Jamaica
Latin America Resource Group Limited ("LARG")	100%	Holding company	Canada
C3 Metals Peru S.A.C. ("C3 Peru")	100%	Exploration	Peru
Molino Azul S.A.C. ("Molino")	100%	Exploration	Peru
GP C3 JV Limited	50%	Exploration	Jamaica

These consolidated financial statements include the financial results of C3 Metals Inc., each of its 100% wholly-owned subsidiaries and its 50% interest in GP C3 JV Limited which was incorporated to hold the Company's 50% interest in the Super Block joint operation (see note 7). All inter-company balances and transactions are eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash held in banks and investments which have a term to maturity at the time of purchase of ninety days or less and which are readily convertible into cash.

Exploration and evaluation assets

Acquisition costs of mineral exploration properties together with direct exploration and development expenditures are capitalized and are carried at cost less any impairment loss recognized. These costs are capitalized on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. When production is attained, these costs will be amortized. If properties are abandoned or it is determined that there is an impairment in value, the costs of the properties and related deferred expenditures will be written down to their estimated recoverable amount at that time. Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired, are expensed in the consolidated statements of operations and comprehensive loss. Expenditures of a general nature are expensed to project generation and business development in the consolidated statements of operations and comprehensive loss.

Option-out agreements are accounted for as farm-out arrangements. The Company, as the farmor, does not record any expenditures made by the optionee on its behalf, does not recognize any gain or loss on the option-out arrangement, but rather re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash or share consideration received is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the Company as a gain on disposal.

Proceeds realized from the sale of property interests are credited against exploration and evaluation assets. Any shortfall or excess is recorded as a loss or gain, respectively, in the consolidated statement of operations.

Although the Company has taken steps to verify title to the exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company’s titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company considers whether a joint arrangement is a joint operation or joint venture. The parties to a joint operation have the rights to the underlying assets and are exposed to the underlying liabilities of the joint arrangement. The Company accounts for an investment in a joint operation by consolidating the operation’s underlying assets, liabilities, revenues and expenses in proportion to its participating interest. The parties to a joint venture have an interest in the underlying net assets of the joint arrangement. Investments in joint ventures are accounted for using the equity method. The equity method involves recording the initial investment at cost. Additional funding into a joint venture is recorded as an increase in the carrying value of the investment. The carrying amount is adjusted by the Company’s share of post-acquisition net income or loss, dilution gains or losses (resulting from changes in ownership interest), depreciation or amortisation.

An associate is an entity over which the Company has significant influence, but not control. Investments in associates are also accounted for using the equity method.

If a company has joint control over the arrangement, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether a company has rights to the assets and obligations for the liabilities relating to the arrangement or whether a company has rights to the net assets of the arrangement. In making this determination, the Company reviews the legal form of the arrangement, the terms of the contractual arrangement and other facts and circumstances. In a situation where the legal form and the terms of the contractual arrangement do not give the Company rights to the assets and obligations for the liabilities, an assessment of other facts and circumstances is required, including whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. The consideration of other facts and circumstances may result in the conclusion that a joint arrangement is a joint operation. This conclusion requires judgment and is specific to each arrangement.
At August 31, 2025, the Company did not have any joint ventures.

(expressed in Canadian dollars)

Share capital and equity-settled share-based payments

Share issue costs are recorded as a reduction of share capital when the related shares are issued.

Share capital issued for non-monetary consideration including exploration property assets and other goods or services is measured at the fair values of the property or goods and services received, unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the property or goods and services received, the Company determines their value indirectly by reference to the fair value of the equity instruments granted at an amount based on the recent trading price of Company shares on the TSX-V.

The Company grants stock options to certain officers, directors, employees and consultants of the Company. The vesting period and life of stock options is determined by the Company's Compensation Committee at the time of grant. Each vesting tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation cost related to stock options is charged to expense or is capitalized to exploration and evaluation assets when related to direct exploration activities. Compensation cost is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Restricted share units (RSUs) and deferred share units (DSUs) are measured at the fair value of the shares at the grant date as these are settled through the issuance of shares. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest on grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in the period.

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of C3 Metals Inc., CRI and LARG is the Canadian dollar. The functional currency of CRJL and RJL is the Jamaican dollar. The functional currency of C3 Peru and Molino is the Peruvian Soles. The functional currency has remained unchanged during the reporting periods for both C3 Metals Inc. and its subsidiaries. The presentation currency of the Company is the Canadian dollar.

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at each statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transactions. Foreign exchange gains or losses on translation to the functional currency of an entity are recorded in the consolidated statements of operations and comprehensive loss as foreign exchange gain or loss.

Consolidation
The financial statements of CRJL, RJL, C3 Peru and Molino are translated into Canadian dollars on consolidation as follows: assets and liabilities - at the closing rate at the date of the statements of financial position, and income and expenses - at the average rate of the period (as this is considered a reasonable approximation of actual rates). All resulting foreign exchange translation adjustments are recognized in other comprehensive income (loss).

Income taxes

Income tax comprises current and deferred tax, when applicable. Income tax is recognized in the consolidated statements of operations and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax liabilities are always recorded in full.

Deferred income tax assets and liabilities are presented as non-current. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Loss per common share

Loss per common share is calculated based upon the weighted average number of common shares outstanding during the year. As the Company incurred a net loss for the fiscal years ended August 31, 2025 and 2024, the diluted number of common shares outstanding excludes all contingently issuable shares as they have an anti-dilutive effect for the years presented.

Financial instruments

Recognition
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument.

Classification
Financial assets are classified into one of the following specified categories: amortized cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

The Company's cash and cash equivalents, restricted cash and accounts receivable, excluding sales taxes, are classified as financial assets measured at amortized cost. The Company's marketable securities, which are equity investments held for trading, are classified as FVTPL. Transaction costs are expensed as incurred. Accounts payable and accrued liabilities and loan payable are classified as financial liabilities and are measured at amortized cost. All financial assets and liabilities measured at amortized cost use the effective interest rate method with interest income/expenses being recorded in the consolidated statements of loss and comprehensive loss, as applicable.

(expressed in Canadian dollars)

Financial instruments (continued)

Measurement
All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Subsequent to initial measurement, financial assets at FVTPL are carried at fair value, with changes in fair value recognized in the Company's statement of loss and comprehensive loss.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount is reported on the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. Critical accounting estimates and judgments

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, equity, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, equity, income and expenses are discussed below.

Exploration and evaluation assets
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment regarding the following factors, among others: the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and for evaluation of mineral resource properties in a specific area is neither budgeted nor planned; exploration and evaluation of mineral resource properties in a specific area have not led to the discovery of commercially viable quantities of mineral resources and management has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

No impairment indicators were identified by management as at August 31, 2025.

Valuation of stock options, warrants and compensation options
The estimation of share-based payment costs and the value of warrants and compensation options requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model. The Company has made estimates as to the volatility of its own common shares, the expected life of share options, warrants and compensation options granted and the time of exercise of those instruments. The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the Black-Scholes valuation model to determine the fair value of warrants issued.

Going concern
These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions. Further information regarding going concern is outlined in note 1.

4. Marketable securities

During September 2022, the Company received 625,000 Cascade Copper Corp. ("Cascade Copper") common shares in connection with its sale of the Rogers Creek project to Tocvan Ventures Corp. ("Tocvan") (see note 7). These shares are classified as level 1 in the fair value hierarchy.

(expressed in Canadian dollars)

5. Equipment

	Computers $	Field vehicles and equipment $	Total $
Gross carrying amount			
Balance, September 1, 2024	49,439	158,497	207,936
Additions	2,041	-	2,041
Translation to presentation currency	2,780	1,190	3,970
Balance, August 31, 2025	54,260	159,687	213,947
Accumulated depreciation			
Balance, September 1, 2024	41,576	84,032	125,608
Depreciation	7,296	18,609	25,905
Translation to presentation currency	2,366	212	2,578
Balance, August 31, 2025	51,238	102,853	154,091
Carrying amount, August 31, 2025	3,022	56,834	59,856
Gross carrying amount			
Balance, September 1, 2023	62,408	179,483	241,891
Additions	-	27,952	27,952
Disposals	(11,365)	(46,757)	(58,122)
Translation to presentation currency	(1,604)	(2,181)	(3,785)
Balance, August 31, 2024	49,439	158,497	207,936
Accumulated depreciation			
Balance, September 1, 2023	40,188	94,259	134,447
Depreciation	10,617	21,322	31,939
Disposals	(8,463)	(30,872)	(39,335)
Translation to presentation currency	(766)	(677)	(1,443)
Balance, August 31, 2024	41,576	84,032	125,608
Carrying amount, August 31, 2024	7,863	74,465	82,328

6. Exploration advances

Exploration advances of $43,030 (August 31, 2024 - $26,094) is comprised of miscellaneous prepaid exploration costs that will be capitalised to exploration and evaluation assets as they are incurred.

(expressed in Canadian dollars)

7. Exploration and evaluation assets

	Jasperoide (Peru) $	Bellas Gate (Jamaica) $	Super Block (Jamaica) $	Hungry Gully (Jamaica) $	Total $
Balance, September 1, 2023	**34,975,849**	**11,637,635**	**-**	**4,913,188**	**51,526,672**
Contribution to Super Block	-	-	1,446,725	(1,446,725)	-
Licence acquisition and renewal fees	217,360	199	53	414	218,026
Cash paid for La Bruja option agreement	40,570	-	-	-	40,570
Geology and general field costs	340,505	1,308,743	155,481	196,554	2,001,283
Drilling and related	54,900	4,394,556	58,288	78,137	4,585,881
Environmental	59,053	41,742	9,427	5,662	115,884
Community and social development	277,400	199,817	15,283	12,043	504,543
Health and safety	22,911	55,347	2,281	4,728	85,267
IVA tax on exploration expenditures	59,501	-	-	-	59,501
Translation to presentation currency	(740,010)	(140,118)	(1,385)	(27,418)	(908,931)
Balance, August 31, 2024	**35,308,039**	**17,497,921**	**1,686,153**	**3,736,583**	**58,228,696**
Contribution to Bellas Gate	-	3,276,930	-	(3,276,930)	-
Licence acquisition and renewal fees	548,415	485	245	125	549,270
Net smelter return royalty buydown payment	-	135,908	-	-	135,908
Cash paid for La Bruja option agreement	419,125	-	-	-	419,125
Geology and general field costs	760,699	959,455	128,833	14,353	1,863,340
Geochemical	35,217	11,564	5,485	-	52,266
Geophysical	2,443	533,246	-	-	535,689
Drilling and related	168,433	551,986	261,995	4,214	986,628
Environmental	67,419	48,550	13,485	9,052	138,506
Community and social development	380,116	161,819	10,307	4,008	556,250
Health and safety	4,984	31,651	5,582	5,217	47,434
IVA tax on exploration expenditures	117,100	-	-	-	117,100
Freeport earn-in funding	-	(2,030,070)	-	-	(2,030,070)
Translation to presentation currency	1,647,219	(91,607)	(3,071)	60,820	1,613,361
Balance, August 31, 2025	**39,459,209**	**21,087,838**	**2,109,014**	**557,442**	**63,213,503**

Jasperoide project, Peru

The Company holds a 100% beneficial interest in 62 (2024 - 60) exploration concessions and has an option agreement to earn a 100% interest in two additional concessions. These 64 concessions are located in the Andahuaylas-Yauri belt of Peru and comprise the Jasperoide copper-gold project. The Jasperoide project concessions cover a total area of 31,080 hectares. During the year ended August 31, 2025, the Company applied for and was awarded an additional two exploration concessions for which the Company is now awaiting official title. Once official title is granted on the additional two exploration concessions, the total Jasperoide project area would increase to 31,348 hectares.

On October 22, 2024, the Company acquired a concession through a purchase agreement with an individual covering a total area of 200 hectares.

Jasperoide project royalty agreements

Three concessions were subject to an option agreement with Compania Minera Ares S.A.C. (“Ares”), a subsidiary of Hochschild Mining PLC ("Hochschild"), where the Company had the right to earn an initial 51% interest in these concessions. During Fiscal 2022, the Company concluded a binding Heads of Agreement and acquired 100% of Hochschild's interest in these three concessions. In connection with the acquisition, the Company granted a 2% net smelter return ("NSR") royalty in favour of Ares in respect of the Ares mineral concessions subject to the right of the Company to purchase 1% of the NSR (thereby reducing the NSR to 1%) for a price of US$1,000,000 at any time. In addition, the 2% NSR royalty applies to a five kilometre area of interest from the borders of the three concessions.

During fiscal 2022, the Company acquired three concessions that are subject to a 0.5% NSR royalty up to a maximum amount of US$300,000. The Company has a right to repurchase the NSR royalty at any time for US$300,000.

La Bruja option agreement

Two concessions are subject to an option agreement with Inversiones La Bruja S.A.C. (“La Bruja”), where the Company can earn a 100% interest in the equity shares of La Bruja subject to minimum exploration expenditures of US$2,000,000 and total cash option payments of US$2,050,000. Between June 2020 and February 2024, amending agreements to adjust the timing of cash option payments and exploration expenditure requirements were concluded. Cash option payments totalling US$1,280,000 have been provided up to the date of these consolidated financial statements, including US$50,000 paid during December 2024 and US$250,000 paid during August 2025. A total balance of US$770,000 in future cash payments are required on or before the following dates: US$350,000 by August 31, 2026; and, US$420,000 by August 31, 2027. As at August 31, 2025, cumulative exploration expenditures incurred exceeded the total minimum requirement of US$2,000,000. Following the earn-in of a 100% interest in the concessions a NSR royalty of 1.5% would be payable to the former shareholders of La Bruja.

(expressed in Canadian dollars)

Bellas Gate project, Jamaica

The Bellas Gate project was comprised of the Bellas Gate and Browns Hall Special Exclusive Prospecting Licences (SEPLs) in Jamaica. During February 2025, the Company concluded an Earn-In Agreement with Freeport-McMoRan Exploration Corporation (see below) relating to the Bellas Gate project and the Arthurs Seat SEPL. From this date forward, the Arthurs Seat SEPL forms part of the Bellas Gate project.

Freeport-McMoRan Exploration Corporation Earn-In Agreement

During February 2025, the Company and Freeport-McMoRan Exploration Corporation ("Freeport"), a wholly-owned subsidiary of Freeport-McMoRan Inc. (NYSE: FCX), entered into a Mineral Property Earn-In Agreement ("EIA") relating to the Company's Bellas Gate project. Under the terms of the EIA, Freeport has been granted a two-stage option to acquire up to a 75% ownership interest in the Bellas Gate project by funding cumulative exploration and evaluation expenditures of US$75 million.

Under the first stage of the EIA, Freeport is required to fund US$25 million of exploration and evaluation expenditures over five years to earn a 51% interest in the Bellas Gate project. The Company will remain the operator during the first stage earn-in period. Once Freeport has earned its initial 51% interest, Freeport will have the option to become the operator and to fund an additional US$50 million of exploration and evaluation expenditures over an additional four year period to earn an additional 24% interest in the Bellas Gate project.

As the operator, the Company will receive an operator fee of 10% on all amounts payable to third parties where the contracted amounts are equal to or less than US$200,000, and 5% on all amounts payable to third parties where the contracted amounts exceed US$200,000. The operator fee receivable from Freeport is disclosed as other income in the statements of operations and comprehensive loss. As at August 31, 2025, the Company had a cash balance of $654,858 received from Freeport in advance to be offset against future exploration expenditures on the Bellas Gate project.

As at August 31, 2025, Freeport has maintained their exploration commitments under the EIA.

Bellas Gate and Browns Hall royalty agreements

During September 2016, the Company finalized a Heads of Agreement ("HoA") with OZ Minerals Limited ("OZ Minerals"), now a wholly-owned subsidiary of BHP Group Limited, to acquire the remaining 70% interest in the Bellas Gate and Browns Hall SEPLs.

Under the terms of the HoA for the acquisition of the 70% interest in the Bellas Gate and Browns Hall SEPLs, the Company is obligated to: (i) pay OZ Minerals $8.5 million within one year of commencement of commercial production at Bellas Gate and Browns Hall; (ii) pay OZ Minerals an additional $4 million within two years of commencement of commercial production; and, (iii) grant OZ Minerals a 2% NSR with a buyback right of two-thirds of the NSR for $1.3 million with any NSR payments capped at a maximum amount of $20 million.

The Bellas Gate and Browns Hall SEPLs are further subject to a 2% NSR in favour of Clarendon Consolidated Minerals Ltd. ("CCM"). During February 2025, CCM and the Company entered into a Royalty Amendment Agreement ("NSR Agreement") whereby the 2% NSR royalty would be reduced to 1% by making payments to CCM as follows: US$95,000 within 10 days of the effective date of the NSR Agreement (paid February 2025); US$75,000 prior to the first anniversary; US$82,500 prior to the second anniversary; US$90,750 prior to the third anniversary; US$99,825 prior to the fourth anniversary; and, US$500,000 prior to the fifth anniversary of the NSR Agreement. The Company retains a right of first refusal on the remaining 1% NSR after all payments have been made.

Arthurs Seat royalty agreement

The Company acquired a 100% interest in the Arthurs Seats SEPLs from OZ Minerals. Under the terms of the original purchase agreement, the Company was obligated to provide OZ Minerals a single payment of $1.5 million within one year of commencement of commercial production on the Arthurs Seat SEPL and a 2% NSR with a buyback of one-half of the NSR for $500,000. During May 2019, the Company completed amendments to the agreement with OZ Minerals to: (i) waive the $1.5 million payment within one year of commencement of commercial production if the mineral product is less than 10,000 tonnes per annum; and, (ii) reduce the 2% NSR to a 1% NSR with a buyback of one-half for $250,000.

Super Block project, Jamaica

On February 24, 2024, the Company entered into a joint arrangement with Geophysx for the exploration and development of the Super Block project. The Super Block project will combine Geophysx's SEPLs covering the past producing Pennants Mine and surrounding areas with the Company's Main Ridge SEPL and a portion of its Arthurs Seat SEPL. This joint arrangement is structured as a joint operation, whereby the Company and Geophysx (the "Participants") share control and have rights to the assets and obligations for the liabilities of the arrangement.

The Company and Geophysx have agreed to share the costs and any future revenues associated with the exploration and development activities relative to each Participant's participating interest, which is initially a 50% participating interest for each of the Participants. If a Participant fails to contribute their share of funding, their participating interest will be diluted on a proportionate basis. In the case that either Participant is diluted to a 5% interest, such interest will be converted to a 3% NSR royalty on the Super Block project of which 2% can be repurchased for US$2,000,000.

A Management Committee has been established and is responsible for determining the overall policies, objectives, procedures, methods, and actions under the Agreement. Each Participant has elected two members to the Management Committee, and the voting power of the members is proportionate to their respective participating interests. For a decision to be made, a majority vote is required.

The Company is the operator of the Super Block project and will conduct all exploration and evaluation activities, as well as be responsible for proposing annual work plans and budgets to be approved by the Management Committee. The Company will receive a 5% operator administrative fee up until such time that a production decision is made on the Super Block project, which is offset against office, general, and administrative expense.

On close of the Agreement, the Company transferred the carrying value of the Main Ridge SEPL and the relevant portion of the Arthurs Seat SEPL, with a combined carrying value of $1,446,725, to the Super Block project within exploration and evaluation assets. Subsequent to the initial contribution of the SEPLs to the joint arrangement, the Company's share of the assets, liabilities, revenues, and expenses related to the joint arrangement will be included in the consolidated financial statements on a proportionate basis.

(expressed in Canadian dollars)

Super Block project (continued)

As at August 31, 2025, the Company had incurred cumulative exploration and evaluation costs amounting to $666,745 related to the Super Block project, which represents the Company's 50% share of expenditures incurred under the exploration budgets approved by the Management Committee. At August 31, 2025, the Company had a cash balance of $35,778 (August 31, 2024 - $39,830) from prior cash calls received from Geophysx to be utilised against future exploration and evaluation costs on the Super Block project.

As part of the conditions subsequent to closing, both Participants received approval for the subdivision of their existing SEPLs by the Jamaican Ministry of Agriculture, Fisheries and Mining and formed the new Super Block SEPLs. On August 29, 2024, GP C3 JV Limited was incorporated to hold the Super Block SEPLs in trust with each Participant holding 50% of its common shares. All conditions subsequent under the Agreement have been satisfied.

Hungry Gully project, Jamaica

The Hungry Gully project was previously part of the Rodinia and Other property licenses, which consisted of the 100% owned SEPLs in Jamaica known as Arthurs Seat, Main Ridge and Hungry Gully. During February 2024, the Company contributed its Main Ridge SEPL and a portion of its Arthurs Seat SEPL to the Super Block project (see above). During February 2025, the Company contributed the remaining portion of its Arthur Seat SEPL to the Bellas Gate project subject to the Freeport EIA. As at August 31, 2025, the project consisted of only the Hungry Gully SEPL. There are no royalties payable on the Hungry Gully project.

Rogers Creek property, BC, Canada

On September 29, 2021, the Company and Tocvan entered into a purchase and sale agreement for the Rogers Creek project whereby Tocvan acquired a 100% interest in the project and the prior option earn-in agreement was terminated. Consideration received for the sale was comprised of 500,000 common shares of Tocvan and 625,000 common shares in a newly formed company called Cascade Copper (see note 4) for a combined value of $525,000. Tocvan spun out its 100% interest in the Rogers Creek project into Cascade Copper, which will focus on copper porphyry exploration assets in southern British Columbia. The Company retains a 2% NSR on the Rogers Creek project where 1% can be repurchased for $1 million.

8. Capital stock

a) Common shares

Authorized share capital of the Company consists of an unlimited number of common shares, having no par value.

On December 19, 2023, the Company effected the consolidation of all of its issued and outstanding common shares on the basis of one post-consolidation share for every thirteen pre-consolidation shares previously held (the "Share Consolidation"). This resulted in 804,504,235 pre-consolidation shares being consolidated to 61,884,802 post-consolidation shares. Additionally, the exercise or conversion price and the number of shares issuable with respect to all of the Company's outstanding convertible securities was proportionately adjusted in connection with the Share Consolidation. All share and per share amounts in these consolidated financial statements have been retroactively adjusted to reflect the Share Consolidation.

Share issuances during fiscal 2025
On March 19, 2025, the Company closed a bought deal private placement of 23,000,000 common shares at a price of $0.50 per common share for gross proceeds of $11,500,000.

On October 9, 2024, the Company closed a non-brokered private placement of 14,999,999 common shares at a price of $0.30 per common share for gross proceeds of $4,500,000. In connection with the private placement, the Company paid an advisory fee of $148,808.

Share issuances during fiscal 2024
On November 15, 2023, the Company closed a non-brokered private placement of 8,846,147 common shares at a price of $0.91 per common share for gross proceeds of $8,050,000. In connection with the private placement, the Company paid eligible finders cash commissions of $42,600 and an advisory fee of $107,100.

b) Broker warrants

As at August 31, 2025, there were no broker warrants outstanding. On November 9, 2023, a total of 462,771 broker warrants exercisable at $2.47 expired. No broker warrants were issued during fiscal 2025 or 2024.

c) Stock option plan

The Company has adopted a stock option plan available to its employees, officers, directors and service providers. The number of options available under the plan is a maximum of 10% of the total number of issued and outstanding common shares. The Compensation Committee recommends to the Board the vesting period and exercise rights for each stock option granted.

(expressed in Canadian dollars)

c) Stock option plan (continued)

	Number	Weighted-average exercise price $
Balance, September 1, 2023	3,927,666	0.96
Expired	(349,997)	1.04
Forfeited	(66,921)	0.74
Balance, August 31, 2024	3,510,748	0.95
Granted	3,480,000	0.70
Expired	(629,998)	0.65
Balance, August 31, 2025	6,360,750	0.84

The following table summarizes information relating to outstanding and exercisable stock options as at August 31, 2025:

Exercise price $	Number of options outstanding	Weighted-average remaining contractual life (years)	Number of options exercisable	Expiry date
0.65	1,226,914	2.9	1,226,914	August 8, 2028
0.70	3,380,000	4.6	925,000	April 4, 2030
0.70	100,000	4.9	-	July 31, 2030
1.04	1,138,456	2.0	1,138,456	August 15, 2027
1.43	123,076	0.3	123,076	January 5, 2026
1.95	353,843	0.6	353,843	March 26, 2026
2.21	38,461	0.6	38,461	April 15, 2026
	6,360,750	3.5	3,805,750	

On July 31, 2025, the Company granted a total of 100,000 stock options to an employee of the Company. These stock options are exercisable at $0.70 per share, expire on July 31, 2030 and will vest on July 31, 2026. On April 4, 2025, the Company granted a total of 3,380,000 stock options to directors, officers, employees and consultants of the Company. These stock options are exercisable at $0.70 per share and expire on April 4, 2030. Of these stock options, 925,000 vested immediately. The remaining 2,455,000 stock options will vest on April 3, 2026. No stock options were granted during the year ended August 31, 2024.

During the year ended August 31, 2025, the Company recorded a total value of $921,053 with respect to stock options (2024 - $253,225). Of this total, $735,233 was recorded in share based compensation expense related to stock options and $185,820 was capitalised to exploration and evaluation assets. Share based compensation amounts are included in shareholders' equity as contributed surplus.

The values determined using the Black-Scholes option pricing model, with respect to stock options granted during the year ended August 31, 2025 utilized the following

	Year ended August 31, 2025
Expected volatility	81.8% - 89.8%
Expected option life (in years)	5.0
Risk-free interest rate	2.80% - 2.94%
Expected dividend yield	Nil
Weighted-average exercise price	0.70
Weighted-average share price at grant date	0.68
Weighted-average fair value	0.47

On December 7, 2024, a total of 629,998 stock options with an exercise price of $0.65 expired.

(expressed in Canadian dollars)

d) Restricted share unit / Deferred share unit plan ("RSU / DSU Plan")

On June 13, 2013, Company shareholders adopted an RSU/DSU Plan. The Plan provides for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, consultants and non-employee directors by granting equity-based compensation incentives, in addition to the Company's stock option plan. The number of shares reserved for issuance for the RSU/DSU Plan and the stock option plan combined shall not exceed 20% of the issued and outstanding common shares on the date of adoption. Under the RSU/DSU Plan, no cash settlements are made as settlement is in common shares only. On June 16, 2017, shareholders of the Company approved an increase in the number of common shares reserved for the RSU/DSU Plan to 702,034. Under the terms of the RSU/DSU Plan, the number of common shares issued and issuable to insiders within a one-year period shall not exceed 10% of the issued and outstanding common shares; and, to any one insider within one year shall not exceed 5% of the issued and outstanding common shares. The maximum grant within a one-year period to any one participant shall not exceed 5% of the total issued and outstanding common shares.

Restricted share units
RSUs have been utilized to compensate participants for their individual performance based achievements and corporate performance, and they are intended to supplement stock option awards. The Company's Compensation Committee may determine the vesting schedule of RSUs at the time of grant. The settlement date shall be no later than the third anniversary of the date of grant and all payments in respect of the vested units shall be paid in full before the end of the same calendar year. Non-vested RSUs are forfeited if the participant voluntarily leaves employment with the Company. On exercise of RSUs, the shares are issued from treasury.

As at August 31, 2025, a total of 156,643 RSUs were outstanding (August 31, 2024 - 156,643) having been previously granted to an officer of the Company. These RSUs will expire on December 31, 2025. No additional RSUs were granted during fiscal 2025 or 2024.

Deferred share units
DSUs have been utilized as a means of reducing the cash payable by the Company for amounts owing to non-executive directors. A DSU is a notional share that has the same value as one share of the Company as at the grant date. DSUs are settled with the issuance of common shares to directors when they retire from the board. As DSUs are equity settled, they are fair valued based on the market value of the shares at the grant date and recorded as share based compensation expense in contributed surplus over the vesting period.

As at August 31, 2025, a total of 15,117 DSUs were outstanding (August 31, 2024 - 15,117) having been previously granted to directors of the Company. No additional DSUs were granted during fiscal 2025 or 2024.

9. Income taxes

For the years ended August 31, 2025 and 2024 a reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective tax rate is as follows:

	Year ended August 31, 2025 $	Year ended August 31, 2024 $
Loss before income taxes	2,902,130	2,292,591
Statutory rate	26.50%	26.50%
Expected recovery of income tax	(769,064)	(607,537)
Permanent differences	210,439	58,459
Foreign tax rate difference	(15,986)	(15,571)
Share issue costs recorded in equity	(280,351)	(53,312)
Origination and reversal of temporary differences	854,962	617,961
Recovery of income taxes	-	-

	August 31, 2025 $	August 31, 2024 $
Deferred income tax assets and liabilities		
Non-capital loss carry forwards	7,382,975	6,501,486
Asset basis differences	1,087,279	1,115,722
Share issue costs	341,534	240,720
Marketable securities	7,039	5,797
	8,818,827	7,863,725

(expressed in Canadian dollars)

As at August 31, 2025, no deferred tax asset was recognized related to these non-capital loss carry forward, asset basis difference and share issue cost amounts as realization was not probable. As at August 31, 2025, the Company had loss carry forward balances totalling $27,563,845 which are available to offset future years' taxable income. Loss carry forward balances in each jurisdiction expire as follows.

Year	Canada	Jamaica	Peru	Total
	$	$	$	$
2030 - 2034	6,580,064	-	-	6,580,064
2035 - 2039	6,110,451	-	-	6,110,451
2040 - 2045	11,539,476	-	-	11,539,476
Indefinite	-	476,882	2,856,972	3,333,854
	24,229,991	476,882	2,856,972	27,563,845

10. Related party transactions and compensation of key management

Key management of the Company includes the Chief Executive Officer and President; Chief Financial Officer; Vice President, Exploration; and, the directors of the Company. Compensation awarded to key management, which is the portion included in the results of the consolidated financial statements, is summarized as follows:

	2025	2024
	$	$
Salaries and accrued compensation	716,221	702,419
Stock-based compensation	746,863	185,425
	1,463,084	887,844

As at August 31, 2025, a total of $24,528 (August 31, 2024 - $20,803) is included in accounts payable and accrued liabilities with respect to amounts due to key executive management for service contract obligations and expenses.

The Company has management service agreements with each of its Chief Executive Officer, Vice President, Exploration and Chief Financial Officer which provide for a payment upon termination without cause. The Chief Executive Officer would be entitled to twelve months' compensation upon termination without cause. The Vice President Exploration would be entitled to six months' compensation upon termination without cause. With respect to the Chief Financial Officer, a payment equivalent to three months' compensation is payable upon termination without cause. The service agreements for the Chief Executive Officer, Vice President Exploration and Chief Financial Officer also provide that under certain conditions, including a change in control of the Company, that each of these individuals would be entitled to a lump sum payment. These payments are equivalent to 24 months' compensation with respect to the Chief Executive Officer; twelve months' compensation with the respect to the Vice President Exploration; and, six months' compensation with respect to the Chief Financial Officer.

11. Fair value financial instruments and risk management

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The carrying amounts reported in the consolidated statements of financial position for cash and cash equivalents, restricted deposits, marketable securities, accounts payable and accrued liabilities approximate their fair values based on the immediate or short-term maturities of these financial instruments

Financial risk management objectives

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk and market risks. Where material, these risks are reviewed and monitored.

Credit risk
Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and restricted deposits. The Company's cash and restricted deposits are held at a major Canadian financial institution in both Canada and Jamaica and a major financial institution in Peru. The maximum exposure to credit risk is equivalent to the carrying amount. As at August 31, 2025, the Company does not consider any of its financial assets to be impaired.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through monitoring cash outflows due in its day-to-day business and by regular cash flow forecasting of cash requirements to fund exploration projects and operating costs. As at August 31, 2025, the Company's liabilities included accounts payable and accrued liabilities of $534,033 all of which are due within normal trade terms of generally 30 days (see note 1, going concern).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk can be further divided into the following sub-classifications related to the Company: price risk and currency risk.

(expressed in Canadian dollars)

Price risk
Marketable securities are subject to price risk relating to the market price and performance of the underlying company in which equity securities are held. A 5% movement in the share price of marketable securities would not have had a significant impact on the Company's results of operations.

Currency risk
The Company's cash is held in Canadian dollar, Jamaican dollar, US dollar and Peruvian Soles accounts. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates with respect to the US dollar. As at August 31, 2025, the Company held cash in United States dollars of US$1,010,911 equivalent to $1,389,234 (2024 - US$227,207, equivalent to $306,397). The Company has not utilized derivative instruments to reduce its exposure to foreign currency risk.

During the year ended August 31, 2025, the majority of the Company's cash based operating expenses and other income were denominated in Canadian dollars with a total net expense of US$58,267 (2024 - net expense of US$59,784) denominated in United States dollars. With all other variables held constant, a plus or minus 10% change in the United States / Canadian dollar exchange rate would give rise to a change in reported net loss for the year of plus or minus $6,359 (2024 - $3,133). The use of the 10% rate of change is based on observed historical fluctuations in exchange rates.

Fair value measurements recognized in the consolidated statements of financial position

The Company has historically held certain financial assets and liabilities that are held at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

12. Segmented information

The Company presents and discloses segmented information based on information that is regularly reviewed by the Company's President and CEO who is the chief operating decision-maker. The President and CEO has primary responsibility for allocating resources to the Company's operating segments and assessing their performance. The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Ontario, Canada. The Company's exploration property assets are in Peru and Jamaica. Long-term assets by geographic area are as follows:

	August 31, 2025		August 31, 2024	
	Equipment	Exploration and evaluation assets	Equipment	Exploration and evaluation assets
	$	$	$	$
Peru	15,197	39,459,209	21,176	35,308,039
Jamaica	40,818	23,754,294	55,905	22,920,657
Canada	3,841	-	5,247	-
	59,856	63,213,503	82,328	58,228,696

13. Capital management

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs (see note 1, going concern).

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these consolidated financial statements.

(expressed in Canadian dollars)

14. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Year ended August 31, 2025 $	Year ended August 31, 2024 $
Exploration and evaluation costs included in accounts payable and accrued liabilities	186,404	159,910
Depreciation of field vehicles and equipment charged to exploration expenditures	16,614	23,351
Exploration advances capitalised to exploration and evaluation assets	-	547,188
Stock based compensation charge capitalised to exploration and evaluation assets	185,820	95,499
Consideration for sale of equipment receivable	-	1,740
Effect of changes in foreign exchange rates on:		
Working capital	(109,296)	(45,124)
Equipment	1,393	(2,343)
Exploration advances	70	-
Exploration and evaluation assets	1,613,361	(908,931)