

SUN VALLEY MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

SUN VALLEY MINERALS INC
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	June 30, 2026	December 31, 2025
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents		**16,526,013**	9,262,888
Receivables and prepayments	4	**539,915**	517,525
Total Current Assets		**17,065,928**	9,780,413
Non-Current Assets			
Equipment	6	**1,244,039**	211,591
Exploration and evaluation assets	3	**237,513**	222,734
Total Non-Current Assets		**1,481,552**	434,325
Total Assets		**18,547,480**	10,214,738
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	5, 10	**618,660**	242,747
Total Liabilities		**618,660**	242,747
Shareholders' Equity			
Share capital	7	**14,557,890**	14,416,557
Special warrants	7	**10,229,528**	-
Reserves	7	**883,199**	203,615
Accumulated deficit		**(7,741,797)**	(4,648,181)
Total Shareholders' Equity		**17,928,820**	9,971,991
Total Liabilities and Shareholders' Equity		**18,547,480**	10,214,738

Nature and continuance of operations (Note 1)
Subsequent event (Note 14)

Approved on October 14, 2026 on behalf of the Board

Director _____***"Christo Stemmet"***_____ **Director** _____***"Samuel Pelaez"***_____

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

SUN VALLEY MINERALS INC
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	For the three months ended June 30, 2026	2025	For the six months ended June 30, 2026	2025
		$	$	**$**	$
Expenses					
Exploration expenditures	10, 11	**996,173**	687,667	**1,761,241**	1,004,417
Business development		**7,530**	2,256	**41,509**	11,428
Consulting fees		**200,876**	5,963	**212,876**	9,530
Professional fees		**87,855**	23,152	**257,051**	33,053
Non-recoverable VAT		**20,643**	-	**42,338**	-
Management fees	10	**91,682**	70,395	**162,089**	142,704
General and administrative		**19,231**	5,791	**46,876**	13,460
Filing and registration fees		**19,594**	-	**19,594**	-
Shareholder communications		**539**	42	**4,441**	7,651
Amortization	6	**99,627**	14,395	**135,730**	28,790
Share-based compensation	7, 10	**197,351**	34,438	**733,465**	44,086
Loss before other items		**(1,741,101)**	(844,099)	**(3,417,210)**	(1,295,119)
Foreign exchange gain (loss)		**165,897**	(1,376)	**265,252**	(32,906)
Interest income		**28,442**	2,780	**58,342**	2,780
Net loss and comprehensive loss		**(1,546,762)**	(842,695)	**(3,093,616)**	(1,325,245)
Loss per share - basic and diluted	12	**(0.02)**	(0.02)	**(0.05)**	(0.03)
Weighted average number of common shares outstanding – basic and diluted		**68,002,319**	40,317,118	**67,924,998**	40,317,118

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

SUN VALLEY MINERALS INC
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Notes	Number of Shares	Share Capital	Special Warrants	Reserves	Accumulated Deficit	Total Shareholders' Equity
		#	$	$	$	$	$
Balance at December 31, 2024		**40,317,118**	**3,426,524**	**-**	**95,585**	**(1,356,915)**	**2,165,194**
Share-based compensation	7	-	-	-	44,086	-	44,086
Net and comprehensive loss		-	-	-	-	(1,325,245)	(1,325,245)
Balance at June 30, 2025		**40,317,118**	**3,426,524**	**-**	**139,671**	**(2,682,160)**	**884,035**
Balance at December 31, 2025		**67,302,563**	**14,416,557**	-	**203,615**	**(4,648,181)**	**9,971,991**
Shares issued per exercise of stock options	7	699,756	141,333	-	(53,881)	-	87,452
Special warrants issued in private placement, net	7	-	-	10,229,528	-	-	10,229,528
Share-based compensation	7	-	-	-	733,465	-	733,465
Net and comprehensive loss		-	-	-	-	(3,093,616)	(3,093,616)
Balance at June 30, 2026		**68,002,319**	**14,557,890**	**10,229,528**	**883,199**	**(7,741,797)**	**17,928,820**

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

SUN VALLEY MINERALS INC
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the six months ended June 30,	
	2026	2025
	$	$
Cash provided by (used for):		
Operating activities		
Net loss for the period	**(3,093,616)**	(1,325,245)
Add items not involving cash:		
Foreign exchange	**-**	(15,874)
Amortization	**135,730**	28,790
Share-based compensation	**733,465**	44,086
Change in non-cash working capital:		
Receivables and prepayments	**(22,390)**	(89,745)
Accounts payable and accrued liabilities	**375,913**	120,057
Cash used in operating activities	**(1,870,898)**	(1,237,931)
Investing activities		
Exploration and evaluation assets acquired	**(14,779)**	(16,862)
Purchase of equipment	**(1,168,178)**	(27,023)
Cash used in investing activities	**(1,182,957)**	(43,885)
Financing activities		
Proceeds from exercise of stock options	**87,452**	-
Special warrant proceeds, net	**10,229,528**	-
Cash provided by financing activities	**10,316,980**	-
Change in cash during the period	**7,263,125**	(1,281,816)
Cash, beginning of the period	**9,262,888**	2,055,856
Cash, end of the period	**16,526,013**	774,040

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Sun Valley Minerals Inc. is a Canadian exploration company engaged in gold exploration and project generation in Uruguay. The Company holds a 100% interest in the Tarumán Group of Projects.

The Company's principal office and registered and records office is located at 301-15 Toronto Street, Toronto, ON, M5C 2E3.

These condensed interim consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company has no source of operating revenue, has incurred operating losses of $7,741,797 since inception, and as at June 30, 2026, had a working capital surplus of $16,447,268. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in Note 8.

These condensed interim consolidated financial statements were authorized for issue on October 14, 2026 by the directors of the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Accounting Standard ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

The material accounting policies followed by the Company are set out in Note 2 of the audited consolidated financial statements for the year ended December 31, 2025, and have been consistently applied by the Company in the preparation of these condensed interim consolidated financial statements.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. The presentation and functional currency of the Company is the Canadian dollar, unless otherwise stated. The accounting policies have been applied consistently throughout the entire period presented in these condensed interim consolidated financial statements.

Basis of consolidation

These financial statements include the accounts of the Company and its wholly owned subsidiaries: Sun Valley Resources S.A.S ("SVR") and Orizon S.A.S., both of which are incorporated in Uruguay, and Cerro del Sol Resources Ltd., a company incorporated in Canada.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated in preparing the consolidated financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Use of estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS Accounting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;

- the assessment that the Canadian dollar is the functional currency of the parent and its subsidiaries. In making this assessment, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained; and

- the assessment of indications of impairment of each mineral property and related determinations of the net realizable value and write-down of those properties where applicable.

Estimates

Certain of the Company's accounting policies and disclosures require key assumptions concerning the future and other estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or disclosures within the next fiscal year. The critical accounting estimates set out below have been applied consistently to all periods presented in these financial statements:

Share-based payments

Stock options are initially valued at fair value, based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the volatility of the share price, expected dividend yield, expected term of the warrant or stock option and expected risk-free interest rate.

Foreign currency transactions

The functional currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities that are measured at historical costs are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of comprehensive loss.

3. EXPLORATION AND EVALUATION ASSETS

Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not fully guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title could be affected by undetected defects.

Tarumán Property, Lavalleja Department, Uruguay

On December 2, 2022, the Company's wholly owned subsidiary, SVR, received notice from the Government of Uruguay that its 7,581.73-hectare Tarumán prospecting licence application had been approved and the licence *AS124-2020* granted.

Fees paid to the Government of Uruguay in relation to the Tarumán prospecting licence are as follows (all amounts are in Uruguayan Pesos):

- $U 191,114 on submission of the prospecting licence application – March 4, 2020 (*paid*);
- $U 63,976 on granting of the prospecting licence – December 12, 2022 (*paid*); and
- $U 146,390 on the first renewal of the prospecting licence – January 29, 2026 (*paid*).

On January 30, 2025, SVR received notice from the Government of Uruguay that its 484.58-hectare Tarumán exploration licence application had been approved and the licence AS975-2024 granted. The Tarumán exploration licence falls within the parameters of the larger Tarumán prospecting licence, and allows for mechanized exploration trenching and drilling.

Fees paid to the Government of Uruguay in relation to the Tarumán exploration licence are as follows (all amounts are in Uruguayan Pesos):

- $U 174,023 on submission of the exploration licence application – September 9, 2024 (*paid*);
- $U 254,867 on 1st due licence maintenance payment – May 15, 2025 (*paid*);
- $U 231,480 on 2nd due licence maintenance payment – July 28, 2025 (*paid*);
- $U 232,167 on 3rd due licence maintenance payment – October 27, 2025 (*paid*); and
- $U 234,424 on 4th due licence maintenance payment – February 2, 2026 (*paid*).

Tarumán East Property, Lavalleja Department, Uruguay

On February 17, 2025, SVR received notice from the Government of Uruguay that its 5,391.98-hectare Tarumán East prospecting licence application had been approved and the licence AS651-2022 granted.

Fees paid to the Government of Uruguay in relation to the Tarumán East prospecting licence are as follows (all amounts are in Uruguayan Pesos):

- $U 156,147 on submission of the prospecting licence application – July 7, 2022 (*paid*); and
- $U 50,482 on granting of the prospecting licence – February 21, 2025 (*paid*).

Tarumán West Property, Lavalleja Department, Uruguay

On June 18, 2026, SVR received notice from the Government of Uruguay that its 2,310.07-hectare Tarumán West prospecting licence application had been approved and the licence AS676-2024 granted.

Fees paid to the Government of Uruguay in relation to the Tarumán West prospecting licence are as follows (all amounts are in Uruguayan Pesos):

- $U 83,599 on submission of the prospecting licence application – July 16, 2024 (*paid*); and
- $U 24,114 on granting of the prospecting licence – June 22, 2026 (*paid*).

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Keana Property, Lavalleja Department, Uruguay

On May 16, 2024, SVR received notice from the Government of Uruguay that its 1,179.47-hectare Keana prospecting licence application had been approved and the licence AS768-2022 granted.

Fees paid to the Government of Uruguay in relation to the Keana prospecting licence are as follows (all amounts are in Uruguayan Pesos):

- $U 34,722 on submission of the prospecting licence application – August 9, 2022 (*paid*); and
- $U 10,841 on granting of the prospecting licence – May 24, 2025 (*paid*).

Plumas Dorada Property, Lavalleja Department, Uruguay

On September 3, 2025, SVR received notice from the Government of Uruguay that its 4,562.95-hectare Plumas Dorada prospecting licence application had been approved and the licence AS745-2023 granted.

Fees paid to the Government of Uruguay in relation to the Plumas Dorada prospecting licence are as follows (all amounts are in Uruguayan Pesos):

- $U 147,689 on submission of the prospecting licence application – June 29, 2023 (*paid*); and
- $U 43,921 on granting of the prospecting licence – September 8, 2025 (*paid*).

Rivera Property, Rivera Department, Uruguay

On September 25, 2025, SVR received notice from the Government of Uruguay that its 18,880.39-hectare Rivera prospecting licence application had been approved and the licence AS980-2023 granted.

Fees paid to the Government of Uruguay in relation to the Rivera prospecting licence are as follows (all amounts are in Uruguayan Pesos):

- $U 623,072 on submission of the prospecting licence application – August 22, 2023 (*paid*); and
- $U 180,422 on granting of the prospecting licence – October 27, 2025 (*paid*).

Sobresaliente Property, Rivera Department, Uruguay

On October 29, 2025, SVR received notice from the Government of Uruguay that its 123.05-hectare Sobresaliente prospecting licence application had been approved and the licence AS678-2024 granted.

Fees paid to the Government of Uruguay in relation to the Sobresaliente prospecting licence are as follows (all amounts are in Uruguayan Pesos):

- $U 20,691 on submission of the prospecting licence application – July 16, 2024 (*paid*); and
- $U 1,925 on granting of the prospecting licence – December 11, 2025 (*paid*).

The carrying value of the Company's Uruguay properties is as follows:

	Total
	$
December 31, 2024	**66,445**
Additions	156,289
December 31, 2025	**222,734**
Additions	14,779
June 30, 2026	**237,513**

4. RECEIVABLES AND PREPAYMENTS

	June 30, 2026	December 31, 2025
Sales tax receivable	**$ 95,160**	$ 39,618
Other tax credits	**249,415**	125,347
Term deposits	**15,373**	15,764
Prepaid amounts	**179,967**	336,698
Other	**-**	98
Total	**$ 539,915**	$ 517,525

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2026	December 31, 2025
Due to vendors	**$ 564,767**	$ 175,405
Wages payable and payroll liabilities	**53,893**	67,342
Total	**$ 618,660**	$ 242,747

6. EQUIPMENT

The following tables summarize the Company's equipment carrying values:

Cost:	**Furniture & fixtures**	**Machines & tools**	**Computer Equipment**	**Vehicles**	**Leasehold Improvements**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
December 31, 2024	**9,385**	**36,096**	**-**	**-**	**-**	**45,481**
Additions	3,721	204,247	4,892	18,975	-	231,835
December 31, 2025	**13,106**	**240,343**	**4,892**	**18,975**	**-**	**277,316**
Additions	83,037	933,815	-	43,703	107,623	1,168,178
June 30, 2026	**96,143**	**1,174,158**	**4,892**	**62,678**	**107,623**	**1,445,494**

Accumulated depreciation:	**Furniture & fixtures**	**Machines & tools**	**Computer Equipment**	**Vehicles**	**Leasehold Improvements**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
December 31, 2024	**(477)**	**(7,327)**	**-**	**-**	**-**	**(7,804)**
Amortization	(2,813)	(46,612)	(2,691)	(5,805)	-	(57,921)
December 31, 2025	**(3,290)**	**(53,939)**	**(2,691)**	**(5,805)**	**-**	**(65,725)**
Amortization	(9,414)	(111,779)	(597)	(8,559)	(5,381)	(135,730)
June 30, 2026	**(12,704)**	**(165,718)**	**(3,288)**	**(14,364)**	**(5,381)**	**(201,455)**

Carrying value:	**Furniture & fixtures**	**Machines & tools**	**Computer Equipment**	**Vehicles**	**Leasehold Improvements**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
December 31, 2024	8,908	28,769	-	-	-	37,677
December 31, 2025	9,816	186,404	2,201	13,170	-	211,591
June 30, 2026	**83,439**	**1,008,440**	**1,604**	**48,314**	**102,242**	**1,244,039**

7. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares, without par value.

Issued

At June 30, 2026, there were 68,002,319 common shares (December 31, 2025 – 67,302,563) issued and outstanding.

2026

On January 20, 2026, 699,756 stock options were exercised at a price of $0.125 per common share for net proceeds of $87,452. In connection with the exercise of these stock options, the Company reclassified $53,881 of previously recognized share-based compensation expense from reserves to share capital.

On March 26, 2026, the Company closed a non-brokered private placement for gross proceeds of $10,326,020. Upon closing, the Company issued 13,768,026 special warrants (the "Special Warrants") at a price of $0.75 per Special Warrant. Each Special Warrant is exercisable into one common share of the Company without further consideration on the earlier of: (i) the Company becoming a reporting issuer and being listed for trading on an approved stock exchange in Canada, the United States or another jurisdiction; or (ii) eighteen months after the closing date of the Special Warrant financing. The Company paid finder's fees in the amount of $96,492 in connection with the private placement.

2025

The Company did not issue any common shares during the six months ended June 30, 2025.

Stock Options

The Company has adopted an incentive stock option plan which provides that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable up to five years from the date of grant, unless the Board establishes more restrictive terms. The fair value of each option grant will be estimated on the date of grant using the Black-Scholes option pricing model.

2026

On January 22, 2026, the Company granted 3,729,756 stock options to directors, officers, employees and consultants. The stock options have an exercise price of $0.50 per common share, with 680,000 of the options having an expiry date of January 22, 2030 and the remaining 3,049,756 options having an expiry date of January 22, 2031. The options vest as to 25% on the grant date, 25% on the one-year anniversary of the grant date, and then 25% every year thereafter.

2025

On May 6, 2025, the Company granted 1,150,000 stock options with an exercise price of $0.20 per common share and an expiry date of May 6, 2030. The options will vest as to 30% on the one-year anniversary of the grant date, and then 35% every year thereafter.

7. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (continued)

Outstanding stock options as at June 30, 2026 are as follows:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)
400,000	260,000	$ 0.125	October 3, 2027	1.26
150,000	97,500	0.125	April 15, 2028	1.80
575,244	128,994	0.125	October 3, 2028	2.27
1,150,000	345,000	0.20	May 6, 2030	3.85
680,000	170,000	0.50	January 22, 2030	3.57
3,049,756	762,439	0.50	January 22, 2031	4.57
6,005,000	**1,763,933**	**$ 0.37**		**3.81**

Stock option transactions during the six months ended June 30, 2026 and year ended December 31, 2025 were as follows:

	Six months ended June 30, 2026		Year ended December 31, 2025	
	Number of Options	Weighted Average Exercise Price ($)	Number of Options	Weighted Average Exercise Price ($)
Opening balance	2,975,000	$ 0.15	1,925,000	$ 0.125
Forfeited	-	-	(100,000)	0.125
Exercised	(699,756)	0.125	-	-
Granted	3,729,756	0.50	1,150,000	0.20
Closing balance	**6,005,000**	**$ 0.37**	**2,975,000**	**$ 0.15**

The fair value of the stock options issued during the six months ended June 30, 2026 and year ended December 31, 2025 was calculated using the Black-Scholes option pricing model utilizing the following assumptions:

	June 30, 2026	December 31, 2025
Risk-free interest rate	2.88%	2.69%
Expected stock volatility	118.46% - 123.20%	120.78%
Expected life (years)	4 – 5	4 – 5
Dividend yield	0.00%	0.00%

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2026, the Company's financial instruments consist of cash and cash equivalents, receivables (excluding sales tax receivable) and accounts payable and accrued liabilities.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. The Company does not have any financial instruments classified under Level 1.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

In management's opinion, the Company's carrying values of cash and cash equivalents, receivables and prepayments (excluding sales tax receivable) and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these instruments.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation causing the other party to incur a financial loss. The Company is exposed to credit risk arising from its cash holdings. The Company manages credit risk by placing cash with major Canadian financial institutions. Credit risk is assessed as low.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due. Historically, the Company's sole source of funding has been the issuance of equity securities for cash primarily through private placements. The Company's access to financing is always uncertain and there can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is not affected by price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates. The Company's property interests in Uruguay make it subject to foreign currency fluctuations. As at June 30, 2026, the Company had cash, receivables and prepayments, and accounts payable and accrued liabilities denominated in US dollars and Uruguayan pesos which have been translated into Canadian dollars for financial reporting. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk is minimal.

9. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

10. RELATED PARTY TRANSACTIONS

Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the related parties. Unless otherwise indicated, the balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

During the six months ended June 30, 2026, the Company incurred $76,250 (June 30, 2025 - $69,000) in consulting and management fees paid to the President and Chief Executive Officer (the "President and CEO") of the Company; $78,839 (June 30, 2025 - $73,694) in professional, consulting and management fees paid to a company controlled by the President, Uruguay Operations, pursuant to his contractual engagement as President, Uruguay Operations; $64,638 (June 30, 2025 - $60,237) in exploration consulting fees paid to the VP Exploration (the "VPX") of the Company; and $7,000 (June 30, 2025 - $Nil) paid to a company controlled by the Chief Financial Officer (the "CFO") of the Company, pursuant to her contractual engagement as CFO.

During the six months ended June 30, 2026, the Company incurred share-based compensation expense of $601,181 in relation to options issued and vested to officers, directors and companies controlled by officers and directors of the Company (June 30, 2025 - $27,074).

Related Party Balances

As at June 30, 2026, accounts payable and accrued liabilities included $21,188 (December 31, 2025 - $45,200) owing to a company controlled by the President and CEO; $19,047 (December 31, 2025 - $24,342) owing to a company controlled by the President, Uruguay Operations, for management services incurred in the normal course of business in his role as President, Uruguay Operations; $15,250 (December 31, 2025 - $19,953) owing to a company controlled by the VP Exploration of the Company pursuant to his contractual engagement as VPX; and $18,453 (December 31, 2025 - $Nil) owing to a company controlled by the CFO of the Company, pursuant to her contractual engagement as CFO.

11. EXPLORATION EXPENDITURES

	For the three months ended		**For the six months ended**	
	June 30, 2026	June 30, 2025	**June 30, 2026**	June 30, 2025
	$	$	**$**	$
Accommodation and food	**79,222**	46,151	**157,151**	61,079
Assays	**57,252**	131,054	**150,287**	138,519
Camp infrastructure and maintenance	**45,194**	66,642	**67,489**	85,538
Community engagement	**1,838**	27,124	**12,209**	27,124
Environmental studies	**-**	-	**-**	10,267
Fieldwork and consumables	**29,270**	10,633	**36,228**	27,219
Flights and visas	**15,047**	6,612	**29,095**	14,103
Geophysics	**72,805**	55,312	**157,049**	88,071
Geological consulting	**83,884**	24,653	**150,041**	25,810
IT subscriptions and licences	**35,554**	3,734	**45,430**	7,356
Landowner compensation	**17,556**	8,814	**32,421**	10,956
Licence applications and maintenance	**75,397**	56,182	**80,338**	75,500
Payroll taxes	**23,006**	13,770	**37,709**	23,983
Trench excavation	**21,536**	37,554	**35,493**	37,554
Vehicles and vehicle maintenance	**83,438**	35,813	**136,255**	60,944
Wages	**355,174**	163,619	**634,046**	310,394
Total	**996,173**	687,66**7**	**1,761,241**	1,004,417

12. LOSS PER SHARE

Basic loss per share is calculated using the weighted average number of shares outstanding during the period. The stock options outstanding as of June 30, 2026 and 2025 have not been included in the calculation of diluted loss per share as the effect of their inclusion would be anti-dilutive. Loss per share is calculated as follows:

		For the three months ended June 30,			For the six months ended June 30,	
		2026	2025		**2026**	2025
Net loss	$	**(1,546,762)**	(842,695)	$	**(3,093,616)**	(1,325,245)
Weighted average number of shares outstanding		**68,002,319**	40,317,118		**67,924,998**	40,317,118
Basic and diluted loss per share	$	**(0.02)**	(0.02)	$	**(0.05)**	(0.03)

13. SEGMENTED INFORMATION

The Company operates in one reportable segment, being mineral exploration in Uruguay. All of the Company's non-current assets as at June 30, 2026 and December 31, 2025 are located in Uruguay.

14. SUBSEQUENT EVENT

On July 3, 2026, 400,000 stock options were forfeited on the resignation of a director of the Company and 150,000 stock options were retained as part of the consulting agreement entered into between the Company and the former director pursuant to which the former director was engaged as an independent consultant for an initial term of one year from the resignation date.