

Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of the Company

Algo Grande Copper Corp. (“**Algo Grande**” or the “**Company**”)
800 West Pender Street, Suite 1430
Vancouver, BC V6C 2V6

1.2 Executive Officer

Enrico Gay
Chief Executive Officer
Phone: 236-836-4182

Item 2 Details of Acquisition

2.1 Nature of the Business Acquired

On December 18, 2025, the Company completed its previously announced acquisition (the “**Acquisition**”) of the 5,895-hectare Adelita Copper-Gold-Silver Project in Mexico (the “**Project**”), pursuant to the terms and conditions of (a) a share purchase agreement dated June 13, 2025 (the “**Infinitum Agreement**”) with Infinitum Copper Corp. (“**Infinitum**”), pursuant to which Algo Grande acquired 100% of Exploraciones Margarita S.A. de C.V. (“**EM**”), a private Mexican company, and (b) an asset purchase agreement dated August 12, 2025 (the “**Minaurum Agreement**”) with Minaurum Silver Inc. and Minera Minaurum Gold, S.A. de C.V. (“**Minaurum**”), a private Mexican company. EM holds an 80% interest in the Project, and Minaurum held the remaining 20% interest. The acquisition of EM is considered a “significant acquisition” under Part 8 National Instrument 51-102 - *Continuous Disclosure Obligations* (“**NI 51-102**”).

As a result of the Acquisition, EM is now a wholly-owned subsidiary of the Company and the Company holds a 100% interest in the Project through EM’s 80% interest and the 20% interest acquired through Minaurum. Algo Grande intends to advance the potential of the Project through a triangulated Phase 1 program and the designing of a Phase 2 drill program, as further described in an independent technical report for the Project entitled “NI 43-101 Technical Report on the Adelita Project, Sonora/Sinaloa, Mexico”, dated effective August 15, 2025, filed under the Company’s profile on SEDAR+ at www.sedarplus.ca.

2.2 Acquisition Date

The Acquisition was completed on December 18, 2025.

2.3 Consideration

Under the terms of the Infinitum Agreement, Algo Grande acquired EM in exchange for:

- \$100,000 in cash; and

- 1,842,719 common shares in the capital of the Company (the “**Common Shares**”), which are subject to voluntary resale restrictions with releases occurring over a period of 18 months.

Infinitum also received a post-closing payment of an additional 901,600 Common Shares in connection with the completion of an equity financing.

Under the terms of the Minaurum Agreement, Algo Grande acquired the remaining 20% interest in the Project in exchange for:

- 313,953 Common Shares; and
- a 1% net smelter return royalty from the sale of any ores, minerals, mineral substances, metals, or concentrates derived from the Property.

Further information regarding the Acquisition can be found in the Company’s news releases dated June 20, 2025, August 18, 2025, September 15, 2025, September 26, 2025, December 15, 2025 and December 18, 2025, and the Company’s material change report dated December 30, 2025, all of which are available under the Company’s profile on SEDAR+ at www.sedarplus.ca.

2.4 Effect on Financial Position

The Company does not have any current plans or proposals for material changes in its business affairs or the affairs of any of its subsidiaries, including EM, which may have a significant effect on the results of operations and financial position of the Company.

2.5 Prior Valuations

To the knowledge of the Company, there has not been any valuation opinion obtained within the last 12 months by either the Company, Infinitum or Minaurum required by securities legislation or a Canadian exchange or market to the support the consideration paid by the Company in connection with the Acquisition.

2.6 Parties to the Transaction

The Acquisition was not made with any person who, at the time of the Acquisition, was an informed person, associate or affiliate of the Company as defined in Section 1.1 of NI 51-102.

2.7 Date of Report

February 13, 2026

Item 3 Financial Statements

As required by Part 8 of NI 51-102, the following financial statements are attached to this business acquisition report (the “**Report**”):

- the unaudited condensed interim financial statements for EM for the nine months ended September 30, 2025 and 2024 a copy of which is attached hereto as Schedule “A”; and

- the audited annual financial statements of EM for the years ended December 31, 2024 and 2023, a copy of which is attached hereto as Schedule “B”.

The Company has not obtained the consent of the auditor of EM to incorporate the auditor’s report for the audited financial statements into this Report.

SCHEDULE "A"

**Unaudited Condensed Interim Financial Statements for EM For the Nine Months Ended
September 30, 2025 and 2024**

[SEE ATTACHED]

EXPLORACIONES MARGARITA, S.A. DE C.V.

Interim Financial Statements

**For the nine months ended September 30, 2025 and 2024
(Expressed in Canadian Dollars)**

(Unaudited)

EXPLORACIONES MARGARITA, S.A. DE C.V.
Interim Statements of Financial Position
As at September 30, 2025 and 2024
(Unaudited, Expressed in Canadian Dollars)

	September 30, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash	\$ 3,712	\$ 12,908
Value added tax receivable	171,904	268,078
Prepaid expenses	5,290	4,829
	<u>180,906</u>	<u>285,815</u>
Non-Current Assets		
Exploration and evaluation assets (Note 4)	68,144	1
	<u>180,906</u>	<u>285,815</u>
TOTAL ASSETS	\$ 249,050	\$ 285,816
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 520,799	\$ 385,119
	<u>520,799</u>	<u>385,119</u>
Total liabilities	520,799	385,119
Shareholders' Equity		
Capital stock (Note 3 and Note 5)	3,439,370	3,439,370
Reserves	(12,576)	9,640
Retained Earnings (deficit)	(3,698,543)	(3,548,313)
	<u>(271,749)</u>	<u>(99,303)</u>
Total Shareholder' Equity	(271,749)	(99,303)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 249,050	\$ 285,816

Continuance of Operations and Going Concern (Note 1)
Subsequent Event (Note 10)

Approved on November 17, 2025 on behalf of the Board:

Director

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

EXPLORACIONES MARGARITA, S.A. DE C.V.

Interim Statements of Income (Loss) and Comprehensive Income (Loss)

For the nine months ended September 30, 2025 and 2024

(Unaudited, Expressed in Canadian Dollars)

	2025	2024
OPERATING EXPENSES		
Exploration expenses (Note 4)	\$ 25,398	\$ 130,289
Foreign exchange (gain) loss	-	(195)
Investor relations expenses	-	1,961
Office and miscellaneous expenses	13,156	18,532
Professional fees	32,057	9,748
Total Expenses	(70,611)	(160,335)
Loss before Other Items	(70,611)	(160,335)
OTHER ITEMS		
Impairment of due from a related party (Note 5)	(79,619)	-
Total Net Loss	(150,230)	(160,335)
OTHER COMPREHENSIVE INCOME (LOSS)		
Cumulative translation adjustment	(22,216)	46,673
Total Other Comprehensive Income (Loss)	(22,216)	46,673
Comprehensive Loss for the Period	\$ (172,446)	\$ (113,662)
Basic earnings per common share	\$ (0.04)	\$ (0.00)
Diluted earnings per common share	\$ (0.04)	\$ (0.00)
Weighted average shares outstanding – basic	50,458,815	48,614,306
Weighted average shares outstanding - diluted	50,458,815	48,614,306

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

EXPLORACIONES MARGARITA, S.A. DE C.V.

Interim Statements of Cash Flows

For the nine months ended September 30, 2025 and 2024

(Unaudited, Expressed in Canadian Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (150,230)	\$ (160,335)
Items not involving cash:		
Impairment of due from a related party	79,619	-
Changes in non-cash working capital items:		
(Increase) decrease in value added tax receivables	96,174	31,608
(Increase) decrease in prepaid expenses	(461)	(4,787)
Increase (decrease) in accounts payable and accrued liabilities	135,680	(80,030)
Net cash used in operating activities	160,782	(213,544)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(68,143)	-
Net cash provided by (used in) investing activities	(68,143)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of variable class II shares	-	180,322
Advance to a related party	(79,619)	-
Net cash provided by (used in) financing activities	(79,619)	180,322
Effect of exchange rate on cash	(22,216)	46,672
Changes in cash and cash equivalents during the year	(9,196)	13,451
Cash and cash equivalents, beginning of year	12,908	3,484
Cash and cash equivalents, end of year	\$ 3,712	\$ 16,935

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

EXPLORACIONES MARGARITA, S.A. DE C.V.
Interim Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2025 and 2024
(Unaudited, Expressed in Canadian Dollars)

	Fixed Class I Shares		Variable Class II Shares		Reserve	Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount			
Balance at December 31, 2023	10,000	\$ 613	47,557,022	\$ 3,220,542	\$ (1,155)	\$ (3,280,986)	\$ (60,986)
Investment from a related party	-	-	2,625,151	180,322	-	-	180,322
Foreign translation exchange gain	-	-	-	-	46,673	-	46,673
Net loss for the period	-	-	-	-	-	(160,335)	(160,335)
Balance at September 30, 2024	10,000	613	50,182,173	3,400,864	45,518	(3,441,321)	(5,674)
Investment from a related party	-	-	276,642	37,893	-	-	37,893
Foreign translation exchange loss	-	-	-	-	(35,878)	-	(35,878)
Net loss for the period	-	-	-	-	-	(106,992)	(106,992)
Balance at December 31, 2024	10,000	613	50,458,815	3,438,757	9,640	(3,548,313)	(99,303)
Foreign translation exchange loss	-	-	-	-	(22,216)	-	(22,216)
Net loss for the period	-	-	-	-	-	(150,230)	(150,230)
Balance at September 30, 2025	10,000	\$ 613	50,458,815	3,438,757	\$ (12,576)	\$ (3,698,543)	\$ (271,749)

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

EXPLORACIONES MARGARITA, S.A. DE C.V.
Notes to the Interim Financial Statements
For the Nine Months ended September 30, 2025 and 2024
(Unaudited, Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Exploraciones Margarita, S.A. de C.V. (“the Company” or “EMA”) was incorporated under Public Instrument 61,948, dated July 29, 2021 in Mexico City, Mexico and registered in the Public Registry of Commerce on August 9, 2021. The Company’s principal business activity is the exploration and development of La Adelita project in the Sonora State, Mexico.

These interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or continue to generate operating profitability and positive cash flow. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company; therefore giving rise to a material uncertainty which may cast significant doubt as to whether the Company’s cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the twelve-month period after the date of these financial statements.

	September 30, 2025	December 31, 2024
Working capital deficiency	\$ 339,893	\$ (99,304)
Retained earnings (Deficit)	\$ (3,698,543)	\$ (3,548,313)

The Company’s business may be affected by changes in political and market conditions, such as interest rates, tariffs, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent regional conflicts and potential global economic challenges such as the risk of higher inflation and energy crises, may have negative impact on the Company’s business.

2. MATERIAL ACCOUNTING POLICIES

a) Statement of compliance

These interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The Board of Directors approved the financial statements for issue on November 17, 2025.

b) Basis of presentation

The interim financial statements have been prepared on historical cost basis, except for certain financial instruments which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. MATERIAL ACCOUNTING POLICIES (continued)

c) Functional currency, presentation currency and foreign currency transactions

Functional and presentation currency

The functional currency of the Company is determined by the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Mexican Peso.

Foreign currency transactions

Transactions in currencies other than the functional currency of an entity are initially recognized in the functional currency by applying the exchange rates prevailing at the date of the transaction. At the end of each reporting period, the results and financial position of the Company are translated into the presentation currency such that assets and liabilities are translated at the closing rate at the reporting date, income and expenses are translated at average exchange rates for the period, and equity is translated using historical rates. All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

d) Significant accounting judgments and critical accounting estimates

The preparation of these interim financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

Significant accounting judgments

There are no significant accounting judgments that management has made in the process of applying accounting policies and that have significant effect on the amounts recognized in the financial statements.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

Going Concern – The assessment of the Company’s ability to continue as a going concern involves critical judgement based on historical experience and expectations of the Company’s ability to generate adequate financing. Significant judgements are used in the Company’s assessment of its ability to continue as a going concern.

Functional Currency – The functional currency of the Company is Mexican Peso (MXN) which is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

3. CAPITAL STOCK

Authorized:

A minimum fixed number of Fixed Class I voting shares of 10,000, with no par value.

An unlimited number of Variable Class II voting shares, with no par value.

Issued and outstanding

10,000 Fixed Class I voting shares: During the nine months ended September 30, 2025 and the year ended December 31, 2024, the Company did not have any Fixed Class I voting share transactions.

50,458,815 Variable Class II voting shares: During the nine months ended September 30, 2025, the Company did not issue any Variable Class II voting shares. During the year ended December 31, 2024, the Company issued 2,901,793 Variable Class II voting shares at MXN 1 per share for total consideration of \$218,215.

4. EXPLORATION AND EVALUATION EXPENSES

The exploration and evaluation expenditures were incurred in relation to the La Adelita Project in the Sonora State, Mexico. Exploration and evaluation expenses for the nine months ended September 30, 2025 and 2024 are as follows:

	2025	2024
Consulting and reporting	\$ 2,008	\$ 5,788
Mineral taxes	-	96
Geology and exploration	5,040	124,255
Other property related expenses	18,350	150
Total	\$ 25,398	\$ 130,289

La Adelita Project, Sonora, Mexico

On February 22, 2021, Infinitum Copper Corp, the parent company (“Infinitum” or “ParentCo”) of EMA, signed an option agreement (the “Option Agreement”) with Minaurum Gold Inc. (“MGG”) whereby ParentCo earned an 80% interest in the La Adelita Property.

Pursuant to the Option Agreement, ParentCo was required to:

- a) Issue 200,000 common shares to the original owner of the La Adelita Property (issued by ParentCo);
- b) Issue to MGG common shares totalling 16% of its post-initial public offering shares outstanding while raising a minimum of \$4,000,000 (3,052,719 post-consolidation common shares were issued by ParentCo to MGG at a deemed share price of \$0.80 per share on February 25, 2022);
- c) Make the following cash payments:
 - i. \$50,000 upon signing the Option Agreement (paid by ParentCo);
 - ii. \$43,333 reimbursement for the mining taxes (paid by ParentCo);
 - iii. \$25,000 by August 22, 2021 (paid by ParentCo); and
- d) Incur \$3 million in work expenditures over five years (incurred by ParentCo)

During the year ended December 31, 2023, ParentCo satisfied the terms of the Option Agreement and acquired an 80% interest in the property.

Pursuant to the Option Agreement, ParentCo also made a cash payment of \$100,000 in February 2022 to MGG as ParentCo extended the timeframe of completing its RTO by six months.

4. EXPLORATION AND EVALUATION EXPENSES (continued)

MGG's 20% retained interest will be carried until the Company carries out a total of \$4.75 million on work expenditures, along with completing both a mineral resource calculation, in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects, and a preliminary economic assessment.

The original owner retains a 2% net smelter royalty on the La Adelita Property.

5. DUE TO RELATED PARTIES

During the nine months ended September 30, 2025, ParentCo invested \$nil (2024 - \$180,322) in the Company through the subscription of nil Variable Class II shares (2024 - 2,625,151 shares) at MXN 1 per share.

During the nine months ended September 30, 2025, the Company advanced \$79,619 (2024 - \$nil) to ParentCo to support its working capital management. The balance was determined to be not collectible and was written off to profit or loss for the nine months ended September 31, 2025.

These transactions were conducted in the normal course of the business and measured at the amounts agreed between the parties.

6. FINANCIAL INSTRUMENTS AND RISK

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's trade receivables and accounts payable and accrued liabilities approximate their carrying values, due to their short-term maturity or capacity of prompt liquidation.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to trade receivables and cash and cash equivalents. Trade receivables were mostly collected within 30 days subsequent to September 30, 2025. The Company maintains its cash and cash equivalents accounts with highly rated financial institutions. Management believes that the credit risk with respect to trade receivables and cash and cash equivalents is low.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2024, the Company had a cash and cash equivalents balance of \$3,712 (December 31, 2024 - \$12,908) to settle current liabilities of \$660,569 (December 31, 2024 - \$540,435). All the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

7. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial risk factors (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk of cash balances. The Company periodically monitors cash balances and is of the opinion that it has no significant exposure at September 30, 2025 and 2024 to interest rate risk through its other financial instruments.

b) *Foreign currency risk*

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company is exposed to foreign currency risk on fluctuations related to cash, deposits and other current assets, and accounts payable and accrued liabilities that are denominated in Mexican Pesos. The Company has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against foreign exchange fluctuations.

8. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves, and retained earnings).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2025.

9. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company is engaged in the acquisition and potential exploration and evaluation of mineral property interests in Mexico. The Company's operations are in one geographic segment and only one commercial segment.

The net loss for the nine months ended September 30, 2025 and the total assets attributable to the geographical locations, as at September 30, 2025, relate only to operations in Mexico.

10. SUBSEQUENT EVENT

On •, 2025, the Company entered into a loan agreement with unrelated third party to borrow up to \$105,000. The Company has received loan proceeds of \$104,226.36. The loan is unsecured, non-interest bearing, due on demand and subject to an administration fee of 15% of the principal amount of the loan.

SCHEDULE "B"

Audited Annual Financial Statements for EM for the Years Ended December 31, 2024 and 2023

[SEE ATTACHED]

EXPLORACIONES MARGARITA, S.A. DE C.V.

Financial Statements

**For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)**

INDEPENDENT AUDITOR'S REPORT

To the Directors of Exploraciones Margarita, S.A de C.V.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Exploraciones Margarita S.A de C.V. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of the material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards ("IFRS").

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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company's ability to remain a going concern is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or to generate operating profitability and positive cash flows. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 James Roxburgh.

The image shows a handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada
November 13, 2025

EXPLORACIONES MARGARITA, S.A. DE C.V.

Statements of Financial Position

As at December 31, 2024 and 2023

(Expressed in Canadian Dollars)

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 12,908	\$ 3,484
Value added tax receivable	268,078	431,132
Prepaid expenses	4,829	-
	285,815	434,616
Non-Current Assets		
Exploration and evaluation assets (Note 4)	1	1
TOTAL ASSETS	\$ 285,816	\$ 434,617
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 385,119	\$ 495,603
Total liabilities	385,119	495,603
Shareholders' Equity		
Capital stock (Note 3 and Note 5)	3,439,370	3,221,155
Reserves	9,640	(1,155)
Retained Earnings (deficit)	(3,548,313)	(3,280,986)
Total Shareholders' Equity	(99,303)	(60,986)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 285,816	\$ 434,617

Continuance of Operations and Going Concern (Note 1)

Approved on November 13, 2025 on behalf of the Board:

Hilda Fernanda Lopez Hernandez Director

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

EXPLORACIONES MARGARITA, S.A. DE C.V.

Statements of Loss and Comprehensive Loss

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

	2024	2023
OPERATING EXPENSES		
Exploration expenses (Note 4)	\$ 92,481	\$ 1,024,664
Foreign exchange gain	(190)	(1,744)
Investor relations expenses	2,764	2,295
Office and miscellaneous expenses	18,706	56,944
Professional fees	39,412	52,928
Total Operating Expenses	(153,173)	(1,135,087)
OTHER ITEMS		
Impairment of due from a related party (Note 5)	(114,154)	-
Total Net Loss	(267,327)	(1,135,087)
OTHER COMPREHENSIVE INCOME (LOSS)		
Cumulative translation adjustment	10,795	(2,342)
Total Other Comprehensive Income (Loss)	10,795	(2,342)
Comprehensive Loss for the Year	\$ (256,532)	\$ (1,137,429)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.03)
Weighted average shares outstanding – basic and diluted	49,153,842	41,404,457

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

EXPLORACIONES MARGARITA, S.A. DE C.V.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (267,327)	\$ (1,135,087)
Items not involving cash:		
Impairment of due from a related party	114,154	-
Changes in non-cash working capital items:		
(Increase) decrease in value added tax receivables	123,755	(142,460)
(Increase) decrease in prepaid expenses	(5,240)	-
Increase (decrease) in accounts payable and accrued liabilities	(58,745)	179,608
Net cash used in operating activities	(93,403)	(1,097,939)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of variable class II shares	218,215	1,084,567
Advance to a related party	(114,154)	-
Net cash provided by financing activities	104,061	1,084,567
Changes in cash and cash equivalents during the year	10,658	(13,372)
Effect of exchange rate on cash and cash equivalents	(1,234)	1,562
Cash and cash equivalents, beginning of year	3,484	15,294
Cash and cash equivalents, end of year	\$ 12,908	\$ 3,484

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

EXPLORACIONES MARGARITA, S.A. DE C.V.

Statements of Changes in Shareholders' Equity

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

	Fixed Class I Shares		Variable Class II Shares		Reserves	Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount			
Balance at December 31, 2022	10,000	\$ 613	33,320,128	\$ 2,135,975	\$ 1,187	\$ (2,145,899)	\$ (8,124)
Investment from a related party	-	-	14,236,894	1,084,567	-	-	1,084,567
Foreign translation exchange loss	-	-	-	-	(2,342)	-	(2,342)
Net loss for the year	-	-	-	-	-	(1,135,087)	(1,135,087)
Balance at December 31, 2023	10,000	613	47,557,022	3,220,542	(1,155)	(3,280,986)	(60,986)
Investment from a related party	-	-	2,901,793	218,215	-	-	218,215
Foreign translation exchange gain	-	-	-	-	10,795	-	10,795
Net loss for the year	-	-	-	-	-	(267,327)	(267,327)
Balance at December 31, 2024	10,000	\$ 613	50,458,815	\$ 3,438,757	\$ 9,640	\$ (3,548,313)	\$ (99,303)

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

EXPLORACIONES MARGARITA, S.A. DE C.V.

Notes to the Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Exploraciones Margarita, S.A. de C.V. (the “Company” or “EMA”) was incorporated under Public Instrument 61,948, dated July 29, 2021 in Mexico City, Mexico and registered in the Public Registry of Commerce on August 9, 2021. The Company’s principal business activity is the exploration and development of La Adelita project in the Sonora State, Mexico.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or to generate operating profitability and positive cash flows. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company; therefore giving rise to a material uncertainty which may cast significant doubt as to whether the Company’s cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the 12-month period after the date of these financial statements

	2024	2023
Working capital deficiency	\$ (99,304)	\$ (60,987)
Retained earnings (Deficit)	\$ (3,548,313)	\$ (3,280,986)

The Company’s business may be affected by changes in political and market conditions, such as interest rates, tariffs, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent regional conflicts and potential global economic challenges such as the risk of higher inflation and energy crises, may have negative impact on the Company’s business.

2. MATERIAL ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared on the basis of IFRS standards that are effective for the Company’s reporting year ended December 31, 2024.

The Board of Directors approved the financial statements for issue on November 13, 2025.

b) Basis of presentation

The financial statements have been prepared on historical cost basis, except for certain financial instruments which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Functional currency, presentation currency and foreign currency transactions

Functional and presentation currency

The functional currency of the Company is determined by the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Mexican Peso.

EXPLORACIONES MARGARITA, S.A. DE C.V.

Notes to the Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

c) Functional currency, presentation currency and foreign currency transactions (continued)

Foreign currency transactions

Transactions in currencies other than the functional currency of an entity are initially recognized in the functional currency by applying the exchange rates prevailing at the date of the transaction. At the end of each reporting period, the results and financial position of the Company are translated into the presentation currency such that assets and liabilities are translated at the closing rate at the reporting date, income and expenses are translated at average exchange rates for the period, and equity is translated using historical rates. All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

d) Significant accounting judgments and critical accounting estimates

The preparation of these financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

Significant accounting judgments

There are no significant accounting judgments that management has made in the process of applying accounting policies and that have significant effect on the amounts recognized in the financial statements.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

Going Concern – The assessment of the Company’s ability to continue as a going concern involves critical judgement based on historical experience and expectations of the Company’s ability to generate adequate financing. Significant judgements are used in the Company’s assessment of its ability to continue as a going concern.

Functional Currency – The functional currency of the Company is Mexican Peso (MXN) which is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

e) Cash and cash equivalents

Cash and cash equivalents include cash on deposit and highly liquid investments that are readily convertible to cash which are subject to an insignificant risk of change in value.

2. MATERIAL ACCOUNTING POLICIES (continued)

f) Exploration and evaluation assets

Exploration and evaluation properties consist of payments to acquire property rights. Property acquisition costs are capitalized. Exploration and evaluation costs are expensed to the consolidated statement of loss and comprehensive loss in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent costs are capitalized into development assets.

Development costs incurred on a mineral property are deferred once management has determined based on a feasibility study that a property is capable of economical commercial production as a result of having established proven and probable reserves. Developmental costs are carried at cost less accumulated depletion and accumulated impairment charges. Exploration costs incurred prior to determining a property has economically recoverable resources are expensed as incurred.

At each reporting period, the Company assesses whether there is an indication that the exploration and evaluation assets may be impaired. When impairment indicators exist, or when the decision to proceed with a particular project is taken based on its technical and commercial viability, the Company estimates the recoverable amount of exploration and evaluation asset and compares it against the carrying amount. The recoverable amount is the higher of the fair value less cost of disposal and the exploration and evaluation asset's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the consolidated statement of loss and comprehensive loss for the period. In calculating the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the exploration and evaluation asset. The cash flows are based on the best estimate of expected future cash flows from the continued use of the exploration and evaluation asset.

Once a mine has achieved commercial production, mineral properties and development costs are depleted on a unit of production basis over the life of the mine.

g) Share capital

Common shares are classified as equity.

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are no longer probable of being issued. Share issuance costs consist primarily of corporate finance fees, filing fees and legal fees.

h) Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

EXPLORACIONES MARGARITA, S.A. DE C.V.

Notes to the Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

h) Impairment of tangible and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

i) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

j) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss). Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; (ii) at the time of the transaction, affects neither accounting profit nor taxable profit, and does not give rise to equal taxable and deductible temporary differences. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year-end date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

k) Financial Instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have been transferred. Gains and losses on recognition are generally recognized in profit and loss.

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest are measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any change taken through profit or loss or other comprehensive income.

EXPLORACIONES MARGARITA, S.A. DE C.V.

Notes to the Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**k) Financial Instruments** (continued)

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss for the period. Financial assets and liabilities classified as FVOCI are measured at fair value with changes in those fair values recognized in other comprehensive income (loss) for the period. Financial assets and liabilities classified at amortized cost are measured at amortized cost using the effective interest method.

The following table shows the classification of the Company's financial instruments:

Financial Assets/Liabilities	Classification under IFRS 9
Cash	Fair value through profit and loss ("FVTPL")
Accounts payable and accrued liabilities	Amortized cost

IFRS requires an expected credit loss model for calculation of the impairment of financial assets.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(l) Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

2. MATERIAL ACCOUNTING POLICIES (continued)

m) Accounting standards and amendments newly adopted

Amendments to IAS 8 – Definition of Accounting Estimates

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

There was no significant impact to the financial statements as a result of the adoption of these amendments.

n) Accounting standards and amendments issued but not yet effective

Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

1. Three defined categories for income and expenses—operating, investing and financing—to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.
2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
3. Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will be evaluating the impact on the future financial statements.

EXPLORACIONES MARGARITA, S.A. DE C.V.

Notes to the Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

3. CAPITAL STOCK

Authorized:

A minimum fixed number of Fixed Class I voting shares of 10,000, with no par value.

A unlimited number of Variable Class II voting shares, with no par value

Issued and outstanding:

10,000 Fixed Class I voting shares: During the year ended December 31, 2024 and 2023, the Company did not have any Fixed Class I voting share transactions.

50,458,815 Variable Class II voting shares: During the year ended December 31, 2024, the Company issued 2,901,793 Variable Class II voting shares (2023 – 14,236,894 Variable Class II voting shares) at MXN \$1 per share for total consideration of \$218,215 (2023 - \$1,084,567).

4. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation expenditures were incurred in relation to the La Adelita Project in the Sonora State, Mexico. Exploration and evaluation expenses for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Assays and analysis	\$ -	\$ 95,183
Consulting and reporting	6,726	6,393
Claim and land fees	-	23,832
Drilling	-	346,565
Equipment rental	-	105,669
Geophysical	-	22,684
Mineral taxes	-	172,929
Geology and exploration	85,609	251,409
Other property related expenses	146	-
Total	\$ 92,481	\$ 1,024,664

La Adelita Project, Sonora, Mexico

On February 22, 2021, Infinitum Copper Corp., the parent company (“Infinitum” or “ParentCo”) of EMA, signed an option agreement (the “Option Agreement”) with Minaurum Gold Inc. (“MGG”) whereby ParentCo earned an 80% interest in the La Adelita Property.

Pursuant to the Option Agreement, ParentCo was required to:

- Issue 200,000 common shares to the original owner of the La Adelita Property (issued by ParentCo);
- Issue to MGG common shares totalling 16% of its post-initial public offering shares outstanding while raising a minimum of \$4,000,000 (3,052,719 post-consolidation common shares were issued by ParentCo to MGG at a deemed share price of \$0.80 per share on February 25, 2022);
- Make the following cash payments:
 - \$50,000 upon signing the Option Agreement (paid by ParentCo);
 - \$43,333 reimbursement for the mining taxes (paid by ParentCo);
 - \$25,000 by August 22, 2021 (paid by ParentCo); and
- Incur \$3 million in work expenditures over five years (incurred by ParentCo)

During the year ended December 31, 2023, ParentCo satisfied the terms of the Option Agreement and acquired an 80% in the property.

EXPLORACIONES MARGARITA, S.A. DE C.V.

Notes to the Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Pursuant to the Option Agreement, ParentCo also made a cash payment of \$100,000 in February 2022 to MGG as ParentCo extended the timeframe of completing its RTO by six months.

MGG's 20% retained interest will be carried until ParentCo carries out a total of \$4,750,000 on work expenditures, along with completing both a mineral resource calculation, in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects, and a preliminary economic assessment.

The original owner retains a 2% net smelter royalty on the La Adelita Property.

5. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2024, ParentCo invested \$218,215 (2023 – \$1,084,567) in the Company through the subscription of 2,901,793 Variable Class II shares (2023 – 14,236,894 shares) at MXN 1 per share.

During the year ended December 31, 2024, the Company advanced \$114,154 to ParentCo to support its working capital management. The balance was determined to be not collectible and was written off to profit or loss for the year ended December 31, 2024.

These transactions were conducted in the normal course of business and measured at the amounts agreed between the parties.

6. INCOME TAXES

A reconciliation of income taxes for the years ended December 31, 2024 and 2023, at statutory rates with reported taxes, is as follows:

	2024	2023
Net loss before income taxes	\$ (267,327)	\$ (1,135,087)
Combined federal and provincial tax rate	30%	30%
Income tax (recovery) expense at statutory rates	\$ (80,198)	\$ (340,526)
Permanent differences	34,246	325,162
Change in unrecognized deductible temporary differences	45,952	15,364
	\$ -	\$ -

The significant components of the Company's deductible temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	Year ended December 31, 2024	Expiry	Year ended December 31, 2023	Expiry
Loss carry-forwards	\$ 278,000	None	\$ 125,000	None
Total	\$ 278,000		\$ 125,000	

Future tax benefits that may arise as a result of applying the potential deductions have not been recognized in these financial statements.

EXPLORACIONES MARGARITA, S.A. DE C.V.

Notes to the Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS AND RISK

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
and

Level 3 – Inputs that are not based on observable market data.

The Company's cash is carried as a level 1 financial instrument.

The fair value of the Company's accounts payable and accrued liabilities and due to related party approximate their carrying values due to their short-term maturity or capacity of prompt liquidation.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash. The Company maintains its cash with highly rated financial institutions. Management believes that the credit risk with respect to cash is low.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2024, the Company had a cash balance of \$12,908 (December 31, 2023 - \$3,484) to settle current liabilities of \$385,119 (December 31, 2023 - \$495,603). All the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk of cash balances. The Company periodically monitors cash balances and is of the opinion that it has no significant exposure at December 31, 2024 and 2023 to interest rate risk through its other financial instruments.

b) *Foreign currency risk*

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company is exposed to foreign currency risk on fluctuations related to its due to related party balance which is denominated in Canadian dollars. The Company has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

EXPLORACIONES MARGARITA, S.A. DE C.V.

Notes to the Financial Statements

December 31, 2024 and 2023

(Expressed in Canadian Dollars)

8. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves, and retained earnings).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended December 31, 2024.

9. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company is engaged in the acquisition and potential exploration and evaluation of mineral property interests in Mexico. The Company's operations are in one geographic segment and only one commercial segment.

The net loss for the year ended December 31, 2024, and the total assets attributable to the geographical locations, as at December 31, 2024, relate only to operations in Mexico.