



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025, AND 2024
(EXPRESSED IN CANADIAN DOLLARS)**



INDEPENDENT AUDITORS' REPORT

To the Shareholders of Pedro Resources Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Pedro Resources Ltd. (the “Company”) and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2025, and the consolidated statements of loss and comprehensive loss, changes in shareholders’ deficiency, and cash flows for the year ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2025 and, as of that date, the Company had an accumulated deficit. 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 these matters.

Other Matters - Comparative Information

The consolidated financial statements of the Company for the year ended December 31, 2024 were audited by another auditor who expressed an unqualified opinion on those statements on July 31, 2025.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Valuation and Classification of Convertible Debentures

Description of Key Audit Matter

During the year ended December 31, 2025, the Company maintained an unsecured convertible debenture with a principal amount of **\$725,000**. This instrument is classified as a compound financial instrument, requiring the total proceeds to be allocated between a liability component and an equity component. As at December 31, 2025, the carrying value of the convertible debenture payable was **\$559,704**.

We identified the valuation and classification of the convertible debenture as a Key Audit Matter due to the complexity involved in the initial measurement and the significant management estimates required to determine the fair value of the liability component. Specifically, management estimated the fair value of the debt using a discount rate of **15%**, which is reflective of the Company's business risks and market conditions at the time of issuance. The residual value was subsequently allocated to the equity component.

How the Matter Was Addressed in the Audit

Our audit procedures related to the valuation and classification of the convertible debentures included the following, among others:

- **Contractual Review:** We examined the original convertible debenture agreement to verify key terms, including the **7.2%** annual interest rate, the **three-year** maturity date of December 19, 2026, and the conversion price of **\$0.05** per common share.
- **Assessment of Accounting Treatment:** We evaluated management's application of **IFRS 9** regarding the classification of the debenture as a compound instrument and the appropriateness of the methodology used to bifurcate the debt and equity components.
- **Evaluation of Estimates:** We assessed the reasonableness of the **15%** discount rate used by management by comparing it to market data for similar instruments and considering the Company's specific credit profile and industry risks.
- **Mathematical Accuracy:** We recalculated the amortization of the liability component using the effective interest method to ensure the carrying value at December 31, 2025, was accurately recorded.
- **Disclosure Review:** We reviewed the financial statement disclosures in **Note 10** to ensure they accurately reflected the terms and the significant judgements involved in the measurement of the instrument.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board, 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 consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

CAN Partners LLP

Markham, Ontario
April 24, 2026

**Chartered Professional Accountants
Licensed Public Accountants**

Pedro Resources Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	December 31, 2025	December 31, 2024
		\$	\$
Assets			
Cash	4	10,800	1
Cash held in trust with lawyer	4	—	6,492
HST Receivables	7c	7,765	—
		18,565	6,493
Mineral Claims	8	—	1
Total Assets		18,565	6,494
Liabilities			
Accounts payable and accrued liabilities	10	829,524	682,261
Consideration payable	8,10	2,858	2,858
Convertible debentures	10	559,704	—
Promissory note payable	9	104,282	22,911
Total Current Liabilities		1,496,368	708,030
Convertible debentures	10	—	483,091
Promissory note payable	9	—	9,696
Total Non-Current Liabilities		—	492,787
Total Liabilities		1,496,368	1,200,817
Shareholder's equity			
Share capital	11	9,818,040	9,818,040
Contributed surplus	11	186,367	186,367
Equity component of convertible debentures	10	129,115	129,115
Accumulated deficit		(11,611,325)	(11,327,845)
Total Shareholders' Deficiency		(1,477,803)	(1,194,323)
Total Liabilities and Shareholders' Deficiency		18,565	6,494
Nature of operations and going concern	1		
Subsequent events	14		

Approved by the Board

_____ Director

_____ Director

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

Pedro Resources Ltd.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		For the years ended December 31,	
	Note	2025	2024
		\$	\$
Expenses			
Advertising and promotion		—	29,605
Consulting fees		—	201,130
General and administration		73,200	28,092
Professional fees	12	96,030	212,992
Regulatory and transfer agent fees		20,852	23,109
Shareholder communications		13,718	7,417
HST write off	7c	—	32,244
Share based compensation		—	6,500
Travel		—	11,474
Loss before finance and other items		(203,800)	(552,563)
Finance Expense	10	(55,267)	(45,200)
Accretion Expense	10	(24,413)	(68,140)
Net loss and comprehensive loss for the year		(283,480)	(665,903)
Loss per common share - basic and diluted		(0.01)	(0.02)
Weighted average number of shares outstanding - basic and diluted		39,810,830	36,190,830

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

Pedro Resources Ltd.
Consolidated Statements of Cash Flow
(Expressed in Canadian dollars)

	For the years ended December 31,	
	2025	2024
	\$	\$
Operating activities		
	(283,480)	(665,903)
Net income (loss) for the year	(283,480)	(665,903)
Adjusted for:		
Interest expense	55,267	45,200
Accretion expense	24,413	68,140
Stock-based compensation	—	6,500
	(203,800)	(546,063)
Changes in non-cash working capital items		
Cash held in trust with lawyer	6,492	(6,492)
HST Receivables	(7,765)	22,919
Prepaid expense	—	30,000
Accounts payable and accrued liabilities	147,264	395,517
	145,991	441,944
Cash used in operating activities	(57,809)	(104,119)
Financing Activities		
Shares issuance	—	339,500
Interest paid	(3,067)	(44,092)
Issuance of promissory notes	71,675	31,500
Repayment of convertible debenture	—	(225,000)
Cash provided by financing activities	68,608	101,908
Net change in cash during the year	10,799	(2,211)
Cash, beginning of the year	1	2,212
Cash, end of the year	10,800	1

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

Pedro Resources Ltd.
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

	Note	Common Shares	Share Capital	Convertible Debentures	Contributed Surplus	Accumulated Deficit	Total Shareholders' Deficiency
		#	\$	\$	\$	\$	\$
Balance at December 31, 2023		32,820,830	9,462,040	—	186,367	(10,661,942)	(1,013,535)
Net loss and comprehensive loss for the year		—	—	—	—	(665,903)	(665,903)
Share based payment	11	—	—	—	6,500	—	6,500
Exercise of stock options	11	200,000	16,500	—	(6,500)	—	10,000
Equity portion of convertible debenture	10	—	—	129,115	—	—	129,115
Private placements	11	6,790,000	339,500	—	—	—	339,500
Balance at December 31, 2024		39,810,830	9,818,040	129,115	186,367	(11,327,845)	(1,194,323)
Net loss and comprehensive loss for the year		—	—	—	—	(283,480)	(283,480)
Balance at December 31, 2025		39,810,830	9,818,040	129,115	186,367	(11,611,325)	(1,477,803)

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

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

1. Nature of Business and Going Concern

Pedro Resources Ltd., with its subsidiaries (the "Company") is a publicly traded company actively engaged in the acquisition, exploration and development of mineral properties. The Company was incorporated pursuant to Canada Business Corporations Act on February 3rd, 1988. It is currently undertaking a change of business as discussed below. The address of the Company's corporate office and principal place of business is Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis which assumes the Company will be able to meet its obligations and continue its operations for the next 12 months. During the year ended December 31, 2025, the Company incurred a net loss and comprehensive loss of \$283,480 (2024 - \$665,903) and, at December 31, 2025, had an accumulated deficit of \$11,611,325 (2024 - \$11,327,845) and had a working capital deficiency of \$1,477,803 (2024 - \$701,537).

The Company's continuation as a going concern is dependent upon the successful implementation of its collaboration agreements with Fixed Earth Innovations Ltd., Dirty Dirt Services Ltd., OIL-OUT Ltd. and FCS Solutions Ltd. The Company is undertaking a change of business through the redeployment of its assets and resources from the mining exploration business towards the development of biotechnology for the remediation and reclamation of contaminated sites and properties and the use of microbes by the agricultural industry for the health and growth of plants. There is no assurance that the Company will continue to be able to obtain adequate financing in the future, or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not reflect the adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and as such adjustments may be material.

2. Basis of Presentation

a) Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

b) Principles of Consolidation

These consolidated financial statements include the accounts of Pedro Resources Ltd. and its wholly-owned subsidiary, Voisey's Bay West Nickel & Cobalt Corp. ("Voisey's Bay"). All intercompany balances and transactions have been eliminated upon consolidation.

c) Basis of Measurement

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The principal accounting policies and critical estimates and judgements used when compiling these consolidated financial statements are set out below.

These consolidated financial statements were approved by the Board of Directors on April 24, 2026. The Company's Board of Directors have the power to amend the consolidated financial statements after issue.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

3. Material Accounting Policy Information

a) Critical Accounting Estimates, Judgements and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the 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. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements were as follows:

(i) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense

(ii) Valuation of warrants

The Company uses the Black-Scholes option pricing model to calculate the value of warrants issued using the relative fair value method as part of the Company's private placements. As noted above, the Black-Scholes model requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in the warrant value.

(iii) Recoverability of HST receivable

The Company assesses whether indicators of write off of the receivable are present and requires judgements based on the facts and circumstances at reporting period ends.

The significant areas of judgment considered by management in preparing the consolidated financial statements are as follows:

(i) Going concern:

The Company's management has made an assessment of its ability to continue as a going concern and the consolidated financial statements continue to be prepared on a going concern basis. However, management does not believe the Company has sufficient cash on hand to meet the Company's operating expenditures beyond December 31, 2025 unless it completes a private placement and raises new capital. As a result, this may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

(ii) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

b) Loss per common share

Basic loss per common share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. The computation of diluted loss per common share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per common share. The calculation proved to be anti-dilutive for the years ended December 31, 2025 and 2024.

c) Stock-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company's Board of Directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value of options granted to directors, officers or employees is measured at the grant date using the Black-Scholes option pricing model and is expensed over the period during which the share purchase options vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

d) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any 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 the statements of loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. 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 only 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.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

e) Mineral Properties and Exploration Expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims. Such costs include, but are not limited to, acquisition costs, geological, geophysical studies, exploratory drilling and sampling. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations.

While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mineral properties, costs to sell the properties and the appropriate discount rate.

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write down of the carrying amounts of the Company's mineral properties.

f) Financial Assets and Liabilities

IFRS 9 - Financial instruments ("IFRS 9") includes guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI") based on the business model in which they are held and the characteristics of their contractual cash flows.

Financial assets

Financial assets are classified as either financial assets recorded at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

(i) Financial assets recorded at FVTPL

Financial assets classified as FVTPL are measured at fair value with changes in fair value on those items recognized in net loss and comprehensive loss. Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI.

(ii) Amortized Cost

Financial assets classified as amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

The Company's cash and taxes and other receivables are classified as financial assets measured at amortized cost.

(iii) Financial assets recorded at FVTOCI

Financial assets are recorded at FVTOCI when the change in fair value is attributable to changes in the Company's credit risk. The Company did not hold any financial assets measured at FVTOCI as at December 31, 2025 and December 31, 2024.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

(i) Amortized cost

Financial liabilities measured at amortized cost, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective yield basis is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Company's accounts payable and accrued liabilities, and due to consideration payable approximate their amortized cost.

(ii) Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they do not fall into the amortized cost category detailed above.

Transaction costs

Transaction costs associated with financial instruments carried at FVTPL are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Recognition and measurement

Instruments classified as FVTPL are measured at fair value with gains and losses arising from the changes in fair value of the instruments presented in the statements of loss and comprehensive loss as the net unrealized gains or losses in the period they arise. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

Determination of fair values

The determination of fair value requires judgement and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of securities based on quoted trading prices at the end of the reporting period or the closing trade price on the last day the security traded if there were no trades at the end of the reporting period.

Derecognition of financial liabilities

The Company de-recognizes financial liabilities when the obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

Impairment of financial assets

Financial assets not measured at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine if there is any indication of impairment. As of December 31, 2025 and December 31, 2024, the fair values of the financial assets classified at amortized cost approximated their carrying value due to their short-term nature.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using

g) Valuation of Private Placement Units Issued

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants. Unit proceeds are allocated to shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing. If and when the warrants are exercised, the applicable relative fair value recognized in warrants is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire unexercised on maturity, the recorded value is transferred to contributed surplus.

h) Deferred taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or loss in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

i) New Accounting Standards and Amendments

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IAS 21 Amendments – Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

Canadian Sustainability Reporting Standards (CSDS 1 and CSDS 2)

In December 2024, the Canadian Sustainability Standards Board (“CSSB”), released the final versions of the Canadian Sustainability Reporting Standards, CSDS 1 and CSDS 2 (collectively, the “Canadian Standards”). Currently the adoption of the Canadian Standards remains voluntary. These standards closely align with the ISSB’s international sustainability standards IFRS S1 and IFRS S2, but include certain differences and are applicable from January 1, 2025. Currently the adoption of the Canadian Standards remains voluntary, while the Canadian Securities Administrators are currently evaluating how and to what extent they will be incorporated into future reporting requirements. The Company assessed the impact of the amendment and determined there to be no material impact on the consolidated financial statements.

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2025, and, accordingly, have not been applied in preparing these consolidated financial statements.

Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance (ESG)-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at FVOCI and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statements, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures (MPMs) in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19 – Subsidiaries without Public Accountability: Disclosures. The new standard allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company assessed the impact of the amendments and determined there to be no material impact on the consolidated financial statements. The Company is assessing the impact to its subsidiaries.

Annual Improvements

In July 2024, the IASB issued IFRS Accounting Standards Annual Improvements – Volume 11, which clarifies wording, correcting minor consequences, oversights, or conflicts among requirements in the Standards. The amendments affect IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 7 – Financial Instruments: Disclosures, IFRS 9 - Financial Instruments, IFRS 10 - Consolidated Financial Statements, and IAS 7 - Statements of Cash Flows. These amendments will be effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

Contracts Referencing Nature- dependent Electricity

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to nature-dependent electricity contracts, which are those that generate variable levels based on uncontrollable factors such as weather conditions. These amendments will be effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the consolidated financial statements.

4. Cash

Cash comprises cash on hand, demand deposits and cash held in trust with the lawyer. The Company does not have cash equivalents as at December 31, 2025 and 2024.

5. Due to Related Party

The amount due to a shareholder, is non-interest bearing and has no fixed terms of repayment.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

6. Capital Management

The capital structure of the Company consists of shareholders' equity or deficit. The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity.

The Company makes adjustments to its capital structure upon approval from its Board of Directors, in light of economic conditions and the Company's working capital requirements. There were no changes in the Company's approach to capital management during 2025. The Company does not presently utilize any quantitative measures to monitor its capital. There are no external restrictions on capital.

7. Financial Instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's Board of Directors approves and monitors its risk management processes.

a. Fair Values

For the Company's financial instruments, including cash, cash held in trust with lawyer, promissory note payable, accounts payable and accrued liabilities, and consideration payable, the carrying amounts approximate fair value due to their immediate or short-term maturity.

b. Currency Risk

The Company currently does not have any significant exposure to foreign currency risk.

c. Credit Risk

Credit risk arises from cash held with banks and financial institutions, and credit exposure to clients or tax authorities, including outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. To reduce credit risk, cash is held at major financial institutions. The Company assessed the recoverability of the HST receivable as at December 31, 2025 and provided a full provision against it.

d. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Currently, the Company's main source of funding is from the issuance of equity securities for cash, primarily through private placements. As at December 31, 2025, the Company had cash of \$10,800 (December 31, 2024 - \$1), accounts payable and accrued liabilities of \$829,524 (December 31, 2024 - \$682,261), and convertible debenture payable of \$ 559,704 (December 31, 2024 - \$483,091).

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

8. Mineral Claims

The Company had an ownership interest in one mining exploration project, namely its Voisey's Bay property. Mineral claims on December 31, 2024 was valued at \$1. The Company has not renewed mineral claims from the time of the acquisition. As at December 31, 2025, there is no ownership interest in this project and is valued at \$Nil.

Voisey's Bay Acquisition

On July 14, 2021, the Company acquired (the "Transaction") all of the issued and outstanding common shares in the capital of Voisey's Bay. The Transaction was carried out by way of a share purchase agreement dated November 27, 2020 between the Company, Voisey's Bay and the shareholders of Voisey's Bay (collectively, the "Vendors"). Voisey's Bay is a private company formed under the laws of Ontario, whose sole asset at the time of acquisition was its 100% interest in 13 prospective mineral licenses, comprising 721 claims (18,025 hectares) (the "Pwroperty"), 4.5 km south of Vale's Voisey's Bay Mine in the province of Newfoundland and Labrador, Canada (the "Vale Property"). As consideration for the Transaction, the Company issued an aggregate of 8,000,000 common shares in the capital of the Company (the "Consideration Shares") at a fair value of \$0.125 per Consideration Share to the vendors and committed to make cash payments of \$155,000 on each of the first three anniversaries of the closing of the Transaction. The total cash consideration payable of \$465,000 was recorded in the consolidated statements of financial position using a discounted rate of 6%, for a present value of \$414,317 on initial recognition. All securities issued pursuant to the Transaction were subject to a statutory hold period of four months and one day from the issuance thereof, as applicable, in accordance with applicable securities laws.

In connection with the Transaction, the Company granted a 2.5% net smelter returns royalty ("NSR") in favour of a syndicate, subject to the ability of the Company to purchase 1.5% of the NSR (resulting in the remaining NSR being 1%) for a purchase price of \$1,500,000 at any time before the fifth anniversary of the date hereof. On December 13, 2023, the share purchase agreement dated November 27, 2020 was amended to allocate the amounts payable to the Voisey Bay vendors to a shareholder of the Company for compensation of expenses between the vendors that occurred prior to the Voisey Bay purchase. In addition, the officer of the Company to be paid \$465,000 in three equal annual installments of \$155,000 each.

a) On January 1, 2024, the Company completed a non-brokered private placement of a convertible debenture amounting to \$725,000 to a shareholder of the Company (see Note 10). An amount of \$457,325 was allocated to the convertible debentures from the consideration payable for the purchase of the Voisey Bay with the remaining balance of \$2,858 payable to the shareholders who have not yet signed the amended agreement.

9. Promissory Notes Payable

The promissory notes are due to related (Note 12) and non-related parties, bear interest at 6% and 12% per annum and have no fixed terms of repayment. The amounts and maturity dates are as follows:

	\$
Promissory note payable, due June 30, 2025	22,000
Promissory note payable, due June 5, 2026	2,500
Promissory note payable, due September 12, 2026	5,000
Promissory note payable, due May 31, 2026	11,000
Promissory note payable, due February 27, 2025	9,500
Promissory note payable, due June 12, 2026	10,000
Promissory note payable, due December 31, 2026	11,300
Promissory note payable, due December 31, 2026	10,000
Promissory note payable, payment is waived until the Company obtains sufficient funding.	20,070
	101,370

As at December 31, 2025 the accrued interest was \$ 2,912 (2024 - \$1,087) for the total outstanding balance of \$104,282 as at December 31, 2025.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

10. Convertible Debentures

On December 19, 2023, the Company entered into a non-brokered private placement of an unsecured convertible debentures (the “Debenture”) at a price of \$725,000 per debenture for gross proceeds of \$725,000 with a shareholder of the Company. The total proceeds of \$725,000 consisted of : (i) \$98,907 representing amounts due to the shareholder that were previously included in accounts payable and accrued liabilities; (ii) \$168,768 representing amounts due to a company controlled by the shareholder and (iii) \$457,325 representing consideration payable (Note 8). The Debenture matures in 3 years following the date of issue and bear interest at 7.2% per annum with effective interest rate at 15.86%, commencing December 19, 2023. The Debenture matures in 3 years following the date of issue and bear interest at 7.2% per annum, commencing on December 31, 2024, (i) in cash; or (ii) the equivalent value in common shares based on a price per common share \$0.05 per common share. The holder of a debenture will have the right, from time to time and at any time after the date of issuance, to the maturity date, to convert all or any portion of the outstanding principal amount into common shares, at a conversion price of \$0.05 per share subject to adjustment as herein provided. The above convertible debenture is a compound financial instrument. The Company allocated \$595,885 of the net issuance costs of the debt to the liability component and \$129,115 to the equity component.

Management estimated the fair value of the debt using a discount rate of 15% applicable to the Company's business, with the residual value allocated to the equity component.

	2025	2024
	\$	\$
Opening Balance	483,091	595,885
Interest Expense	52,200	44,066
Accretion Expense	24,413	68,140
Principal Repayment	—	(225,000)
Closing Balance	559,704	483,091

11. Shareholders' Deficiency

a) Share Capital

The Company's authorized share capital includes an unlimited number of Class "A" common shares having no par value. At December 31, 2025, 39,810,830 common shares (December 31, 2024 - 39,810,830) were issued and outstanding. Please refer to the consolidated statements of changes in shareholders' deficiency for movements in share capital during the years ended December 31, 2025 and December 31, 2024.

In May 2024, the Company issued 5,530,000 common shares for total proceeds of \$276,500 through a non-brokered private placement as tranche 1 incurring nil share issue costs.

In June 2024, the Company issued 940,000 common shares for total proceeds of \$47,000 through a non-brokered private placement as tranche 2 incurring nil share issue costs.

For the period from June 2024 to December 31, 2024, the Company issued 320,000 common shares for total proceeds of \$16,000 to certain shareholders of the Company.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

b) Share purchase options

In 2011, the Company adopted a stock option plan ("SOP") pursuant to which the Company is able to grant to directors, officers, employees and service providers options to purchase common shares of the Company. The maximum number of options which may be outstanding at any point in time is 10% of the Company's then outstanding common shares. Generally, options granted will have a maximum term of ten years and a vesting period determined by the Company's Board of Directors.

On March 3, 2022, the Company granted 2,500,000 stock options to certain directors, officers, employees and consultants of the Company. The stock options entitle the holders to purchase the same number of common shares of the Company at a price of \$0.15 per share for a period of five years. 50% of the options vested immediately on the date of grant, while the remaining 50% vested on September 3, 2023. The fair value of the stock options granted was estimated to be \$292,796, which amount was expensed in 2023. On December 15, 2023, 2,200,000 options were cancelled by the Company. The fair market value of the cancelled options totaled \$257,660, which amount was transferred from contributed surplus to accumulated deficit.

On August 8, 2024, the Company granted 200,000 stock options to a consultant of the Company. The stock options entitle the holders to purchase the same number of common shares of the Company at a price of \$0.05 per share for a period of 2 years with immediate vesting on the date of grant. The fair value of the stock options granted was estimated to be \$6,400 which amount was expensed in 2024. After August 8, 2024, the consultant exercised the stock options for gross proceeds of \$10,000.

Contributed surplus records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised or are cancelled, the amount recorded is transferred to the accumulated deficit.

c) Stock Options Outstanding

The following is a summary of stock option movements during the years ended December 31, 2025, and 2024:

	2025		2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
Balance at January 1	300,000	0.15	300,000	0.15
Cancelled	—	—	—	—
Granted	—	—	200,000	0.05
Exercised	—	—	(200,000)	0.05
Balance at December 31	300,000	0.15	300,000	0.15

All of the options outstanding at December 31, 2025 were vested (December 31, 2024 - 300,000). These options expire on March 3, 2027, or other such time in accordance with the Company's stock option plan.

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

The fair value of the 200,000 stock options granted on August 8, 2024 was estimated using the Black-Scholes option pricing model for pricing options using the following assumptions:

Risk free interest rate	2.8%
Expected stock volatility	248%
Expected Life	2 years
Dividend Yield	0%

12. Key Management Personnel and Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors as well as corporate officers. Compensation of key management personnel for the years ended December 31, 2025 and 2024 was as follows:

	2025	2024
Short term compensation	\$ 26,000	\$ 63,150

Included in promissory notes payable (Note 9), the outstanding principal balance due to related parties as at December 31, 2025 is \$ 90,370. The balance relates to funding provided by two directors and one shareholder who is also a holder of a convertible debenture of the Company.

13. Income Taxes

a. Income tax provision

Major items causing the Company's income tax rate of 26.50% (2024: 26.50%) to vary from the Canadian statutory rate of approximately are as follows:

	2025	2024
	\$	\$
Statutory tax rate	26.50%	26.50%
Loss before income tax	(283,480)	(665,903)
Expected income tax recovery	(75,122)	(176,464)
Non-deductible expenses	—	—
Permanent differences	3,549	19,780
True-up adjustments and others	(1,753,701)	—
Changes in tax benefits not recognized and other	1,825,274	156,684
Income tax provision	—	—

Pedro Resources Ltd.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)
For the years ended December 31, 2025, and 2024

b. Deferred income taxes

The following deferred tax assets are not recognized in the consolidated financial statements due to the unpredictability of future income:

	2025	2024
	\$	\$
Non-capital losses carried forward	1,096,230	4,136,716
Resource pools-mineral properties	440,351	1,661,700
Share issue costs	7,367	27,800
Accretion	—	—
Convertible debentures	50,037	—
Less: Deferred taxes not recognized	(1,593,985)	(5,826,216)
Deferred income tax-carrying amount	—	—

The Company estimates that it will have approximately \$ 4,975,505 of non-capital losses carried forward which may be utilized to reduce Canadian taxable income in future years. To the extent they are not utilized, the non-capital losses carried forward expire as follows:

Year	Amount
	\$
2030	14,000
2031	284,000
2032	240,000
2033	188,000
2034	168,000
2035	142,000
2036	116,000
2037	229,000
2038	543,000
2039	5,397,024
2040	244,010
2041	1,892,178
2042	345,914
2043	216,644
2044	591,263
2045	251,233
Total	10,862,266

14. Subsequent Events

There were no events subsequent to December 31, 2025 and occurring before the date of the signing of the report, April 24, 2026, that are expected to have a significant impact on these financial statements.