MERCADO MINERALS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MAY 31, 2026

(Unaudited - Expressed in Canadian Dollars Unless Noted Otherwise)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

(Unaudited - Expressed in Canadian dollars)

	Note	May 31, 2026	February 28, 2026
ASSETS			
Current Assets			
Cash and cash equivalents		$ 3,784,468	$ 5,712,088
Amounts receivable		305,498	157,741
Prepaid expenses		299,292	255,233
		4,389,258	6,125,062
Non-current Assets			
Exploration and evaluation properties	4,7	4,144,979	3,470,767
Equipment		5,109	16,990
TOTAL ASSETS		**$ 8,539,346**	**$ 9,612,819**
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	6	$ 661,066	$ 1,126,625
Loan payable	6	-	100,000
Share subscriptions received	5	-	185,000
TOTAL LIABILITIES		661,066	1,411,625
SHAREHOLDERS' EQUITY			
Share capital	5	9,034,283	9,028,658
Shares to be issued	7	700,000	700,000
Reserves	5	2,089,675	2,089,675
Deficit		(3,945,678)	(3,617,139)
Total shareholders' equity		7,878,280	8,201,194
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 8,539,346**	**$ 9,612,819**

NATURE OF BUSINESS AND GOING CONCERN (NOTE 1)
CONTINGENCIES (NOTE 11)

"Daniel Rodriguez"
Director

"Barry Devlin"
Director

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

(Unaudited - Expressed in Canadian dollars, except share information)

	Note		Three Months Ended May 31, 2026		May 31, 2025
Operating expenses					
Consulting		$	3,333	$	-
Investor communications		-	5,391		2,262
Management fees	6		114,000		57,000
Occupancy costs			2,700		2,700
Office			104,310		820
Project evaluation			3,153		22,338
Professional fees			-		2,000
Share-based payments	5		-		-
Transfer agent and filing fees			13,508		3,320
Travel and promotion			91,125		4,291
Total operating expenses			(337,520)		(94,731)
Other items:					
Interest income			20,396		-
Foreign exchange			(11,415)		-
Net and comprehensive loss			(328,539)		(94,731)
Loss per share, basic and diluted		$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding			**75,926,683**		**32,820,599**

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

(Unaudited - Expressed in Canadian dollars)

	Three Months Ended May 31, 2026	Three Months Ended May 31, 2025
OPERATING ACTIVITIES:		
Net loss	$ (328,539)	$ (94,731)
Net changes in non-cash working capital items:		
Amounts receivable	(147,757)	1,279
Prepaid expenses	(44,059)	-
Trade and other accounts payable	(465,559)	(3,492)
Cash used in operating activities	(985,914)	(96,944)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(674,212)	-
Purchase of equipment	11,881	-
Cash used in investing activities	(662,331)	-
FINANCING ACTIVITIES		
Proceeds from subscriptions	(185,000)	-
Proceeds from warrant exercise	5,625	174,150
Proceeds from loan	(100,000)	-
Cash provided by financing activities	(279,375)	174,150
Change in cash and cash equivalents	(1,927,620)	77,206
Cash and cash equivalents, beginning of period	5,712,088	728,723
Cash and cash equivalents, end of period	**$ 3,784,468**	**$ 805,929**

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

MERCADO MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian dollars, except share information)

		Share Capital					
	Note	Number	Amount	Shares to be issued	Reserves	Deficit	Total
			$	$	$	$	$
Balance, February 28, 2025		**32,204,001**	**1,708,628**	**-**	**286,638**	**(1,045,909)**	**949,357**
Shares issued for private placement	5	3,483,000	174,150	-	-	-	174,150
Net loss		-	-	-	-	(94,731)	(94,731)
Balance, May 31, 2025		**35,687,001**	**1,882,778**	**-**	**286,638**	**(1,140,640)**	**1,028,776**
Balance, February 28, 2026		**75,914,251**	**9,028,658**	**700,000**	**2,089,675**	**(3,617,139)**	**8,201,194**
Shares issued on exercise of warrants	5	37,500	5,625	-	-	-	5,625
Net loss		-	-	-	-	(328,539)	(328,539)
Balance, May 31, 2026		**75,951,751**	**9,034,283**	**700,000**	**2,089,675**	**(3,945,678)**	**7,878,280**

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

1. NATURE OF BUSINESS AND GOING CONCERN

Mercado Minerals Ltd. (the "Company") was incorporated on March 24, 2021 under the laws of British Columbia. The Company changed its name from Heartfield Mining Corp. to Mercado Minerals Ltd. on November 8, 2024. The address of the Company's corporate office and its principal place of business is 615 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6.

The Company listed on the Canadian Securities Exchange ("CSE") on November 9, 2022. It trades under the symbol "MERC".

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at May 31, 2026, the Company has not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, and the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition.

The Company had an accumulated deficit of $3,945,678 as at May 31, 2026, which has been funded by the issuance of equity, recurring losses and net cash outflows from operations. The Company's ability to continue its operations and to realize its assets at their carrying value is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The outcome of these matters cannot be predicted at this time and these conditions indicate a material uncertainty that may cast doubt upon the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements (the "financial statements") do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These financial statements do not contain all of the information required for full annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company's audited February 28, 2026 annual financial statements, which were prepared in accordance with IFRS as issued by the IASB. These financial statements follow the same accounting policies and methods of application as the annual financial statements.

These financial statements were reviewed by and approved and authorized for issuance by the Board of Directors on July 28, 2026.

Basis of Consolidation

These financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Concordia Silver Company S.A. de C.V. ("Concordia"), Canmex Mining Company S.A. de C.V. and Auxico Resources S.A. de C.V., incorporated and located in Mexico. All significant intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are entities controlled by the Company and are included in the financial statements from the date that control commences until the date that control ceases. The Company controls an investee when it is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The accounting policies of investees are changed where necessary to align them with the policies adopted by the Company.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 3. The financial statements are also prepared using the accrual basis of accounting, except for cash flow information.

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

Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting judgments

i. the assessment of indications of impairment of the exploration and evaluation assets and related determination of the recoverable amount and impairment of the exploration and evaluation assets where applicable.

ii. Assessment of transaction as a business combination or asset acquisition

    Management's determination of whether a transaction constitutes a business combination, or an asset acquisition is determined based on whether the investee constitutes a business, as defined by IFRS 3. If the investee constitutes a business then the acquisition is accounted for as a business combination but if the investee does not meet the definition of a business, the acquisition is accounted for as an asset acquisition. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. Judgement is required to determine if an investee meets the definition of a business.

Significant accounting estimates

i. Estimating fair value for share-based payments requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the options or warrants, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 5.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as those applied and disclosed in the Annual Financial Statements.

4. EXPLORATION AND EVALUATION ASSETS

	Porter Property	Concordia Property	Total
Acquisition Costs			
Balance, February 28, 2025	$ 110,000	$ -	$ 110,000
Additions - shares (Note 7)	-	3,065,117	3,065,117
Balance, May 31, 2026 and February 28, 2026	110,000	3,065,117	3,175,117
Exploration Costs			
Balance, February 28, 2025	$ 210,435	$ -	$ 210,435
Assaying	-	443	443
Camp costs	-	22,814	22,814
Geological consulting	-	344,470	344,470
Equipment	-	4,969	4,969
Taxes, duties, and fees	-	29,140	29,140
Travel and transportation	-	3,814	3,814
Balance, February 28, 2026	210,435	405,650	616,085
Impairment	(320,435)	-	(320,435)
Balance, February 28, 2026	-	405,650	295,650
Assaying	-	691	691
Camp costs	-	56,419	56,419
Drilling	-	458,993	458,993
Geological consulting	-	127,686	127,686
Equipment	-	25,610	25,610
Travel and transportation	-	4,813	4,813
Balance, May 31, 2026	-	1,079,862	969,862
Balance, February 28, 2026	-	3,470,767	3,470,767
Balance, May 31, 2026	-	4,144,979	4,144,979

Porter Property option

On March 24, 2021, the Company entered into a Purchase Option Agreement (the "Agreement") with an arms-length party (the "Optionor"). Pursuant to the Agreement, the Company has an option to acquire 100% interest in five mineral claims known as Porter Property located near Port Alberni on Vancouver Island, British Columbia, Canada (the "Claims") from the Optionor.

Under the terms of the Agreement, the Optionor has granted the Company the option to acquire all rights, title and interest within five kilometers of the five mineral claims. In addition, the Claims are subject to Net Smelter Return Royalty of 1.5% which can be purchased at any time for $1,500,000 by the Company.

Under the Agreement, the Company will make cash payments totaling $40,000 and issue 300,000 common shares as follows:

a. make a cash payment of $6,000 (the "Initial Payment") (paid) upon execution and delivery of the Agreement;
b. make a further cash payment of $6,000 (paid) and issue 300,000 (issued) common shares on November 9, 2022, the date upon which the common shares are listed on a stock exchange in Canada ("Listing date");
c. make a further cash payment of $8,000 (paid) within 18 months of the Listing date (as renegotiated); and
d. make a further cash payment of $20,000 on or before December 18, 2025 (unpaid).

As at May 31, 2026, the Company did not intend on continuing with its Porter property option and consequently impaired the property to $Nil and recognized an impairment of $320,435.

Concordia Property option

The Concordia Property comprises the Copalito and Zamora projects. On October 17, 2025, the Company, through its acquisition of Concordia (Note 7), obtained an option agreement (the "Option Agreement") in respect of the Copalito project. The Zamora project is wholly owned by the Company.

Under the Option Agreement, the Company will make cash payments as follows:

a. make a cash payment of US$50,000 once the main contract has been registered in the Public Mining Registry (paid)
b. make a further cash payment of US$100,000 on the first anniversary of the date of registration (unpaid)
c. make a further cash payment of US$300,000 on the second anniversary of the date of registration (unpaid)
d. make a further cash payment of US$550,000 on the third anniversary of the date of registration (unpaid)
e. make a further cash payment of US$700,000 on the fourth anniversary of the date of registration (unpaid)
f. make a further cash payment of US$800,000 on the fifth anniversary of the date of registration (unpaid)

US$500,000 will be reserved from the payments of any taxes or any liability to keep the mining concessions current.

5. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Issued and outstanding as at May 31, 2026 of 75,951,751 (February 28, 2026 – 75,914,251) common shares.

Three Months Ended May 31, 2026

The Company issued 37,500 common shares, pursuant to the exercise of warrants, with exercise price of $0.15 per share for gross proceeds of $5,625.

Year ended February 28, 2026

The Company issued 6,300,000 common shares at a fair value of $0.175 per common share as part of the acquisition of Concordia (Note 7). An amount of $1,102,500 has been recorded as acquisition costs and capitalized to exploration and evaluation assets on the consolidated statement of financial position.

On November 28, 2025, the Company issued 27,990,000 units at a price of $0.20 per unit for gross proceeds of $5,598,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of $0.35 per share for a period of three years from the date of issuance. In connection with this closing, the Company paid cash finder's fees of $215,045 and issued 1,074,500 broker warrants. The residual value of the warrants attached to the units was determined to be $nil. Each broker warrant will entitle the holder to purchase one common share of the Company at a price of $0.35 per share for a period of three years from the date of issuance. The broker's warrants were fair valued at $271,465 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 3.75%; expected volatility – 194%; expected dividend yield – 0.0%; expected warrant life in years – 3.

On December 4, 2025, the Company issued 5,025,000 units at a price of $0.20 per unit for gross proceeds of $1,005,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of $0.35 per share for a period of three years from the date of issuance. In connection with this closing, the Company paid cash finder's fees of $73,850 and 351,750 broker warrants. The residual value of the warrants attached to the units was determined to be $nil. Each broker warrant will entitle the holder to purchase one common share of the Company at a price of $0.35 per share for a period of three years from the date of issuance. The broker's warrants were valued at $121,098 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 3.75%; expected volatility – 195.82%; expected dividend yield – 0.0%; expected warrant life in years – 3.

The Company issued 4,095,250 common shares, pursuant to the exercise of warrants, with exercise prices ranging from $0.05 to $0.15 per share for gross proceeds of $265,988. The weighted average share price during the year was $0.28 per share.

The Company issued 300,000 common shares, pursuant to the exercise of stock options, at a price of $0.10 per share for gross proceeds of $30,000. The weighted average share price during the year was $0.28 per share.

The Company received $185,000 in share subscriptions prior to year-end. The shares relating to these subscriptions were not issued subsequent to year-end and the proceeds were returned. Accordingly, it has been classified as a financial liability.

<u>Year ended February 28, 2025:</u>

On May 22, 2024, the Company issued 4,616,000 units at a price of $0.0377 for gross proceeds of $174,023. Each unit is comprised of one common share and one common share purchase warrant exercisable at $0.05 per share until May 22, 2025. The warrants had a value of $Nil using the residual value method.

On December 23, 2024, the Company issued 8,105,000 units at a price of $0.10 per unit for gross proceeds of $810,500. Each unit is comprised of one common share and one half of one common share purchase warrant exercisable at $0.15 per share until December 23, 2026. The warrants had a value of $Nil using the residual value method. In connection with this issuance, the Company paid cash finders' fees of $18,235 and issued 147,350 agent warrants. The agent's warrants were fair valued at $12,576 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 3.03%; expected volatility – 217.66%; expected dividend yield – 0.0%; expected warrant life in years – 2.

During the year, the Company issued 1,958,000 common shares, pursuant to the exercise of warrants, at a price of $0.05 per share for gross proceeds of $97,900.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

c) Warrants

A Summary of the Company's warrants are as follows:

	Share Purchase Warrants	
	Number	Weighted average exercise price
		$
Balance, February 28, 2025	7,732,850	0.10
Issued	17,582,000	0.35
Exercised	(4,095,250)	0.15
Expired	(50,000)	0.05
Balance, February 28, 2026	21,169,600	0.10
Exercised	(37,500)	0.15
Balance, May 31, 2026	21,132,100	0.32

The following table summarizes information about warrants outstanding at May 31, 2026:

Expiry date	Warrants		Exercise Price
December 23, 2026	3,550,100	$	0.15
November 28, 2028	15,069,500		0.35
December 4, 2028	2,512,500		0.35
	21,132,100	$	0.316

The weighted average remaining contractual life of the warrants is 2.18 years.

d) Stock Options

The Company adopted a stock option plan, which authorizes the Board of Directors to grant stock options to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of the options will not be less than the closing market price of the Company's shares at the date of grant. The options can be granted for a maximum of 5 years, and the vesting of the options will be determined by the Board of Directors.

On October 17, 2025, the Company granted 350,000 stock options to consultants of the Company. The stock options vest immediately and have an exercise price of $0.17 per stock option and expire 3 years from the date of grant. The stock options were fair valued at $56,053 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 2. 38%; expected volatility – 196.24%; expected dividend yield – 0.0%; expected stock option life in years – 3.

On October 22, 2025, the Company granted 500,000 stock options to consultants of the Company. The stock options vest immediately and have an exercise price of $0.18 per stock option and expire 3 years from the date of grant. The stock options were fair valued at $91,806 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 2.39%; expected volatility – 196.02%; expected dividend yield – 0.0%; expected stock option life in years – 3.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

On December 4, 2025, the Company granted 3,785,000 stock options to directors, officers, and consultants of the Company. The stock options vest immediately and have an exercise price of $0.38 per stock option and expire 5 years from the date of grant. The stock options were fair valued at $1,262,616 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 2.45%; expected volatility – 140.34%; expected dividend yield – 0.0%; expected stock option life in years – 5.

On January 15, 2025, the Company granted 2,130,000 stock options to directors, officers, and consultants of the Company. The stock options vest immediately and have an exercise price of $0.10 per stock option and expire 5 years from the date of grant. The stock options were fair valued at $209,841 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 3.14%; expected volatility – 215.38%; expected dividend yield – 0.0%; expected stock option life in years – 5. The expected volatility assumption is based on the volatility of stock prices for comparable early-stage public companies due to limited trading history.

A Summary of the Company's stock options is as follows:

	Stock Options	
	Number	Weighted average exercise price
		$
Balance, February 28, 2025	2,130,000	0.10
Granted	4,635,000	0.34
Exercised	(300,000)	0.10
Balance, May 31, 2026 and February 28, 2026	6,465,000	0.28
Exercisable, May 31, 2026 and February 28, 2026	6,465,000	0.28

The following table summarizes information about stock options outstanding at May 31, 2026:

Expiry date	Options		Exercise Price
October 17, 2028	350,000		0.17
October 22, 2028	500,000		0.18
January 15, 2030	1,830,000	$	0.10
December 4, 2030	3,785,000		0.38
	6,465,000	$	0.27

The weighted average remaining contractual life of the stock options is 3.99 years.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

6. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management includes directors and officers of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

	For the three months ended May 31, 2026	May 31, 2025
Management Fees		
Chief Executive Officer	$ 60,000	$ 24,000
Former Chief Executive Officer	-	10,500
Chief Financial Officer	18,000	-
Former Chief Financial Officer	-	15,000
VP - Business Development	36,000	-
Former Director	-	18,000
Total Management Fees	$ 114,000	$ 67,500
Share-based payments	-	-
Total	$ 114,000	$ 67,500

Included in accounts payable and accrued liabilities is $37,871 (February 28, 2026 - $51,401) owed to the directors and officers of the Company. These amounts are non-interest bearing with no specific terms of repayment.

The Company also received a loan in the amount of $100,000 from a shareholder of the Company. The loan is non-interest bearing with no specific terms of repayment. The loan was repaid during the period.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

7. ACQUISITION OF CONCORDIA

On September 26, 2025, the Company entered into a definitive agreement (the "Agreement") with Concordia Silver Company S.A. de C.V. ("Concordia"), an arm's-length party. Pursuant to the Agreement, the Company acquired all of the issued and outstanding shares of Concordia and its underlying property rights in Mexico (the "Transaction") (Note 4) for US$105,000 and the issuance of 6,000,000 common shares to the vendors. The Company will issue a further 2,000,000 common shares to the vendors on the first anniversary of the closing date and a further 2,000,000 common shares to the vendors on the second anniversary of the closing date for a total fair value of $700,000 representing shares to be issued. The Considerations Shares are subject to restrictions on resale from which they will be released in four equal tranches, every six months over a 24-month period. The Company also issued 300,000 common shares at a fair value of $52,500 to an arms-length third party who introduced the Transaction to the Company.

The Company completed the Transaction on October 17, 2025. Accordingly, Concordia became a wholly-owned subsidiary of the Company. As at the date of the acquisition, October 17, 2025, Concordia did not meet the definition of a business and as such, the acquisition does not qualify to be accounted for as a business combination under IFRS 3, Business Combinations. Accordingly, the transaction was accounted for as an asset acquisition. The asset acquisition method was applied whereby certain assets and liabilities acquired were first recorded at their fair value based on the applicable IFRS standard, and the excess of the consideration paid over the net liabilities assumed was attributed to the exploration and evaluation assets.

Share consideration issued (Note 5)	**$**	**1,050,000**
Cash consideration		**145,950**
Deferred share consideration		**700,000**
Loan previously advanced		**289,854**
Transaction costs (Note 5)		**52,500**
		2,238,304
Cash		25,307
Amounts receivable		82,635
Prepaid expenses		7,111
Exploration and evaluation assets (Note 4)		3,065,117
Accounts payable		(652,012)
Loan payable		(289,854)
Net assets acquired	**$**	**2,238,304**

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the identification, exploration and evaluation of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company's capital structure consists of the components of shareholders' equity which totalled $7,878,280 as at May 31, 2026 (February 28, 2026 - $8,201,194). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash. The Company's approach to the management of capital has not changed from the prior year.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value of financial instruments

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, and accounts payable and accrued liabilities. The carrying amounts of accounts payable and accrued liabilities, and loan payable approximate their respective fair values due to the short-term to maturity of these financial instruments. Cash is measured at fair value based on Level 1 of the fair value hierarchy.

Financial risk management objectives and policies

The Company's financial instruments include cash, and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the Company is not exposed to material currency risk, interest rate risk or other price risk. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit-quality financial institution. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at May 31, 2026, the Company has cash of $3,784,468, to settle current liabilities of $661,066 all due within 30 days of receiving the invoice. The Company's management of liquidity risk has not changed materially from that of the prior year.

10. REPORTABLE SEGMENTS

The Company primarily operates in one reportable segment, being the exploration and evaluation of mineral resource properties. As at May 31, 2026, the Company's exploration and evaluation asset balance relates to expenditures incurred in Mexico including equipment. As at May 31, 2025, the Company's exploration and evaluation asset balance relates to expenditures incurred in Canada.

11. CONTINGENCIES

The Company is committed to making severance payments amounting to approximately $168,000 to certain officers and directors of the Company in the event that there is a change in control. Change in control is generally defined as follows: the acquisition by any unrelated party between 30% to 50% of the Company's shares, the change of 51% or more of the directors, the sale of all or substantially all of the assets of the Company, and/or a reorganization, merger or other transaction. As payment is contingent on a change in control, the amount and timing of any payment are uncertain and no provision has been recognized as at May 31, 2026.