Excellon Resources Inc.

Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2026 and 2025
in thousands of U.S. dollars
(unaudited)

Notice to Reader

The accompanying unaudited interim financial statements have been prepared by the Company's management, and the Company's independent auditors have not performed a review of these financial statements.

Excellon Resources Inc.

Condensed Consolidated Statements of Financial Position
(unaudited) (in thousands of U.S. dollars)

	Notes	**June 30 2026 $**	**December 31 2025 $**
Assets			
Current assets			
Cash and cash equivalents		10,558	7,161
VAT recoverable		4,400	3,263
Other assets		1,205	240
Inventory and consumables		571	17
		16,734	10,681
Non-current assets			
Mineral rights	*3*	19,443	19,557
Property, plant and equipment	*4*	13,281	5,638
Restricted cash		5,916	5,730
Total assets		55,374	41,606
Liabilities			
Current liabilities			
Payables and accruals		5,518	4,890
Other VAT liabilities		1,150	1,117
Promissory note	*6*	-	1,250
Convertible debentures	*5*	3,336	3,429
		10,004	10,686
Non-current liabilities			
Provision for rehabilitation and other		5,856	5,734
Total liabilities		15,860	16,420
Shareholders' equity			
Share capital	*7*	191,489	173,794
Contributed surplus		42,055	40,653
Accumulated other comprehensive loss		(4,893)	(3,669)
Deficit		(187,609)	(184,051)
		41,042	26,727
Non-controlling interest		(1,528)	(1,541)
Total equity		39,514	25,186
Total liabilities and equity		55,374	41,606

Basis of presentation and going concern (Note 2)

Approved by the Board	**Director**	**Director**
	"Laurence Curtis"	*"Craig Lindsay"*

Excellon Resources Inc.

Condensed Consolidated Statements of Comprehensive Loss
For the three and six months ended June 30, 2026 and 2025
(unaudited) (in thousands of U.S. dollars, except share and per share data)

		Three months ended		Six months ended	
		June 30 2026	June 30 2025	June 30 2026	June 30 2025
	Notes	**$**	**$**	**$**	**$**
Administrative expenses	*8*	(1,141)	(358)	(2,095)	(713)
Share-based payment expenses	*7*	(575)	(78)	(854)	(303)
General and administrative expenses		(1,716)	(436)	(2,949)	(1,016)
Exploration and holding expenses		(833)	(35)	(946)	(52)
Other Income (expense)	*8*	551	(25)	1,155	(38)
Finance expenses	*9*	(422)	(480)	(862)	(829)
Loss before income taxes		(2,420)	(976)	(3,602)	(1,935)
Income tax expense		-	-	-	-
Net loss		(2,420)	(976)	(3,602)	(1,935)
Attributable to:					
Shareholders of the Company		(2,417)	(1,043)	(3,558)	(2,008)
Non-controlling interest		(3)	67	(44)	73
Net loss		(2,420)	(976)	(3,602)	(1,935)
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		(2,325)	(179)	(1,167)	(193)
Other comprehensive loss		(2,325)	(179)	(1,167)	(193)
Total comprehensive loss		(4,745)	(1,155)	(4,769)	(2,128)
Attributable to:					
Shareholders of the Company		(4,772)	(1,146)	(4,782)	(2,117)
Non-controlling interest		27	(9)	13	(11)
Total comprehensive loss		(4,745)	(1,155)	(4,769)	(2,128)
Net loss per share					
Basic and diluted		($0.01)	($0.00)	($0.01)	($0.01)

Excellon Resources Inc.

Condensed Consolidated Statements of Cash Flows
For the six months ended June 30, 2026 and 2025
(unaudited) (in thousands of U.S. dollars)

		Six months ended	
		June 30	**June 30**
		2026	**2025**
	Notes	**$**	**$**
Cash flow generated by (used in)			
Operating activities			
Net loss for the period		(3,602)	(1,935)
Adjustments for non-cash items:			
Finance expenses		862	828
Share-based payment expense		906	303
Other expenses and foreign exchange gains and losses		(193)	70
Fair value gain on marketable securities		-	(4)
Operating cash flows before changes in working capital		(2,027)	(738)
Changes in non-cash working capital			
VAT recoverable		(1,183)	(96)
Other assets		(1,111)	1,265
Payables and accruals		807	(1,506)
Inventory and consumables		(554)	-
Net cash used in operating activities		**(4,068)**	**(1,075)**
Investing activities			
Property, plant and equipment	*4*	(7,670)	-
Interest received	*8*	143	29
Upfront funding and transaction costs – Mallay Acquisition		-	(1,942)
Cash acquired on acquisition of Minera CRC		-	22
Proceeds from sale of marketable securities		-	11
Net cash (used in) generated by investing activities		**(7,527)**	**(1,880)**
Financing activities			
Net proceeds from private placement	*7*	14,711	5,166
Net proceeds from Saxony Silver Corp. financing	*7*	1,489	-
Net proceeds from warrant exercise	*7*	1,499	-
Repayment of promissory note	*6*	(1,250)	-
Convertible debenture interest paid in cash	*5*	(116)	-
Net cash generated by financing activities		**16,333**	**5,166**
Effect of exchange rate changes on cash and cash equivalents		(1,341)	80
Change in cash and cash equivalents		3,397	2,291
Cash and cash equivalents – beginning of period		7,161	1,362
Cash and cash equivalents – end of period		**10,558**	**3,653**

Excellon Resources Inc.

Condensed Consolidated Statements of Changes in Equity
For the six months ended June 30, 2026 and 2025
(unaudited) (in thousands of U.S. dollars, except per share data)

	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Attributable to Shareholders of the Company $	Non-controlling interest $	Total equity $
Balance – January 1, 2025	153,602	40,529	(3,466)	(179,689)	10,976	(1,528)	9,448
Net (loss) income for the period	-	-	-	(2,008)	(2,008)	73	(1,935)
Total other comprehensive loss	-	-	(109)	-	(109)	(84)	(193)
Total comprehensive loss	-	-	(109)	(2,008)	(2,117)	(11)	(2,128)
Share-based compensation	-	303	-	-	303	-	303
RSU: Shares issued on exercise	130	(130)	-	-	-	-	-
Convertible debentures:							
Shares issued on conversion	120	-	-	-	120	-	120
Value of option reversed on conversion	88	(88)	-	-	-	-	-
Private placement: Shares & Warrants issued	3,736	1,430	-	-	5,166	-	5,166
Value of shares issued in asset acquisition	2,858	-	-	-	2,858	-	2,858
Shares issued to settle payables	56	-			56		56
Balance – June 30, 2025	**160,590**	**42,044**	**(3,575)**	**(181,697)**	**17,362**	**(1,539)**	**15,823**
Balance – January 1, 2026	173,794	40,653	(3,669)	(184,051)	26,727	(1,541)	25,186
Net loss for the period	-	-	-	(3,558)	(3,558)	(44)	(3,602)
Total other comprehensive loss	-	-	(1,224)	-	(1,224)	57	(1,167)
Total comprehensive loss	-	-	(1,224)	(3,558)	(4,782)	13	(4,769)
Share-based compensation	-	906	-	-	906	-	906
RSU: Shares issued on exercise	122	(122)	-	-	-	-	-
Convertible debentures (Note 5):							
Shares issued on conversion (Note 5)	492	-	-	-	492	-	492
Value of option reversed on conversion (Note 5)	527	(527)	-	-	-	-	-
Private placement: Shares issued (Note 7)	14,711	-	-	-	14,711	-	14,711
Warrants: Shares issued on exercise	1,843	(344)	-	-	1,499	-	1,499
Saxony Silver Corp. Financing (Note 7)	-	1,489	-	-	1,489	-	1,489
Balance – June 30, 2026	**191,489**	**42,055**	**(4,893)**	**(187,609)**	**41,042**	**(1,528)**	**39,514**

1. GENERAL INFORMATION

Excellon Resources Inc. (the "Company" or "Excellon") is engaged in the acquisition, exploration and advancement of mineral properties. The Company is listed on the Toronto Venture Stock Exchange (the "TSXV") under the symbol EXN, the OTC Market (the "OTC") in the United States under the symbol EXNRF, and the Frankfurt Stock Exchange under the symbol E4X2. The Company is focused on advancing the restart of the Mallay Silver Mine in Peru. The Company also holds a portfolio of exploration-stage projects, including the Tres Cerros Gold/Silver Exploration Property in Peru; Kilgore, an advanced gold exploration project in Idaho; and Silver City, a high-grade epithermal silver district in Saxony, Germany, providing additional growth upside.

Excellon is domiciled in Canada and incorporated under the laws of the Province of Ontario. The address of its registered office is 3400 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1A4. These condensed consolidated financial statements were approved by the Board of Directors on August 27, 2026.

2. BASIS OF PRESENTATION AND GOING CONCERN

a) *Statement of compliance and going concern*

The Company prepares its condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Accordingly, certain information and note disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2025.

The Company is subject to the risks of an exploration and development stage mining company. These risks include the challenges of securing adequate capital for exploration and development activities, the operational risks inherent in the mining industry, and the impact of global economic conditions and metal price volatility. The Company does not currently have a source of operating cash flows and incurred a net loss of $3,602 for the six months ended June 30, 2026 (2025: $1,935). The Company's ability to continue as a going concern is dependent on its ability to obtain the necessary capital, either through external financing or internal cash flows, in order to fund its working capital requirements, advance its projects and meet its ongoing corporate overhead costs.

These conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Although the Company has been successful in obtaining debt and equity financing in the past, there is no assurance that it will be able to do so in the future or that such arrangements will be on terms advantageous to the Company.

These condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed consolidated financial statements do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities in other than the normal course of business at amounts different from those in the accompanying condensed consolidated financial statements. Such adjustments could be material.

(unaudited) (in thousands of U.S. dollars, except share and per share data)

b) *Summary of significant accounting policies, judgments, and estimates*

These condensed consolidated financial statements have been prepared using the same accounting policies, methods of computation, judgments and estimates as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2025.

3. MINERAL RIGHTS

	Mallay (Peru) (1) $	Tres Cerros (Peru) (1) $	Silver City (Germany) (2) $	Kilgore (Idaho) (3) $	Total $
Year ended December 31, 2025					
Opening net book value	-	-	1,480	13,750	15,230
Mallay and Tres Cerros acquisition	2,743	877	-	-	3,620
Additions	-	553	-	-	553
Exchange differences	61	19	74	-	154
Closing net book value	**2,804**	**1,449**	**1,554**	**13,750**	**19,557**
Period ended June 30, 2026					
Opening net book value	2,804	1,449	1,554	13,750	19,557
Exchange differences	(38)	(21)	(55)	-	(114)
Closing net book value	**2,766**	**1,428**	**1,499**	**13,750**	**19,443**

(1) On June 23, 2025, the Company completed the acquisition of Minera CRC S.A.C. ("Minera CRC"), a Peruvian company that holds a 100% interest in the Mallay Silver Mine ("Mallay") and the nearby Tres Cerros Gold/Silver Exploration Property ("Tres Cerros") located in central Peru.

Royalty and stream agreements: Adar Mining Corp. ("Adar") holds a 3% NSR royalty over Mallay and Tres Cerros, of which 0.5% may be repurchased by Excellon for US$1.5 million within 18 months of commercial production. Adar also holds a Mallay stream providing for delivery of initially 5%, increasing to 8%, of refined lead and zinc until 12 million pounds of each have been delivered. The Company may terminate the remaining stream for US$18 million through the first anniversary of commercial production or for US$15 million after the initial two million pounds of both lead and zinc have been delivered, with the stream buyback expiring before the third anniversary of commercial production. Under the stream agreement, Mallay is required to achieve certain production commitments by December 23, 2026.

Tres Cerros back-in rights agreement: Adar and M4G LLC may acquire combined interests of up to 49% in Tres Cerros by paying 1.5 times their respective shares of qualifying exploration expenditures. The rights are exercisable within 120 days after delivery of a qualifying preliminary economic assessment. The Company has committed to incur US$7.5 million of qualifying expenditures on Tres Cerros over three years.

Security over Mallay and Tres Cerros: The Company's obligations to Adar under stream, royalty and back-in agreements are secured by security over Minera CRC's shares, assets, minerals and the Mallay and Tres Cerros properties. Adar's security is subject to agreed subordination principles under which Glencore would hold senior security if the Company draws under the Glencore facility.

(unaudited) (in thousands of U.S. dollars, except share and per share data)

(2) The Company holds the Bräunsdorf, Frauenstein, Mohorn and Oederan exploration licences, a 340 km^2 silver district in Saxony, Germany (the "Silver City Project").

On acquisition of the Bräunsdorf license, a gross metals royalty of 3% for precious metals and 2.5% for other metals was issued to the vendor, both of which may be reduced by 1% upon a payment of C$1,500. Additional one-time payments of C$300 and C$700 are to be made by the Company following any future announcement of a maiden mineral resource estimate on the property and upon the achievement of commercial production, respectively.

In 2024, as part of the Debenture Restructuring, the Company issued a 25% interest in Saxony Silver Corp. to the Debentureholders ("Saxony Shares") in partial consideration for the cancellation of C$10.41 million aggregate principal amount of the original convertible debentures. The Company continues to consolidate Saxony Silver Corp. and record a related non-controlling interest.

(3) The Kilgore Project consists of approximately 5,489 hectares of mineral concessions located in Clark County, situated in eastern Idaho, USA. In 2024, as part of the Debenture Restructuring, the Company issued contingent value rights providing for payments equivalent to the value of up to 1,500 troy ounces of gold upon the achievement of certain milestones at Kilgore ("Kilgore CVR"), and a 2% NSR royalty on the unpatented claims comprising the Kilgore Project ("Kilgore NSR"), to the Debentureholders in partial consideration for the cancellation of C$10.41 million aggregate principal amount of the original convertible debentures. The Company determined that the Kilgore CVR and Kilgore NSR are contingent on future transactions and hence do not meet the IFRS criteria for recognition at this time.

4. PROPERTY, PLANT AND EQUIPMENT

	Mining properties $	Machinery and equipment $	Development costs (1) $	Total $
Year ended December 31, 2025				
Acquisition of Minera CRC	467	16	-	483
Additions	-	132	4,719	4,851
Exchange differences (2)	-	-	304	304
Closing net book value	**467**	**148**	**5,023**	**5,638**
Period ended June 30, 2026				
Opening net book value	467	148	5,023	5,638
Additions	-	1,735	5,935	7,670
Exchange differences (2)	(6)	2	(23)	(27)
Closing net book value	**461**	**1,885**	**10,935**	**13,281**

(1) Development costs include underground rehabilitation, mine development and other expenditures directly attributable to bringing the mine and related infrastructure to the condition necessary to operate as intended by management. These costs are reclassified to mining properties, and amortization commences, when the mine achieves commercial production.

(2) Unrealized foreign exchange gains (losses) on translation of Peruvian Sol-demominated assets at the period-end exchange rate.

(unaudited) (in thousands of U.S. dollars, except share and per share data)

5. CONVERTIBLE DEBENTURES

The debentures are accounted for at amortized cost and can be converted into Common Shares of the Company at C$0.10 per share prior to maturity on August 31, 2026, they bear interest at 6.50% per annum if paid in cash, while the Company has the option to satisfy interest in shares at an interest rate of 10% per annum.

The Company recorded interest expense of C$909 ($660) and C$1,079 ($770) for the six months ended June 30, 2026 and 2025, respectively. Subsequent to June 30, 2026 and prior to debenture maturity on August 31, 2026, Debentureholders elected to convert debenture principal of C$4,978 into 49,780,000 shares of the Company, with the remaining debenture principal of C$10 repaid in cash. At the date these financial statements were authorized for issue, no debentures remained outstanding.

	$ CAD	$ USD
Year ended December 31, 2025		
Opening balance	4,674	3,250
Interest expense	1,907	1,366
Conversion of debentures	(1,327)	(961)
Value of shares issued to settle interest payable	(372)	(272)
Cash paid to settle interest payable	(187)	(135)
Exchange differences	-	181
Closing balance	4,695	3,429
Period ended June 30, 2026		
Opening balance	4,695	3,429
Interest expense	909	660
Conversion of debentures (1)	(704)	(505)
Cash paid to settle interest payable (2)	(162)	(116)
Exchange differences	-	(132)
Closing balance at June 30, 2026	**4,738**	**3,336**

(1) Debentureholders elected to convert debenture principal of C$754 into 7,540,000 shares of the Company in accordance with the debenture indenture. As at June 30, 2026, the remaining principal amount outstanding was C$4,988 ($3,511).

(2) The Company satisfied interest payable for the December 31, 2025 to June 29, 2026 period in cash of C$162 ($116). Subsequent to June 30, 2026, the Company paid C$46 ($33) in cash for interest on debentures from June 30, 2026 to the date of conversion or maturity. At the date these financial statements were authorized for issue, no debentures remained outstanding.

6. PROMISSORY NOTE

In connection with the agreement to acquire the Mallay Property, the Company issued a $1,250 non-convertible promissory note in November 2024. The promissory note bore interest at 10% per annum and matured on May 1, 2026. On maturity, the Company repaid the principal amount in full, together with accrued interest of $187. The Company recorded interest expense of $41 and $59 for the six months ended June 30, 2026 and 2025, respectively.

(unaudited) (in thousands of U.S. dollars, except share and per share data)

7. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares.

	Number of shares (000's)	$
Year ended December 31, 2025		
Opening balance	141,641	153,602
Shares issued on exercise of RSUs	956	130
Shares issued to settle interest on debentures – H1 2025	1,741	272
Shares issued on debenture conversion	17,580	2,171
Shares issued in private placements	136,769	11,689
Shares issued on warrant exercise	17,602	2,489
Shares issued in asset acquisition (Note 3)	17,865	2,858
Shares issued to settle payables	3,278	583
Balance at December 31, 2025	**337,432**	**173,794**
Period ended June 30, 2026		
Opening balance	337,432	173,794
Shares issued on exercise of RSUs	943	122
Shares issued on debenture conversion (Note 5) (1)	7,540	1,019
Shares issued in private placement (2)	36,369	14,711
Shares issued on warrant exercise	8,368	1,843
Balance at June 30, 2026	**390,652**	**191,489**

(1) For the six-month period ended June 30, 2026, Debentureholders elected to convert debenture principal of C$754 into 7,540,000 shares of the Company in accordance with the debenture indenture. The share capital of $1,019 reflects the amortized cost of the Debentures converted ($492) and the corresponding portion of the conversion option ($527) which is reclassified from contributed surplus. Subsequent to June 30, 2026 and prior to maturity on August 31, 2026, Debentureholders elected to convert debenture principal of C$4,978 into 49,780,000 shares of the Company. As at the date of issuance of these financial statements, no debentures remained outstanding.

(2) On March 12, 2026, the Company closed a bought deal private placement and a concurrent private placement for aggregate gross proceeds of C$21,822 ($15,919) through the issuance of 36.4 million shares at C$0.60 per share. The Company paid agent fees of C$1,260 ($919) and transaction costs of C$397 ($290). The net proceeds after transaction costs were C$20,164 ($14,711).

On May 15, 2026, the Company's subsidiary Saxony Silver Corp. closed a non-brokered private placement of 4,250 units at C$500 per unit, for aggregate gross proceeds of C$2,125. The proceeds will be used to fund the advancement of exploration activities at the Silver City Project and for general working capital and corporate purposes. Each unit comprised one share and one-half share purchase warrant. Each warrant entitles the holder to acquire one share at a price of C$750 per share for a period of 36 months from the closing date. The Company paid finder's fees in the amount of C$73 and issued a total of 126 finder's shares and 146 finder's warrants. The Company continues to control, and hence consolidate Saxony Silver Corp. Net proceeds of the financing were recorded in the Company's contributed surplus.

The outstanding number and weighted average exercise prices of equity-settled Stock Options, Warrants, DSUs and RSUs are as follows:

(unaudited) (in thousands of U.S. dollars, except share and per share data)

	Options		Warrants (1)			
	Options Outstanding	Weighted Average Exercise Price (CAD)	Warrants Outstanding	Weighted Average Exercise Price (CAD)	RSUs Outstanding	DSUs Outstanding
Outstanding at January 1, 2025	3,154,500	0.23	17,343,842	0.20	1,311,834	5,540,884
Granted/issued	7,985,000	0.29	42,456,880	0.15	930,000	1,701,900
Exercised/settled	-	-	(17,601,563)	0.14	(956,334)	-
Expired	(589,500)	0.72	-	-	(14,500)	-
Outstanding at December 31, 2025	10,550,000	0.25	42,199,159	0.17	1,271,000	7,242,784
Exercisable at December 31, 2025	5,307,500	0.19	42,199,159	0.17	414,000	7,242,784
Outstanding at January 1, 2026	10,550,000	0.25	42,199,159	0.17	1,271,000	7,242,784
Granted/issued	2,755,000	0.43	-	-	2,175,000	952,636
Exercised/settled	-	-	(8,367,621)	0.25	(943,000)	-
Expired	(15,000)	4.14	-	-	(18,000)	-
Outstanding at June 30, 2026	13,290,000	0.28	33,831,538	0.15	2,485,000	8,195,420
Exercisable at June 30, 2026	10,762,500	0.25	33,831,538	0.15	-	7,242,784

(1) For the six-month period ended June 30, 2026, a total of 8,367,621 warrants have been exercised, for proceeds of C$2,079 ($1,514). At June 30, 2026, the outstanding Warrant terms are:

- 9,714,300 warrants with an exercise price of C$0.15 and an expiry of December 3, 2026; and
- 24,117,238 warrants with an exercise price of C$0.15 and an expiry of May 14, 2028.

Options outstanding and exercisable are as follows:

Exercise Price Range (CAD)	Stock Options Outstanding	Weighted Avg Remaining Contractual Life (years)	Stock Options Exercisable	Weighted Average Exercise Price (CAD)
$0.00 to $0.19	5,735,000	0.68	5,735,000	0.13
$0.20 to $0.50	7,555,000	2.04	5,027,500	0.39
	13,290,000	**1.45**	**10,762,500**	**0.28**

Share-based payment expense is recognized over the vesting period of the grant with the corresponding equity impact recorded in contributed surplus. Share-based payment expense comprises the following:

	Three months ended		Six months ended	
	June 30 2026	June 30 2025	June 30 2026	June 30 2025
	$	$	$	$
Stock options	432	59	660	137
RSUs	105	18	115	59
DSUs	38	1	79	107
Share-based payment expense	**575**	**78**	**854**	**303**

(unaudited) (in thousands of U.S. dollars, except share and per share data)

8. ADMINISTRATIVE AND OTHER EXPENSES

(a) Administrative expenses consist of the following:

	Three months ended		Six months ended	
	June 30 2026	June 30 2025	June 30 2026	June 30 2025
	$	$	$	$
Office, insurance and overhead expenses	77	70	139	103
Salaries, consultant, director, professional fees	331	257	662	408
Corporate development and legal expenses	151	-	272	151
Public company costs	82	31	167	51
Peruvian administrative and overhead costs	500	-	855	-
Administrative expenses	**1,141**	**358**	**2,095**	**713**

(b) Other (income) expense consists of the following:

	Three months ended		Six months ended	
	June 30 2026	June 30 2025	June 30 2026	June 30 2025
	$	$	$	$
Unrealized foreign exchange (gain) loss	(372)	29	(824)	38
Realized foreign exchange gain	(13)	-	(14)	-
Interest and other income	(93)	(15)	(143)	(29)
Other	(73)	11	(174)	29
Other (income) expense	**(551)**	**25**	**(1,155)**	**38**

9. FINANCE EXPENSES

Finance expenses consist of the following:

	Three months ended		Six months ended	
	June 30 2026	June 30 2025	June 30 2026	June 30 2025
	$	$	$	$
Interest expense – convertible debentures (Note 5)	332	452	660	770
Interest expense – promissory note (Note 6)	10	28	41	59
Other and accretion on provisions	80	-	161	-
Finance expenses	**422**	**480**	**862**	**829**

10. LEGAL PROCEEDINGS

The Company is involved in legal proceedings and business disputes from time to time arising from the normal course of business. Management, after consultation with legal counsel, believes that the outcome of these proceedings will not have a material impact on the Company's consolidated financial position, results of operations or liquidity.

11. FINANCIAL INSTRUMENTS

Fair values of non-derivative financial instruments

All financial assets and financial liabilities, other than derivatives, are initially recognized at the fair value of consideration paid or received, net of transaction costs, as appropriate, and are subsequently carried at fair value or amortized cost. At June 30, 2026, the carrying amounts of payables and accruals, the restricted cash and other current assets are considered to be reasonable approximations of their respective fair values due to the short-term nature of these instruments.

Risk management policies and hedging activities

The Company is sensitive to changes in foreign exchange rates. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company addresses its exposures through the use of options, futures, forwards and derivative contracts where appropriate.

Credit risk

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes the credit risk on cash and cash equivalents is low since the Company's cash and cash equivalents are held at large international financial institutions with strong credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to determine the funds required to meet its operating and growth objectives. To the extent that the Company may foresee insufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions.

Currency risk

The PEN, MXN, USD, EUR and CAD are the functional currencies of subsidiaries of the Company, while the parent company has a CAD functional currency. As a result, currency exposures arise from transactions and balances in currencies other than the functional currencies.

Translational exposure in respect of non-functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of an operation are periodically revalued to the functional currency equivalents as at that date, and the associated unrealized gain or loss is recorded in the consolidated statements of comprehensive income to reflect this risk.

(unaudited) (in thousands of U.S. dollars, except share and per share data)

Interest rate risk

Cash and cash equivalents earn interest at floating rates dependent upon market conditions.

12. SEGMENT REPORTING

	PERU		CORP & OTHER		TOTAL	
	June 30, 2026 $	Dec 31, 2025 $	June 30, 2026 $	Dec 31, 2025 $	June 30, 2026 $	Dec 31, 2025 $
Property, plant and equipment	13,281	5,638	-	-	13,281	5,638
Mineral rights	4,195	4,253	15,248	15,304	19,443	19,557
Total assets	28,577	19,027	25,797	22,579	55,374	41,606
Total liabilities	7,995	7,284	7,865	9,136	15,860	16,420

	Three months ended		Six months ended	
	June 30, 2026 $	June 30, 2025 $	June 30, 2026 $	June 30, 2025 $
PERU				
General and administrative	(407)	-	(741)	-
Exploration and holding expenses	(707)	-	(728)	-
Finance expense	(81)	-	(161)	-
	(1,195)	-	(1,630)	-
CORPORATE AND OTHER				
General and administrative	(1,216)	(436)	(2,094)	(1,016)
Exploration and holding expenses	(219)	(35)	(332)	(52)
Other income (expense)	551	(25)	1,155	(38)
Finance expenses	(341)	(480)	(701)	(829)
	(1,224)	(976)	(1,972)	(1,935)
Net loss	**(2,420)**	**(976)**	**(3,602)**	**(1,935)**

13. SUBSEQUENT EVENTS

Subsequent to June 30, 2026 and prior to debenture maturity on August 31, 2026, Debentureholders elected to convert debenture principal of C$4,978 into 49,780,000 shares of the Company, with the remaining debenture principal of C$10 repaid in cash. At the date of issuance of these financial statements, no debentures remained outstanding.