

**FORM 51-102F4**  
**BUSINESS ACQUISITION REPORT**

**ITEM 1: IDENTITY OF COMPANY**

**1.1 Name and Address of Company**

Xali Gold Corp.  
1111 Melville Street, Suite 1100  
Vancouver, British Columbia, V6E 3V6

**1.2 Executive Officer**

Joanne Freeze  
Chief Executive Officer of the Company  
(604)512-3359

**ITEM 2: DETAILS OF ACQUISITION**

**2.1 Nature of Business Acquired**

The Company entered into a share purchase agreement (the “Share Purchase Agreement”) dated October 23, 2025 to acquire all of the outstanding shares of Minera Calipuy SAC (“Calipuy”), which wholly owns the Pico Machay gold project in central Peru, from Pan American Silver Corp. and its subsidiary, Aquiline Resources Inc. (together referred to as “Pan American”). Pico Machay is a high-sulphidation gold deposit that lies within the northern extent of the southern Peru epithermal gold-silver belt. The Company closed the transaction under the Share Purchase Agreement on December 24, 2025 (the “Acquisition”).

As a result of the Acquisition, Calipuy is now a wholly-owned subsidiary of the Company and the Company holds a 100% interest in Pico Machay through Calipuy. Pico Machay is further described in an independent technical report for Pico Machay entitled “Amended Technical Report Pico Machay Gold Deposit, Huancavelica Province, Peru”, effective date November 18, 2025 (report date December 16, 2025), filed under the Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**2.2 Date of Acquisition**

The effective date of the Acquisition is December 24, 2025.

**2.3 Consideration**

Per the terms of the Share Purchase Agreement with Pan American, the Company paid the initial cash payment of \$500,000 (U.S.) to close the Acquisition and acquire the shares of Calipuy. Details on the remaining cash payments (all dollar values are U.S.

dollars) to be paid in the future are as follows, with the last payment contingent on completion of a technical report as noted:

<b>Time Period</b>	<b>Cash Payments (USD)</b>
December 24, 2026	1,500,000
December 24, 2027	1,500,000
December 24, 2028	4,000,000
December 24, 2029	3,000,000
Earlier of December 24, 2030 or commencement of commercial production	4,500,000
Upon completion of a technical report prepared in accordance with NI 43-101 disclosing aggregate mineral reserves or mineral resources classified as any of proven mineral reserves, probable mineral reserves, measured mineral resources, or indicated mineral resources(as such terms are defined by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended), greater than 1,250,000 gold ounces in the aggregate, for Pico Machay	2,500,000
<b>Total:</b>	<b>17,000,000</b>

#### **2.4 Effect on Financial Position**

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

#### **2.5 Prior Valuations**

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

#### **2.6 Parties to Transaction**

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

#### **2.7 Date of Report**

March 9, 2026

### **ITEM 3: FINANCIAL STATEMENTS**

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

- the unaudited condensed interim financial statements for Calipuy for the nine months ended September 30, 2025 and 2024 a copy of which is attached hereto as Schedule “A”; and
- the audited annual financial statements of Calipuy for the years ended December 31, 2024 and 2023, a copy of which is attached hereto as Schedule “B”.

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

Schedule "A"

**Minera Calipuy S.A.C.**

**Interim Condensed Financial Statements**  
**For the nine months ended September 30, 2025 and 2024**  
**(Expressed in United States dollars, unless otherwise noted)**

## NOTICE

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim condensed consolidated financial statements, then these financial statements must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**Minera Calipuy S.A.C.**  
**Interim Condensed Statements of Financial Position**  
**At September 30, 2025 and December 31, 2024**  
(expressed in United States dollars)

As at	September 30, 2025	December 31, 2024
<b>Assets</b>		
<b>Non-current assets</b>		
VAT & other tax credits	\$ 993,289	\$ 915,705
<b>Total non-current assets</b>	<b>993,289</b>	<b>915,705</b>
<b>Total assets</b>	<b>\$ 993,289</b>	<b>\$ 915,705</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 49,834	\$ 192
Loans payable to related parties (Note 7)	4,385,211	4,027,347
	<b>4,435,045</b>	<b>4,027,539</b>
<b>Non-current liabilities</b>		
Loans payable to related parties		
Asset retirement obligations (Note 5)	302,248	294,531
<b>Total non-current liabilities</b>	<b>302,248</b>	<b>294,531</b>
<b>Total liabilities</b>	<b>4,737,293</b>	<b>4,322,070</b>
<b>Shareholders' deficit</b>		
Share capital (Note 6)	11,997,800	11,997,800
Deficit	(15,741,804)	(15,404,165)
<b>Total shareholders' deficit</b>	<b>(3,744,004)</b>	<b>(3,406,365)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>\$ 993,289</b>	<b>\$ 915,705</b>

**Nature of operations and going concern (Note 1)**  
**Subsequent event (Note 111)**

Approved for issuance on behalf of the Gerente General on March 9, 2026 by:

**(signed) Joanne Freeze**  
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**Gerente General**

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

**Minera Calipuy S.A.C.**  
**Interim Condensed Statements of Loss and Comprehensive Loss**  
**For the nine months ended September 30, 2025 and 2024**  
(expressed in United States dollars)

	Nine months ended September 30,	
	2025	2024
Expenses		
Accretion expense	\$ 7,717	\$ 13,238
Exploration expenses	322,878	124,300
General and administrative expenses	4,880	89
	<b>335,475</b>	<b>137,627</b>
Other expenses (income)		
Loss on foreign exchange	2,164	1,893
Total other expenses	2,164	1,893
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (337,639)</b>	<b>\$ (139,520)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>	<b>33,590,636</b>	<b>33,590,636</b>

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

**Minera Calipuy S.A.C.**  
**Interim Condensed Statements of Changes in Shareholders' Deficiency**  
For the nine months ended September 30, 2025 and 2024  
(expresses in United States dollars)

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	<u>Share capital</u>			<b>Total</b>
	<b>Total common shares</b>	<b>Share capital</b>	<b>Deficit</b>	
Balance, December 31, 2023	33,590,636	11,997,800	(15,248,185)	(3,250,385)
Loss for the period	-	-	(139,520)	(139,520)
<b>Balance, September 30, 2024</b>	<b>33,590,636</b>	<b>\$ 11,997,800</b>	<b>\$ (15,387,705)</b>	<b>\$ (3,389,905)</b>
Balance, December 31, 2024	33,590,636	11,997,800	(15,404,165)	(3,406,365)
Loss for the period	-	-	(337,639)	(337,639)
<b>Balance, September 30, 2025</b>	<b>33,590,636</b>	<b>\$ 11,997,800</b>	<b>\$ (15,741,804)</b>	<b>\$ (3,744,004)</b>

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

# Minera Calipuy S.A.C.

## Statements of Cash Flows

For the nine months ended September 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

	Nine months ended September 30,	
	2025	2024
<b>Operating activities</b>		
Loss for the period	\$ (337,639)	(139,520)
Items not affecting cash:		
Accretion expense	7,717	13,238
Changes in non-cash working capital items:		
VAT receivable	(77,584)	(125)
Accounts payable and accrued liabilities	49,642	93
Due to/from related party	357,864	126,314
<b>Net cash used in operating activities</b>	-	-
<b>Net change in cash</b>	-	-
<b>Cash, beginning of period</b>	-	-
<b>Cash, end of period</b>	\$ -	\$ -

During the nine month ended ended September 30, 2025 and 2024, there were no non-cash financing or investing activities. Furthermore, the Company paid \$nil in interest and taxes.

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

# **Minera Calipuy S.A.C.**

## **Notes to the interim condensed financial statements**

### **For the nine months ended September 30, 2025 and 2024**

(expressed in United States dollars unless otherwise noted)

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#### **1. Nature of operations and going concern**

Minera Calipuy S.A.C. (the “Company” or “Minera Calipuy”) are engaged in the exploration of mineral right interests in Mexico and Peru. The Company was incorporated on April 26, 1999 under the Registration of Lima, Peru. The Company’s office is located at Av de la Floresta 497 Int 101 District of San Borja, Lima. During the nine months ended September 30, 2025 and 2024, the Company was a wholly owned subsidiary of Pan American Silver Corp. a publicly traded company in British Columbia, Canada.

Subsequent to year end, Pan American Silver Corp. and its subsidiary, Aquiline Resources Inc. sold 100% of the issued and outstanding common shares of Minera Calipuy to Xali Resources Corp. (the “Transaction”) (Note 13).

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the nine months ended September 30, 2025, the Company had no revenues and incurred a loss of \$337,639 (2024 - \$139,520). As at September 30, 2025, the Company has a working capital deficit of \$4,435,045 (December 31, 2024 - \$4,027,539), and an accumulated deficit of \$15,741,804 (December 31, 2024 - \$15,404,165). The continued operations of the Company are dependent on future profitable operations and the management’s ability to manage costs and raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These circumstances comprise a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of those adjustments to the financial statements could be material.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

#### **2. Statement of compliance and basis of presentation**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards Board (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS issued by the IASB.

#### **3. Material accounting policy information**

Accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company’s interim condensed consolidated financial statements.

**Minera Calipuy S.A.C.**  
**Notes to the interim condensed financial statements**  
**For the nine months ended September 30, 2025 and 2024**  
(expressed in United States dollars unless otherwise noted)

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**4. Mineral property rights**

Minera Calipuy is the recorded, legal and beneficial holder of 100% interest in a total of 17 mining rights (the "Mining Rights") that make up the Pico Machay Project. The Mining Rights would expire in 2039, if production has not commenced by that time.

There is an existing 1% Net Smelter Return ("NSR") royalty covering the El Alcatraz 4 concession which covers the centre of the project. The NSR, which covers all metals, was granted to Maverix Metals Inc. in July 2016. The royalty is perpetual, with no cap on payments and no buyback provision. In January 2023, Triple Flag Precious Metals Corp. completed the acquisition of Maverix Metals Inc. and now holds the NSR.

**5. Asset retirement obligation**

The asset retirement obligation represents the estimated costs for required future reclamation and restoration activities. These activities include removal of site structures and infrastructure, recontouring and revegetation of previously used areas and the management of water and water quality in and around the site. As at September 30, 2025, the asset retirement obligation was \$302,248 (December 31, 2024 - \$294,531) for building restoration and revegetation on the Pico Machay mineral property. The total estimated decommissioning costs are \$335,000, which have been discounted at a rate of 5.16% over a 11 year term. During the nine months ended September 30, 2025, the Company recorded \$7,717 (2024 - \$13,238) in accretion expense.

**6. Share capital**

**a. Shares authorized**

The Company has an unlimited number of common shares with no par value.

**b. Shares issued**

As at September 30, 2025, the Company had 33,590,636 (December 31, 2024 – 33,590,636) common shares issued and outstanding.

**7. Related party disclosures**

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

The Company relies on funds from its parent company for funding.

**a. Balance owing**

As at September 30, 2025 and December 31, 2024, the Company has current balance due to intercompany in the amount of \$4,385,211 (December 31, 2024 - \$4,027,347). Subsequent to year end, the balance was settled in full as part of the closing requirements of the Transaction (Note 13).

**Minera Calipuy S.A.C.**  
**Notes to the interim condensed financial statements**  
**For the nine months ended September 30, 2025 and 2024**  
(expressed in United States dollars unless otherwise noted)

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**8. Segmented information**

The Company operates in one segment, the exploration of mineral properties. The Company operates in one geographical area, being Peru.

**9. Capital management**

The Company's capital structure is comprised of the components of shareholders' deficit. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to any restrictions on its capital.

**10. Financial instruments and risk management**

The Company's financial instruments consist of accounts payable and accrued liabilities, and loans due to related parties.

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

- Level 1 – valuation based on quoted prices (unadjusted) 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 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2025 and December 31, 2024, the Company did not have any financial instruments classified as FVTPL. The fair values of, accounts payable and accrued liabilities and loans payable to related parties, approximate their carrying values due to the short-term nature of these instruments.

The Company is exposed to certain financial risks in the normal course of its operations:

**Minera Calipuy S.A.C.**  
**Notes to the interim condensed financial statements**  
**For the nine months ended September 30, 2025 and 2024**  
(expressed in United States dollars unless otherwise noted)

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**10. Financial instruments and risk management (continued)**

**a. Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner.

The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. As at September 30, 2025, the Company has cash of \$Nil which is not sufficient to settle current liabilities totalling \$4,435,045; accordingly, liquidity risk is considered to be high (Note 1).

**b. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risk arises from cash. Cash are deposited in highly rated corporations and the credit risk associated with these deposits is low. The Company is not currently exposed to any credit risk.

**c. Market risk**

*Currency risk*

Currency risk is the risk that arises on financial instruments that are denominated in a currency, i.e., in a currency other than the functional currency in which they are measured.

The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's Peruvian Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies.

*Price risk*

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily gold and silver) to determine the appropriate course of action to be taken by the Company.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

**Minera Calipuy S.A.C.**  
**Notes to the interim condensed financial statements**  
**For the nine months ended September 30, 2025 and 2024**  
(expressed in United States dollars unless otherwise noted)

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**11. Subsequent events**

Subsequent to September 30, 2025, Aquiline Resources Inc. and Pan American Silver Corp. (collectively, the "Shareholders"), entered into a share purchase agreement dated October 23, 2025 with Xali Gold Corp. (the "Purchaser"), pursuant to which the Shareholders agreed to sell 100% of the issued and outstanding shares of the Company to the Purchaser. The Transaction relates to the Company's ownership of the Pico Machay mineral property located in Huancavelica, Peru.

Total consideration under the agreement consists of fixed and contingent cash payments. Closing consideration of USD \$500,000 was paid on December 24, 2025. Additional deferred consideration totaling USD \$14,500,000 is payable in installments between December 24, 2026 and December 24, 2030, with the final payment due on the earlier of the fifth anniversary of closing or commencement of commercial production. In addition, contingent consideration of USD \$2,500,000 may become payable upon completion of a technical report confirming mineral resources or reserves in excess of 1,250,000 ounces of gold at the Pico Machay Project.

Deferred and contingent payments are supported by promissory notes governed by Peruvian law and are secured by a pledge over 100% of the shares of the Company and a mortgage over certain mining concessions.

Schedule "B"

**Minera Calipuy S.A.C.**

**Audited Financial Statements**

**For the years ended December 31, 2024 and 2023**  
**(Expressed in United States dollars, unless otherwise noted)**

**INDEPENDENT AUDITOR'S REPORT**

To the Director of:  
**Minera Calipuy S.A.C.**

**Opinion**

We have audited the financial statements of Minera Calipuy S.A.C. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

**Basis for Opinion**

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 of the financial statements, which indicates that the Company incurred a net loss of \$155,980 during the year ended December 31, 2024 and, as of that date, the Company's the Company's total deficit was \$15,404,165. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

*Charlton & Company*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC  
March 9, 2026

**Minera Calipuy S.A.C.**  
**Statements of Financial Position**

**At December 31, 2024 and 2023**

(expressed in United States dollars)

As at	Notes	December 31, 2024	December 31, 2023
<b>Assets</b>			
<b>Non-current assets</b>			
VAT & other tax credits		\$ 915,705	\$ 929,284
<b>Total non-current assets</b>		<b>915,705</b>	<b>929,284</b>
<b>Total assets</b>		<b>\$ 915,705</b>	<b>\$ 929,284</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 192	\$ 102
Loans payable to related parties (Note 8)		4,027,347	3,902,687
		<b>4,027,539</b>	<b>3,902,789</b>
<b>Non-current liabilities</b>			
Asset retirement obligations (Note 6)		294,531	276,880
<b>Total non-current liabilities</b>		<b>294,531</b>	<b>276,880</b>
<b>Total liabilities</b>		<b>4,322,070</b>	<b>4,179,669</b>
<b>Shareholders' deficit</b>			
Share capital (Note 7)		11,997,800	11,997,800
Deficit		(15,404,165)	(15,248,185)
<b>Total shareholders' deficit</b>		<b>(3,406,365)</b>	<b>(3,250,385)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>\$ 915,705</b>	<b>\$ 929,284</b>

**Nature of operations and going concern (Note 1)**

**Subsequent event (Note 13)**

Approved for issuance on behalf of the Director on March 9, 2026 by:

**(signed) Joanne Freeze**

**Director**

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

**Minera Calipuy S.A.C.**  
**Statements of Loss and Comprehensive Loss**  
**For the years ended December 31, 2024 and 2023**  
(expressed in United States dollars)

Notes	Years ended December 31,	
	2024	2023
Expenses		
Accretion expense (Note 6)	\$ 17,651	\$ 14,307
Exploration expenses	104,581	101,441
General and administrative expenses	88	2,027
	<b>122,320</b>	<b>117,775</b>
Other expenses		
Loss on foreign exchange	33,660	35,983
Total other expenses	33,660	35,983
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (155,980)</b>	<b>\$ (153,758)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>	<b>33,590,636</b>	<b>33,590,636</b>

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

**Minera Calipuy S.A.C.**  
**Statements of Changes in Shareholders' Deficiency**  
For the years ended December 31, 2024 and 2023  
(expresses in United States dollars)

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	<u>Share capital</u>			
	<u>Total common shares</u>	<u>Share capital</u>	<u>Deficit</u>	<u>Total</u>
Balance, December 31, 2022	33,590,636	\$ 11,997,800	\$ (15,094,427)	\$ (3,096,627)
Loss for the year	-	-	(153,758)	(153,758)
Balance at December 31, 2023	33,590,636	11,997,800	(15,248,185)	(3,250,385)
<b>Balance, December 31, 2023</b>	<b>33,590,636</b>	<b>11,997,800</b>	<b>(15,248,185)</b>	<b>(3,250,385)</b>
Loss for the year	-	-	(155,980)	(155,980)
<b>Balance, December 31, 2024</b>	<b>33,590,636</b>	<b>\$ 11,997,800</b>	<b>\$ (15,404,165)</b>	<b>\$ (3,406,365)</b>

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

## Minera Calipuy S.A.C.

### Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(expressed in United States dollars unless otherwise noted)

	Years ended December 31,	
	2024	2023
<b>Operating activities</b>		
Loss for the year	\$ (155,980)	(153,758)
Items not affecting cash:		
Accretion expense	17,651	14,307
Changes in non-cash working capital items:		
VAT receivable	13,579	(25,584)
Accounts payable and accrued liabilities	90	1
Due to/from related party	124,660	162,993
<b>Net cash used in operating activities</b>	-	(2,041)
<b>Net change in cash</b>	-	(2,041)
<b>Cash, beginning of year</b>	-	2,041
<b>Cash, end of year</b>	\$ -	\$ -

During the years ended December 31, 2024 and 2023, there were no non-cash financing or investing activities. Furthermore, the Company paid \$nil in interest and taxes.

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

# **Minera Calipuy S.A.C.**

## **Notes to the financial statements**

**For the years ended December 31, 2024 and 2023**  
(expressed in United States dollars unless otherwise noted)

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### **1. Nature of operations and going concern**

Minera Calipuy S.A.C. (the “Company” or “Minera Calipuy”) are engaged in the exploration of mineral right interests in Mexico and Peru. The Company was incorporated on April 26, 1999 under the Registration of Lima, Peru. The Company’s office is located at Av de la Floresta 497 Int 101 District of San Borja, Lima. During the years ended December 31, 2024 and 2023, the Company was a wholly owned subsidiary of Pan American Silver Corp. a publicly traded company in British Columbia, Canada.

Subsequent to year end, Pan American Silver Corp. and its subsidiary, Aquiline Resources Inc. sold 100% of the issued and outstanding common shares of Minera Calipuy to Xali Resources Corp. (the “Transaction”) (Note 13).

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended December 31, 2024, the Company had no revenues and incurred a loss of \$155,980 (2023 - \$153,758). As at December 31, 2024, the Company has a working capital deficit of \$4,027,539 (2023 - \$3,902,789), and an accumulated deficit of \$15,404,165 (2023 - \$15,248,185). The continued operations of the Company are dependent on future profitable operations and the management’s ability to manage costs and raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These circumstances comprise a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of those adjustments to the financial statements could be material.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

### **2. Statement of compliance and basis of presentation**

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements were authorized for issue by the Director on March 9, 2026.

#### Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### Presentation currency

These financial statements have been prepared in United States dollars (“USD”) being the Company’s presentation and functional currency, and are based on a historical cost basis. Unless otherwise noted all figures are in USD.

**Minera Calipuy S.A.C.**  
**Notes to the financial statements**  
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**2. Statement of compliance and basis of presentation (continued)**

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a regular basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Specific amounts and disclosures affected by estimates in these financial statements include:

i. Asset retirement obligations

The Company's rehabilitation provision represents management's best estimate of the present value of the future cash outflows required to settle the liability. Management assesses these provisions on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates, interest rates and foreign exchange rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

ii. Deferred income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Specific amounts and disclosures affected by judgements in these financial statements include:

i. Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

ii. Functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment in which the entity operates, and the Company reconsiders its functional currency and that of its subsidiaries if there is a change in events and conditions which determined the primary economic environment.

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**2. Statement of compliance and basis of presentation (continued)**

Critical accounting estimates and judgments (continued)

iii. Title to mineral property rights

Although the Company has taken steps to verify title to its exploration properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

**3. Material accounting policy information**

**a. Foreign currency translation**

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates, which has been determined to be the USD. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the period end date exchange rates. Non-monetary items are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Revenues and expenses are translated at the exchange rates prevailing on the dates of the transactions. Exchange gains and losses arising on translation are included in the statement of loss.

**b. Mineral property rights**

The Company expenses exploration and evaluation costs and acquisition costs directly to the statement of loss and comprehensive loss in the year they are incurred. The Company expenses the costs, until such time as technical feasibility and commercial viability of the mineral properties is demonstrable, after which subsequent expenditures related to development activities for that particular project are capitalized as incurred.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes: (1) researching and analyzing historical exploration data; (2) gathering exploration data through topographical, geochemical and geophysical studies; (3) exploratory drilling, trenching and sampling; (4) determining and examining the volume and grade of the resource; (5) surveying transportation and infrastructure requirements; (6) mining activities; and, (7) conducting market and finance studies.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as but not limited to: the extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document; the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study; the status of environmental permits, and the status of mining leases or permits.

Once the technical feasibility and commercial viability of an exploration property has been determined, it is then considered to be a mine under development and is reclassified to mineral property in accordance with IAS 16- property, plant and equipment. All costs relating to the construction, installation, or completion of a mine that are incurred subsequent to the exploration and evaluation stage are capitalized to the mineral property. Proceeds from the sale of ore extracted during the development phase are net against development expenditures.

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**3. Material accounting policy information (continued)**

**c. Asset retirement obligations**

Asset retirement obligations encompass legal, statutory, contractual, or constructive obligations associated with the retirement of a long-lived tangible asset (for example, final mill closure or site reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The present value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value.

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long-lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, or provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date the cost is charged to the statement of operations.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against the statement of loss as extraction progresses.

**d. Financial instruments**

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The financial instruments are initially measured at fair value. The Company determines the classification of financial instruments at initial recognition based on the business model in which they are held and the characteristics of their contractual cash flows.

The Company has the following financial instruments:

- Accounts payable and accrued liabilities – Amortized cost
- Loans payable to related parties – Amortized cost

(ii) Measurement

Financial assets

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or does not meet the criteria to be measured at amortized cost or at FVOCI. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

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**3. Material accounting policy information (continued)**

**d. Financial instruments (continued)**

- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets are measured at amortized cost if they are not designated at FVTPL, and the following conditions are met:

- are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and,
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVOCI

Financial assets are measured at fair value through other comprehensive income only if they are not designated at FVTPL, and the following conditions are met:

- it has been held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities (including accounts payable and accrued liabilities and loans payable) are initially measured at fair value, net of transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method, unless they are required or opted to be measured at FVTPL.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize, in the statement of loss, an impairment gain or loss, and the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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**Notes to the financial statements**  
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**3. Material accounting policy information (continued)**

**d. Financial instruments (continued)**

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flow from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, 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 profit or loss.

**e. Income Taxes**

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss and that at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. A deferred income tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Changes in deferred income tax assets or liabilities are recognized as a component of tax income or expense in the statement of operations except where they related to items that are recognized in other comprehensive income or directly in equity, in which case, related deferred tax is also recognized in other comprehensive income or equity, respectively. Deferred income tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

**f. Earnings (loss) per share**

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Diluted earnings (loss) per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. For the years ended December 31, 2024 and 2023, there were no warrants or stock options issued or outstanding.

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**3. Material accounting policy information (continued)**

**g. Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to passage of time is recognized as interest expense.

**h. Related party transactions**

Parties are 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. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

**i. Adoption of new accounting pronouncements**

*Amendments to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*

In January 2020 and October 2022, the IASB issued amendments to clarify the requirements for classifying liabilities current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2024, with early adoption permitted, and the amendments are to be applied retrospectively. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's financial statements.

**j. Future accounting standards**

*IFRS 18 – Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is still in the process of assessing the impact of this standard on its financial statements.

*IAS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)*

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to clarify the accounting requirements when a currency lacks exchangeability and to provide guidance on how to estimate an appropriate exchange rate in such circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company is still in the process of assessing the impact of this standard on its financial statements.

**Minera Calipuy S.A.C.**  
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**5. Mineral property rights**

Minera Calipuy is the recorded, legal and beneficial holder of 100% interest in a total of 17 mining rights (the "Mining Rights") that make up the Pico Machay Project. The Mining Rights would expire in 2039, if production has not commenced by that time.

There is an existing 1% Net Smelter Return ("NSR") royalty covering the El Alcatraz 4 concession which covers the centre of the project. The NSR, which covers all metals, was granted to Maverix Metals Inc. in July 2016. The royalty is perpetual, with no cap on payments and no buyback provision. In January 2023, Triple Flag Precious Metals Corp. completed the acquisition of Maverix Metals Inc. and now holds the NSR.

**6. Asset retirement obligation**

The asset retirement obligation represents the estimated costs for required future reclamation and restoration activities. These activities include removal of site structures and infrastructure, recontouring and revegetation of previously used areas and the management of water and water quality in and around the site. As at December 31, 2024, the asset retirement obligation was \$294,531 (2023 - \$276,880) for building restoration and revegetation on the Pico Machay mineral property. The total estimated decommissioning costs are \$335,000, which have been discounted at a rate of 5.16% over a 11 year term. During the year ended December 31, 2024, the Company recorded \$17,651 (2023 - \$14,307) in accretion expense.

**7. Share capital**

**a. Shares authorized**

The Company has an unlimited number of common shares with no par value.

**b. Shares issued**

As at December 31, 2024, the Company had 33,590,636 (2024 – 33,590,636) common shares issued and outstanding.

**8. Related party disclosures**

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

The Company relies on funds from its parent company for funding.

**a. Balance owing**

As at December 31, 2024 and 2023, the Company has current balance due to intercompany in the amount of \$4,027,347 (2023 - \$3,902,687). Subsequent to year end, the balance was settled in full as part of the closing requirements of the Transaction (Note 13).

**Minera Calipuy S.A.C.**  
**Notes to the financial statements**  
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(expresses in United States dollars unless otherwise noted)

**9. Deferred income taxes**

	<b>December 31, 2024</b>	December 31, 2023
<b>Net loss</b>	<b>\$ (155,980)</b>	<b>\$ (153,758)</b>
Expected income tax recovery at 29.5% (2023 – 29.5%)	(46,000)	(45,000)
Change in statutory, foreign tax, foreign exchange rates and other	8,000	-
Change in unrecognized deductible temporary differences	38,000	45,000
<b>Deferred income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

The significant components of the Company's unrecognized net deferred income tax assets and liabilities are as follows:

	<b>December 31, 2024</b>	December 31, 2023
Asset retirement obligation	<b>\$ 12,000</b>	\$ 17,000
Non-capital losses	<b>259,000</b>	216,000
<b>Total unrecognized deferred income tax assets</b>	<b>\$ 271,000</b>	<b>\$ 233,000</b>

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

As at December 31, 2024, the Company has non-capital losses of approximately \$878,000 (2023 – \$734,000) available to offset future income for income tax purposes which commence expiring in 2024 through 2028.

**10. Segmented information**

The Company operates in one segment, the exploration of mineral properties. The Company operates in one geographical area, being Peru.

**11. Capital management**

The Company's capital structure is comprised of the components of shareholders' deficit. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to any restrictions on its capital.

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**12. Financial instruments and risk management**

The Company's financial instruments consist of accounts payable and accrued liabilities, and loans due to related parties.

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

- Level 1 – valuation based on quoted prices (unadjusted) 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 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2024 and 2023, the Company did not have any financial instruments classified as FVTPL. The fair values of, accounts payable and accrued liabilities and loans payable to related parties, approximate their carrying values due to the short-term nature of these instruments.

The Company is exposed to certain financial risks in the normal course of its operations:

**a. Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner.

The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. As at December 31, 2024, the Company has cash of \$Nil which is not sufficient to settle current liabilities totalling \$4,027,347; accordingly, liquidity risk is considered to be high (Note 1).

**b. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risk arises from cash. Cash are deposited in highly rated corporations and the credit risk associated with these deposits is low. The Company is not currently exposed to any credit risk.

**c. Market risk**

*Currency risk*

Currency risk is the risk that arises on financial instruments that are denominated in a currency, i.e., in a currency other than the functional currency in which they are measured.

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**12. Financial instruments and risk management (continued)**

The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's Peruvian Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies.

*Price risk*

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily gold and silver) to determine the appropriate course of action to be taken by the Company.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

**13. Subsequent events**

Subsequent to December 31, 2024, Aquiline Resources Inc. and Pan American Silver Corp. (collectively, the "Shareholders"), entered into a share purchase agreement dated October 23, 2025 with Xali Gold Corp. (the "Purchaser"), pursuant to which the Shareholders agreed to sell 100% of the issued and outstanding shares of the Company to the Purchaser. The Transaction relates to the Company's ownership of the Pico Machay mineral property located in Huancavelica, Peru.

Total consideration under the agreement consists of fixed and contingent cash payments. Closing consideration of \$500,000 was paid on December 24, 2025. Additional deferred consideration totaling \$14,500,000 is payable in installments between December 24, 2026 and December 24, 2030, with the final payment due on the earlier of the fifth anniversary of closing or commencement of commercial production. In addition, contingent consideration of \$2,500,000 may become payable upon completion of a technical report confirming mineral resources or reserves in excess of 1,250,000 ounces of gold at the Pico Machay Project.

Deferred and contingent payments are supported by promissory notes governed by Peruvian law and are secured by a pledge over 100% of the shares of the Company and a mortgage over certain mining concessions.