SOLIS MINERALS

SOLIS MINERALS LTD.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended May 31, 2025
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT
To the Members of Solis Minerals Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Solis Minerals Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 May 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 31 May 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code') together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

The consolidated financial statements of Solis Minerals Limited and its subsidiaries for the year ended 31 May 2024 were audited by another auditor who expressed an unmodified opinion with a material uncertainty related to going concern paragraph on those statements on August 27, 2024.

Key Audit Matters

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

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets Refer to Note 4	
The Group has capitalised exploration and evaluation assets of $7,019,528 as at 31 May 2025. Our audit procedures determined that the carrying value of exploration and evaluation assets was a key audit matter as it was an area which required the most communication with those charged with governance and was determined to be of key importance to the users of the financial statements.	Our procedures included but were not limited to the following: - We obtained an understanding of the key processes associated with management's review of the carrying value of exploration and evaluation expenditure; - We obtained evidence that the Group has current rights to tenure of its areas of interest; - We considered the existence of impairment indicators under IFRS 6; - We verified additions during the year on a sample basis; - We enquired with management and reviewed ASX/TSX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its areas of interest; and - We examined the disclosures made in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 May 2025, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 International Standards on Auditing 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 this financial report.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group'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 report 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
13 August 2025

SOLIS MINERALS LTD.

(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

		May 31, 2025		May 31, 2024
Assets				
Current				
Cash	$	3,319,264	$	3,921,451
Receivables		63,525		41,932
Prepaid expenses		219,844		158,386
		3,602,633		4,121,769
Non-Current				
Equipment (Note 7)		35,499		28,498
Prepaid expenses		-		90,000
Right-of-use assets (Note 8)		11,319		22,847
Exploration and evaluation assets (Note 4)		7,019,528		7,368,100
Total Assets	$	10,668,979	$	11,631,214
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable	$	443,408	$	310,260
Accrued liabilities		122,363		112,000
Lease liabilities (Note 8)		11,571		10,144
Derivative liability (Note 5)		1,854,125		-
		2,431,467		432,404
Non-Current				
Lease liabilities (Note 8)		1,072		14,681
		2,432,639		447,085
Shareholders' Equity				
Share capital (Note 5)		48,622,630		47,329,630
Reserves (Note 5)		4,772,716		3,700,446
Accumulated other comprehensive loss – cumulative translation adjustment		(328,565)		(147,528)
Accumulated losses		(44,830,341)		(39,698,419)
Total Equity		8,236,440		11,184,129
Total Liabilities and Shareholders' Equity	$	10,668,979	$	11,631,214

These consolidated financial statements were approved and authorized for issue by the Board of Directors on August 13, 2025. They are signed on the Company Board's behalf by:

Signed ____________________, Director Signed ______________________, Director

The accompanying notes are an integral part of the consolidated financial statements.

SOLIS MINERALS LTD.
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
(Expressed in Canadian Dollars)

	Year Ended May 31, 2025	2024
Expenses		
Accounting, audit and legal	$ 326,771	$ 451,679
Amortization of equipment (Note 7)	5,018	10,156
Amortization of right of use assets (Note 8)	9,794	11,239
Bank charges and interest recovery	(72,899)	(191,190)
Consulting fees	538,032	764,472
Foreign exchange loss	165,816	37,632
Insurance	44,699	80,211
Loss on change in fair value of warrants (Note 5)	385,984	7,388,568
Management fees (Note 6)	66,981	40,000
Office	548,588	353,829
Property investigation	-	25,592
Regulatory and filing fees	191,129	238,196
Rent	43,346	-
Share-based compensation (Notes 5)	151,623	476,550
Shareholder communications	311,305	343,130
Travel and related	134,560	266,096
Impairment of exploration and evaluation assets (Note 4)	2,402,151	1,673,153
Loss before income tax	(5,252,898)	(11,969,313)
Income tax benefit	-	-
Loss for the year	(5,252,898)	(11,969,313)
Other comprehensive Income		
Exchange difference on translating foreign operations	(181,037)	(147,528)
Total Comprehensive loss for the year	$ (5,433,935)	$ (12,116,841)
Loss per common share, basic and diluted	$ (0.06)	$ (0.14)
Weighted average number of common shares outstanding – basic and diluted	96,335,406	84,716,514

The accompanying notes are an integral part of the consolidated financial statements.

SOLIS MINERALS LTD.

(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	Share Capital					
	Number	Amount	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Shareholders' Equity
Balance - May 31, 2023	**60,466,654**	**$ 29,025,555**	**$ 3,367,961**	**$ -**	**$ (27,729,106)**	**$ 4,664,410**
Private placement	15,067,273	7,323,053	-	-	-	7,323,053
Share issuance cost	-	(274,837)	-	-	-	(274,837)
Exercise of options	650,000	314,065	(144,065)	-	-	170,000
Exercise of warrants	11,160,956	2,977,794	-	-	-	2,977,794
Shares issued for acquisition of Onca	500,000	450,000	-	-	-	450,000
Share-based compensation	-	-	530,349	-	-	530,349
Exercise of warrants	-	7,514,000	-	-	-	7,514,000
Share-based compensation	-	-	(53,799)	-	-	(53,799)
Other comprehensive loss for the year	-	-	-	(147,528)	-	(147,528)
Loss for the year	-	-	-	-	(11,969,313)	(11,969,313)
Balance - May 31, 2024	**87,844,883**	**47,329,630**	**3,700,446**	**(147,528)**	**(39,698,419)**	**11,184,129**
Private placement	53,235,295	4,032,582	-	-	-	4,032,582
Share issuance cost		(229,818)	-	-	-	(229,818)
Derivative liability - unit warrants	-	(1,468,141)	-	-	-	(1,468,141)
Finders warrants	-	(1,041,623)	1,041,623	-	-	-
Share-based compensation	-	-	151,623	-	-	151,623
Forfeiture of performance rights	-	-	(120,976)	-	120,976	-
Other comprehensive loss for the year	-	-	-	(181,037)	-	(181,037)
Loss for the year	-	-	-	-	(5,252,898)	(5,252,898)
Balance - May 31, 2025	**141,080,178**	**$ 48,622,630**	**$ 4,772,716**	**$ (328,565)**	**$ (44,830,341)**	**$ 8,236,440**

The accompanying notes are an integral part of the consolidated financial statements.

SOLIS MINERALS LTD.
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the Years Ended May 31, 2025	2024
Cash flows from operating activities		
Loss for the year	$ (5,252,898)	$ (11,969,313)
Items not affecting cash:		
Accretion of office lease liability	4,006	4,232
Amortization of equipment	5,018	10,156
Amortization of right of use assets	9,794	11,239
Loss (gain) on change in fair value of warrants	385,984	7,388,568
Share-based compensation	151,623	476,550
Write-off of exploration and evaluation assets	2,402,151	1,673,153
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(21,593)	1,365
Decrease (increase) in prepaid expenses and deposits	28,542	(198,638)
Increase (decrease) in accounts payable/accrued liabilities	181,946	(59,358)
Net cash used in operating activities	(2,105,427)	(2,662,046)
Cash flows from investing activities		
Cash received in acquisition of Onça	-	97,178
Exploration and evaluation assets	(2,252,159)	(3,777,933)
Purchase of capital assets	(13,231)	(31,301)
Net cash used in investing activities	(2,265,390)	(3,712,056)
Cash flows from financing activities		
Issuance of capital stock	4,032,582	7,323,053
Share issuance costs	(229,818)	(274,837)
Shares issued – options exercised	-	170,000
Shares issued – warrants exercised	-	2,977,794
Lease payments	(14,301)	(13,493)
Net cash provided by financing activities	3,788,463	10,182,517
Impact of foreign exchange rate on cash	(19,833)	-
Net change in cash for the year	(602,187)	3,808,415
Cash – beginning of the year	3,921,451	113,036
Cash – end of the year	$ 3,319,264	$ 3,921,451

Supplemental cash flow information		
Cash paid for interest and income taxes	$ -	$ -
Finders warrants	$ 1,041,623	$ -
Right of use assets	$ -	$ 34,086
Exploration and evaluation assets accrued through accounts payable and accrued liabilities	$ 52,774	$ 91,209
Deferred acquisition costs reclassified to exploration and evaluation assets	$ -	$ 771,589
Recognition of derivative liability	$ 1,468,141	$ -
Derivative liability reclassified to share capital	$ -	$ 7,514,000
Cancellation of performance rights	$ 120,976	$ -
Fair value of option exercised	$ -	$ 144,065

The accompanying notes are an integral part of the consolidated financial statements.

1. Nature of Operations and Going Concern

Solis Minerals Ltd. (an Exploration Stage Company) was incorporated under the Business Corporations Act of British Columbia, Canada on December 1, 2005 and maintains its corporate registered office at Unit 3, 32 Harrogate Street, West Leederville WA 6017, Australia. The Company's common shares are listed on the TSX Venture Exchange (TSX.V: SLMN) in Canada and began trading on the Australian Securities Exchange (ASX: SLM) effective December 24, 2021. Solis Minerals Ltd. and its subsidiaries (collectively referred to as the "Company" or "Solis") are principally engaged in the acquisition and exploration of mineral properties as described herein.

These consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. However, there are factors that management has identified that may cast significant doubt on the entities ability to continue as a going concern.

For the year ended May 31, 2025, the Company reported a loss of $5,252,898 (2024 – $11,969,313) and at that date had an accumulated deficit of $44,830,341 (2024 – $39,698,419). As at May 31, 2025, the Company had working capital of $1,171,166 (2024 – $3,689,365). The Company has no source of operating cash flow and relies on issuances of equity to finance operations, including exploration of its exploration and evaluation ("E&E") assets.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition and exploration of its E&E assets, is dependent on the Company's ability to obtain the necessary financing through debt or equity issuances or other available means. Management will seek to raise additional capital to finance operations and expected growth, if necessary, or alternatively to dispose of its interests in certain properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, the Company may be unable to continue as a going concern.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its E&E assets. The recoverability of amounts shown for E&E assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production or proceeds from disposition of E&E assets. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

Due to the existence of the above factors, there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that may 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 and commitments in other than the normal course of business.

2. Basis of Presentation and Statement of Compliance

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

These consolidated financial statements were authorized for issue by the Company's Board of Directors on August 13, 2025.

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Certain comparative balances have been reclassified to conform with current period presentation.

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of Solis Minerals Ltd (the parent entity), Westminster Chile SpA and Westminster Peru SAC. The functional currency of Onça Mineração Ltda. is the Brazilian Real.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

These consolidated financial statements include the accounts of the Company and its wholly owned integrated subsidiaries, Westminster Peru SAC, Westminster Chile SpA and Onça Mineração Ltda. from the date of acquisition on June 5, 2023. All significant inter-company balances and transactions have been eliminated upon consolidation.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or had rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

3. Material Accounting Policy Information, New Standards and Interpretations

a) Sources of Estimation Uncertainty

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

(i) Valuation of performance rights

The Company valued the performance rights ("PSUs") using the trading price on the date of grant adjusted for the estimated likelihood of vesting. Determining the estimated likelihood of vesting requires subjective assumptions. Changes in the assumptions could materially affect the fair value estimate and the Company's earnings and shareholders' equity reserves.

3. Material Accounting Policy Information, New Standards and Interpretations (continued)

a) Sources of Estimation Uncertainty (Continued)

(ii) Realization of mineral property interests

The Company assesses its E&E assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of assets may not be recoverable at each reporting period. The assessment of any impairment of E&E assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows and useful lives of assets and their related salvage values.

(iii) Site restoration obligations

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

Restoration liabilities include an estimate of the future cost associated with the reclamation of the property, discounted to its present value, and capitalized as part of the cost of E&E assets. The estimated costs are based on the present value of the expenditure expected to be incurred. Changes in the discount rate, estimated timing of reclamation costs, or cost estimates are dealt with prospectively by recording a change in estimate, and corresponding adjustment to the exploration assets. The accretion on the reclamation provision is included in the reclamation liability.

As at May 31, 2025, the Company is not aware of any existing environmental obligations related to any of its current or former mineral property interests that may result in a liability to the Company.

(iv) Valuation of share-based compensation and derivative liabilities

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and derivative liabilities. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions could materially affect the fair value estimate and the Company’s earnings and shareholders’ equity reserves, as well as valuation of derivative liability, and therefore the existing models do not necessarily provide an accurate single measure of the actual fair value of the Company’s stock options and warrants.

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(v) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing losses.

3. Material Accounting Policy Information, New Standards and Interpretations (continued)

b) Critical Accounting Judgments

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

(i) Impairment assessment

The Company assesses its equipment and E&E assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period. The assessment of any impairment of equipment and E&E assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions, timing of cash flows, and the useful lives of assets and their related salvage values.

(ii) Assessment of going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(iii) Assessment of functional currency

The Company uses judgment in determining its functional currency. International Accounting Standards ("IAS") 21 The Effects of Changes in Foreign Exchange Rates defines the functional currency as the currency of the primary economic environment in which an entity operates. IAS 21 requires the determination of functional currency to be performed on an entity-by-entity basis, based on various primary and secondary factors. In identifying the functional currency of the parent and of its subsidiaries, management considered the currency that mainly influences the cost of undertaking the business activities in each jurisdiction in which the Company operates and has determined that the functional currencies detailed in Note 2 are appropriate.

c) Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. Material Accounting Policy Information, New Standards and Interpretations (continued)

c) Financial Instruments (continued)

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	Amortized cost
Receivables	Amortized cost
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost
Lease liability	Amortized cost

(ii) Measurement

<u>Financial assets and liabilities at amortized cost</u>
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the profit or loss in the period in which they arise.

<u>Debt investments at FVTOCI</u>
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

<u>Equity investments at FVTOCI</u>
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(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 statements of loss and comprehensive loss, as an impairment gain or loss, 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.

3. Material Accounting Policy Information, New Standards and Interpretations (continued)

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Fair value hierarchy
The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and financial liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The Company's measurement of fair value of financial instruments as at May 31, 2025 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Liabilities				
Derivative liability	$ 1,854,125	$ -	$ -	$ 1,854,125

The Company's measurement of fair value of financial instruments as at May 31, 2024 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Liabilities				
Derivative liability	$ -	$ -	$ -	$ -

3. Material Accounting Policy Information, New Standards and Interpretations (continued)

d) Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as E&E assets or recoveries when the payments are made or received.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to profit or loss. The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

e) Equipment

Equipment is recorded at cost, less accumulated amortization and accumulated impairment losses. These assets are amortized using the following annual rates:

Office furniture and equipment	30% declining-balance
Computer equipment	45% declining-balance
Field equipment	15% declining-balance

f) Impairment of Non-Financial Assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized in profit or loss.

3. Material Accounting Policy Information, New Standards and Interpretations (continued)

g) Reclamation Obligations

The Company recognizes the fair value of a legal or constructive liability for a reclamation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for a reclamation obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and a financing expense in the statement of comprehensive income/loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

i) Valuation of Equity Units Issued in Private Placements

Proceeds received on the issuance of units, consisting of common shares and warrants, are first allocated to the fair value of the common shares with any residual value then allocated to warrants. The fair value of the common shares is determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants and recorded in reserves.

j) Share-based Compensation

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized in profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model.

3. Material Accounting Policy Information, New Standards and Interpretations (continued)

j) Share-based Compensation (continued)

The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

k) Loss per Share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of common shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

l) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date. Deferred tax assets also result from unused loss carry-forwards, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred 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.

3. Material Accounting Policy Information, New Standards and Interpretations (continued)

m) Foreign Currency Translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the statement of financial position date. Non-monetary items are translated at the rate of exchange in effect when the amounts were acquired, or obligations incurred. Non-monetary items measured at fair value are reported at the exchange rates in effect at the time of the transaction.

Exchange differences arising from the translations are recorded as a gain or loss on foreign currency translation in profit or loss.

n) Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

o) Leases

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognize a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term unless another systematic basis is more representative of the usage of the economic benefits from the leased asset.

The lease liability is initially measured at a present value of the future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect any lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, payments made on or before the lease commencement and any direct costs. They are subsequently measured at cost less amortization and any impairment losses. Right-of-use assets are amortized over the shorter period of the lease term and useful life of the underlying asset.

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these financial statements. The following accounting standards and amendments are effective for future periods:

3. Material Accounting Policy Information, New Standards and Interpretations (continued)

p) New accounting standards and interpretations

i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

This amended standard is effective for reporting periods beginning on or after January 1, 2024. There is no material impact upon adoption of the amended standard.

ii) IFRS 18 - Presentation and Disclosure in Financial Statements - IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

a) Three defined categories for income and expenses – operating, investing or financing – to improve the structure of the income statements, and require all companies to provide new defined subtotals, including operating profit;

b) Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement; and

c) Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

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

The Company adopted the following accounting standards during the year ended May 31, 2024:

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

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Amendments to IAS 8 – Definition of Accounting Estimates

Definition of Accounting Estimates (Amendments to IAS 8) - the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in consolidated financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in consolidated financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

There was no impact on the Company's consolidated financial statements upon the adoption of these amendments.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

The Company's interests in exploration and evaluation assets are located in Peru and Brazil. The following table outlines the expenditures for the years ended May 31, 2024 and 2025:

	Balance as at May 31, 2023	Additions	Balance as at May 31, 2024	Additions	Balance as at May 31, 2025
Ilo Norte/ Chocolate/ Ilo Este/ Cinto/ Canyon and Regional Projects, Peru:					
Acquisition costs	$ 4,092,746	$ 74,184	$ 4,166,930	$ 545,768	$ 4,712,698
Exploration expenditures					
Consulting and engineering	181,306	664,892	846,198	988,339	1,834,537
Fieldwork and miscellaneous	44,060	192,252	236,312	308,078	544,390
Write-down	(84,101)	-	(84,101)	-	(84,101)
Foreign exchange adjustment	-	-	-	12,004	12,004
	4,234,011	931,328	5,165,339	1,854,189	7,019,528
Borborema, Brazil:					
Acquisition costs – on Onça acquisition	-	180,944	180,944	-	180,944
Acquisition costs – shares for Onça acquisition	-	116,000	116,000	-	116,000
Exploration expenditures					
Assay and core logging	-	63,814	63,814	7,512	71,326
Consulting and engineering	-	257,614	257,614	240,648	498,262
Drilling	-	608,669	608,669	-	608,669
Fieldwork and miscellaneous	-	126,649	126,649	115,005	241,654
Write-down	-	-	-	(1,577,791)	(1,577,791)
Foreign exchange adjustment	-	(35,230)	(35,230)	(103,834)	(139,064)
	-	1,318,460	1,318,460	(1,318,460)	-
Jaguar Lithium, Brazil:					
Acquisition costs – on Onça acquisition	-	521,004	521,004	-	521,004
Acquisition costs – shares for Onça acquisition	-	334,000	334,000	-	334,000
Exploration expenditures					
Assay and core logging	-	11,179	11,179	-	11,179
Consulting and engineering	-	214,339	214,339	-	214,339
Drilling	-	547,455	547,455	-	547,455
Fieldwork and miscellaneous	-	82,916	82,916	10,089	93,005
Write-down	-	(1,673,153)	(1,673,153)	(10,089)	(1,683,242)
Foreign exchange adjustment	-	(37,740)	(37,740)	-	(37,740)
	-	-	-	-	-
Mina Vermelha, Brazil:					
Acquisition costs	-	135,480	135,480	-	135,480
Exploration expenditures					
Assay and core logging	-	73,847	73,847	-	73,847
Consulting and engineering	-	184,142	184,142	-	184,142
Drilling	-	350,836	350,836	-	350,836
Fieldwork and miscellaneous	-	165,955	165,955	(2,501)	163,454
Write-down	-	-	-	(814,271)	(814,271)
Foreign exchange adjustment	-	(25,959)	(25,959)	(67,529)	(93,488)
	-	884,301	884,301	(884,301)	-
	$ 4,234,011	$ 3,134,089	$ 7,368,100	$ (348,572)	$ 7,019,528

The recoverability of the carrying amount of exploration and evaluation assets is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

4. Exploration and Evaluation Assets (continued)

a) Ilo Norte, Chocolate, Ilo Este, Cinto, Canyon and Regional Project, Peru

The Company owns a 100% interest in a portfolio of concessions in southern Peru.

b) Borborema, Brazil

During the year ended May 31, 2023, the Company entered into an agreement to acquire a 100% interest in Onça Mineração Ltda. ("Onça"), a Brazilian company. During the year ended May 31, 2024, the Company completed the acquisition by paying off $27,769 (US$20,000) and issuing 500,000 common shares of the Company with a fair value of $450,000 (Note 13). Onça is the holder of lithium exploration permit applications located in Brazil, known as the Borborema claims.

During the year ended May 31, 2025, the Company decided to cease exploring the Borborema claims and wrote off $1,577,791 of exploration and evaluation assets to reduce the carrying value to $Nil.

c) Mina Vermelha Project, Brazil

During the year ended May 31, 2024, the Company entered into an option agreement to acquire a 100% interest of the Mina Vermelha project in the Borborema province of Brazil upon completion of the following:

i) Cash payment of 500,000 BRL (AUD$155,000) upon signing of the option agreement which will grant the Company a 12-month due diligence period (paid);
ii) Cash payment of 10,000,000 BRL (AUD$3,100,000) on or before October 9, 2024;
iii) Cash payment of 10,000,000 BRL (AUD$3,100,000) on or before October 9, 2025; and
iv) Cash payment of 5,000,000 BRL (AUD$1,550,000) on or before April 9, 2026.

The agreement is subject to a 1.5% net smelter royalty, which the Company has the right to purchase for an amount to be determined by an independent third-party evaluation of the Mina Vermelha Project.

During the year ended May 31, 2025, the Company decided to cease exploring the Mina Vermelha Project and terminated the option agreement. The Company wrote-off $813,485 of exploration and evaluation assets to reduce the carrying value to $Nil.

d) Jaguar Lithium, Brazil

During the year ended May 31, 2023, Onça entered into an option agreement to acquire 100% interest of the Jaguar lithium project in Bahia state, north-east Brazil upon completion of the following:

i) Cash payment of 1,500,000 BRL ($416,691 advanced by the Company on behalf of Onça);
ii) Cash payment of 3,500,000 BRL on or before September 1, 2023 ("Option Exercise Fee"); and
iii) Cash payment of 14,500,000 BRL on or before August 27, 2024.

Simultaneously with payment of the Option Exercise Fee and subject to the exercise of the option, the Company agreed to issue to the vendor 3,000,000 performance rights ("Performance Rights") which convert on a one-for-one basis into fully paid ordinary shares in the capital of the Company upon delineation of an inferred (or greater) mineral resource of 10Mt at 1.0% Li2O or greater within 24 months from the issue of the Performance Rights.

4. Exploration and Evaluation Assets (continued)

d) Jaguar Lithium, Brazil (continued)

During the year ended May 31, 2024, the Company determined it would not continue exploring the Jaguar claims and terminated the option agreement. The Company wrote-off $1,673,153 of exploration and evaluation assets to reduce the carrying value to $Nil. All claims over the project were relinquished by Solis and Onça.

During the year ended May 31, 2025, the Company wrote off an additional $10,089 for exploration expenditures.

5. Share Capital and Reserves

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Private Placements and Share Issuances

During the year ended May 31, 2025, the Company:

i) closed the first tranche of a private placement and issued 21,961,220 units (settled on the ASX in the form of CHESS Depositary Interests (CDI)) at a price of $0.07 (A$0.085) per share for gross proceeds of $1,569,564 (A$1,866,704). Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of two years at a price of A$0.16. The Company recognized a derivative liability valued at $553,859 associated with the warrants. As at May 31, 2025, the Company revalued the derivative liability at $748,411 resulting in an unrealized gain on change in fair value of warrants of $42,728 through profit or loss for the year ended May 31, 2025. The Company incurred $100,811 (A$112,002) in finders' fees.

ii) closed the second tranche of a private placement and issued 31,274,075 units (settled on the ASX in the form of CHESS Depositary Interests (CDI)) at a price of $0.08 (A$0.085) per share for gross proceeds of $2,463,018 (A$2,658,296). Each unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one additional common share for a period of two years at a price of A$0.16. The Company recognized a derivative liability valued at $914,282 associated with the warrants. As at May 31, 2025, the Company revalued the derivative liability at $1,105,714 resulting in an unrealized gain on change in fair value of warrants of $145,574 through profit or loss for the year ended May 31, 2025.

iii) issued 12,632,353 finders' warrants (valued at $1,041,623). Each warrant will entitle the holder to acquire an additional share of the Company at a price of A$0.15 per share until April 23, 2028. The Company incurred $129,007 (A$145,697) in finders' fees.

During the year ended May 31, 2024, the Company:

i) closed the first tranche of a private placement and issued 5,545,455 common shares at $0.50 (A$0.55) per share for gross proceeds of $2,753,368 (A$3,050,000). The Company incurred $172,419 (A$192,000) in finders' fees.

ii) closed the second tranche of a private placement and issued 9,521,818 common shares at $0.48 (A$0.55) per share for gross proceeds of $4,569,685 (A$5,237,000). The Company incurred $67,961 (A$78,000) in brokers' fees and paid share issuance costs of $34,457.

(Expressed in Canadian Dollars)

5. **Share Capital and Reserves** (continued)

b) *Private Placements and Share Issuances* (continued)

iii) issued 650,000 common shares pursuant to the exercise of options for gross proceeds of $170,000 and allocated $144,065 reserve to share capital.

iv) issued 11,160,956 common shares pursuant to the exercise of warrants for gross proceeds of $2,977,794. Upon exercise, the Company reallocated $7,514,000 of derivative liability on change in fair value of warrants to the common shares.

v) completed the acquisition of Onça by issuing 500,000 common shares valued at $450,000 of the Company (Note 13).

c) *Stock Options*

The Company has a stock option plan (the "Plan") in place that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The exercise price of any stock option granted under the plan may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant.

A summary of the status of the Company's stock options as at May 31, 2025 is presented below:

Exercise Price	Balance at May 31, 2024	Granted	Exercised/ Expired/ Cancelled	Balance at May 31, 2025	Expiry Date	Remaining contractual life in years	Number of options vested
$ 0.175	850,000	-	-	850,000	October 27, 2025	0.41	850,000
$ A0.09	1,750,000	-	-	1,750,000	December 31, 2025	0.59	1,750,000
$ 0.30	100,000	-	-	100,000	June 18, 2026	1.05	100,000
$ A0.60	600,000	-	-	600,000	August 11, 2026	1.20	600,000
	3,300,000	-	-	3,300,000		0.67	3,300,000
	$ 0.21	$ -	$ -	$ 0.21			

A summary of the status of the Company's stock options as at May 31, 2024 is presented below:

Exercise Price	Balance at May 31, 2023	Granted	Exercised/ Expired/ Cancelled	Balance at May 31, 2024	Expiry Date	Remaining contractual life in years	Number of options vested
$ 0.175	1,650,000	-	(800,000)	850,000	October 27, 2025	1.41	850,000
$ A0.09	-	1,750,000	-	1,750,000	December 31, 2025	1.59	437,500
$ 0.30	725,000	-	(625,000)	100,000	June 18, 2026	2.05	100,000
$ A0.60	-	600,000	-	600,000	August 11, 2026	2.20	600,000
Totals:	2,375,000	2,350,000	(1,425,000)	3,300,000		1.64	1,987,500
	$ 0.21	$ 0.22	$ 0.23	$ 0.21			

(Expressed in Canadian Dollars)

5. Share Capital and Reserves (continued)

d) Share-Based Compensation

During the year ended May 31, 2024, the Company:

- granted 600,000 stock options to a consultant of the Company. The options are exercisable at AUD$0.60 per option until August 11, 2026. The options were valued using the Black-Scholes option pricing model resulting in share-based compensation of $200,368. The options were fully vested on the grant date; and

- granted 1,750,000 stock options to a consultant of the Company. The options are exercisable at AUD$0.09 per option until December 31, 2025. The options were valued using the Black-Scholes option pricing model at $212,120. $84,143 (2024 - $Nil) of share-based compensation was recorded during the year ended May 31, 2025 as the options vest on a quarterly basis following the date of issuance. At May 31, 2025, Nil options remained unvested.

The options granted during the year ended May 31, 2025 and 2024 were valued using the Black-Scholes option pricing model with the following weighted average grant date assumptions:

	Year ended May 31, 2025	Year ended May 31, 2024
Weighted average grant date fair value	-	$0.18
Weighted average risk-free interest rate	-	4.34%
Expected dividend yield	-	0.00%
Weighted average stock price volatility	-	182.30%
Weighted average forfeiture rate	-	0.00%
Weighted average expected life of options in years	-	2.19

e) Performance Rights

On August 11, 2023, the Company adopted an omnibus equity incentive plan (the "Plan") pursuant to which the Company can grant equity compensation to directors, employees and consultants including stock options, restricted share units ("RSUs") and PSUs. In addition, the Company can grant deferred share units ("DSUs") to non-employee directors and their designated affiliates.

During the year ended May 31, 2024, the Company granted 7,000,000 performance rights with a fair value of $337,750 to directors.. 250,000 performance rights vest 24 months from grant.

During the year ended May 31, 2025, a director of the Company resigned from the board, which resulted in a forfeiture of 4,000,000 performance rights and the Company recognized a reversal of deficit of $120,976.

The remaining 3,000,000 vest pursuant to specific performance criteria associated with the Company's exploration and evaluation assets. All performance rights expire on August 21, 2026. During the year ended May 31, 2025, the Company recognized a share-based payment expense of $33,833 (2024 - $148,204).

(Expressed in Canadian Dollars)

5. Share Capital and Reserves (continued)

e) *Performance Rights* (continued)

During the year ended May 31, 2025, the Company granted 12,800,000 performance rights with a fair value of $680,920 to the directors and officer of the Company. 500,000 performance rights vest on February 12, 2026. The remaining 12,300,000 vest pursuant to specific performance criteria associated with the Company's exploration and evaluation assets and market conditions, such as a target share price. All performance rights expire on April 23, 2028. During the year ended May 31, 2025, the Company recognized share-based payment expense of $33,646.

Market conditions, such as a target share price upon which vesting is conditioned, were taken into account when estimating the fair value of the performance rights granted.

f) *Share Purchase Warrants*

Exercise Price	Balance at May 31, 2024	Granted	Exercised	Expired	Balance at May 31, 2025	Expiry Date	Remaining contractual life in years
$ A0.28	3,666,667	-	-	3,666,667	-	Dec 23, 2024	-
$ A0.16	-	10,980,610	-	-	10,980,610	March 5, 2027	1.76
$ A0.16	-	15,637,037	-	-	15,637,037	April 23, 2027	1.90
$ A0.15	-	12,632,353	-	-	12,632,353	April 23, 2028	2.90
	3,666,667	39,250,000	-	3,666,667	39,250,000		
	$ 0.28	$ 0.16	$ -	$ 0.28	$ 0.16		

Exercise Price	Balance at May 31, 2023	Exercised	Expired	Balance at May 31, 2024	Expiry Date	Remaining contractual life in years
$ A0.30	13,750,000	(11,160,956)	(2,589,044)	-	Dec 15, 2023	-
$ A0.28	3,666,667	-	-	3,666,667	Dec 23, 2024	0.56
	17,416,667	(11,160,956)	(2,589,044)	3,666,667		
	$ 0.30	$ 0.30	$ 0.30	$ 0.28		

Derivative Liability

During the year ended May 31, 2024, 2,589,044 warrants expired and the Company recorded a loss on change in fair value of warrants of $7,388,568. During the year ended May 31, 2024, 11,160,956 were exercised. The derivative liability was revalued on the date of exercise at $7,514,000 and reallocated to share capital. The revaluation was done using the Black-Scholes option pricing model with the following weighted average assumptions: expected life 0.49 years, volatility 271.99%, risk-free rate 4.65%, dividend yield 0%.

During the year ended May 31, 2025, the Company recognized a derivative liability valued at $1,468,141 associated with the warrants. It was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 2 years, volatility 134.87%, risk-free rate 2.60%, dividend yield 0%.

(Expressed in Canadian Dollars)

5. Share Capital and Reserves (continued)

e) Share Purchase Warrants (continued)

As at May 31, 2025, the Company revalued the derivative liability at $1,854,125 resulting in an unrealized gain on change in fair value of warrants of $385,984 through profit or loss for the year ended May 31, 2025. It was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 1.84 years, volatility 143.12%, risk-free rate 2.58%, dividend yield 0%.

6. Related Party Transactions

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the years ended May 31, 2025 and 2024 were as follows:

	Year ended May 31, 2025 $	Year ended May 31, 2024 $
Short-term benefits	578,473	665,539
Performance rights	530,869	148,204
Total	1,109,342	813,743

Included in short-term benefits are the following:

(i) $Nil (2024 - $40,000) in management fees paid or accrued to a company controlled by Jason Cubitt, the Company's former Chief Executive Officer.

(ii) $66,981 (2024 - $Nil) in management fees paid or accrued to Mitch Thomas, the Company's Chief Executive Officer.

(iii) $18,000 (2024 - $18,000) in consulting fees paid or accrued to Rachel Chae, the Company's Chief Financial Officer.

(iv) $71,440 (2024 - $70,285) in director fees paid or accrued to Christopher Gale, a director of the Company.

(iv) $60,000 (2024 - $60,000) in director fees paid or accrued to Kevin Wilson, a director of the Company.

(v) $60,000 (2024 - $60,000) in director fees paid or accrued to Chafika Eddine, a director of the Company.

(vi) $90,000 (2024 - $60,000) in director fees paid or accrued to Michael Parker, a director of the Company.

(vii) $132,334 (2024 - $97,953) exploration expenditures capitalized in exploration and evaluation assets paid or accrued to a company controlled by Michael Parker, a director of the Company.

(viii) $79,719 (2024 - $238,977) in director fees paid or accrued to Matthew Boyes, the Company's former Executive Director.

Included in accounts payable and accrued liabilities is $91,119 (2024 - $97,543) in key management compensation payable to directors.

Included in accounts payable and accrued liabilities is $14,526 (2024 - $15,050) due to Latin Resources Limited, a company with a common director.

(Expressed in Canadian Dollars)

7. Equipment

	Office furniture and equipment	Field equipment	Total
Cost:			
Balance, May 31, 2023	$ 94,962	$ 74,353	$ 169,315
Additions	18,254	8,736	26,990
Balance, May 31, 2024	113,216	83,089	196,305
Additions	-	13,231	13,231
Balance, May 31, 2025	$ 113,216	$ 96,320	$ 209,536
Accumulated amortization:			
Balance, May 31, 2023	$ 94,398	$ 67,710	$ 162,108
Additions	3,392	2,307	5,699
Balance, May 31, 2024	97,790	70,017	167,807
Additions	2,065	2,953	5,018
Translation	1,212	-	1,212
Balance, May 31, 2025	$ 101,067	$ 72,970	$ 174,037
Net book value:			
Balance, May 31, 2024	$ 15,426	$ 13,072	$ 28,498
Balance, May 31, 2025	$ 12,149	$ 23,350	$ 35,499

8. Right of use assets

During the year ended May 31, 2024, the Company entered a three-year lease for its office in Brazil. For the year ending May 31, 2025, depreciation expense on the right of use assets was $9,794 (2024 - $11,239). The lease term matures on June 20, 2026. The below table shows the continuity of Right of use assets:

Right of use assets, May 31, 2023	$ -
Addition	34,086
Depreciation expense	(11,239)
Right of use assets, May 31, 2024	22,847
Depreciation expense	(9,794)
Translation adjustment	(1,734)
Right of use assets, May 31, 2025	$ 11,319

(Expressed in Canadian Dollars)

8. Right of use assets (continued)

For the year ending May 31, 2025, interest expense on the lease obligation was $4,006 (2024 - $4,232). The below table shows the continuity of lease obligation and the reconciliation between the undiscounted and discounted balances:

Lease obligation, May 31, 2023	$	-
Addition		34,086
Interest expense		4,232
Payments		(13,493)
Lease obligation, May 31, 2024		24,825
Interest expense		4,006
Payments		(14,301)
Translation adjustment		(1,887)
Lease obligation, May 31, 2025		12,643
Current portion		(11,571)
Non-current portion	$	1,072

The weighted average incremental borrowing rate applied to the lease liabilities was 20%.

9. Management of Capital

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

The Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. The strategy is unchanged from the prior year.

10. Financial Instruments and Financial Risk

The Company's financial instruments consist of cash, receivables, accounts payable, accrued liabilities, and derivative liability. The fair values of these financial instruments approximate their carrying values except for the derivative liability which is valued using Level 3 inputs.

An entity classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The carrying value of cash, receivables, accounts payable and accrued liabilities and lease liabilities approximates their fair values due to the relatively short periods of maturity of these instruments.

10. Financial Instruments and Financial Risk (continued)

Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

The Company is exposed to currency risk to the extent that expenditures incurred by the Company are denominated in currencies other than the Canadian dollar including the Brazilian Real, Chilean peso and United States dollar. The Company does not manage currency risk through hedging or other currency management tools.

The Company's net exposure to foreign currency risk is as follows (denominated in each country's currency):

	May 31, 2025 US Dollars	May 31, 2024 US Dollars	May 31, 2025 Chilean Pesos	May 31, 2024 Chilean Pesos	May 31, 2025 AU Dollars	May 31, 2024 AU Dollars	May 31, 2025 Brazilian Real	May 31, 2024 Brazilian Real
Cash	$ 46,038	$ 23,755	2,059,146	1,165,394	$ 3,625,192	$ 4,218,061	165,101	211,974
Accounts payable	(55,635)	(86,056)	(10,716,901)	(17,692,176)	(206,165)	(86,480)	(11,920)	(22,952)
Derivative liability	-	-	-	-	(2,091,638)	-	-	-
Net	$ (9,597)	$ (62,301)	(8,657,755)	(16,526,782)	$ 1,327,389	$ 4,131,581	153,181	189,022

Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(i) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and receivables. To minimize the credit risk the Company places these instruments with a high-quality financial institution. The Company's receivables consist of amounts due from the Canadian government, third parties and other parties. Some amounts are settled past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts. At May 31, 2025, the Company had $Nil in amounts due greater than 90 days.

(Expressed in Canadian Dollars)

10. Financial Instruments and Financial Risk (continued)

(ii) 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 help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2025:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	$ 443,408	$ -	$ -
Accrued liabilities	122,363	-	-
	$ 565,771	$ -	$ -

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2024:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	$ 310,260	$ -	$ -
Accrued liabilities	112,000	-	-
	$ 422,260	$ -	$ -

(iii) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk.

As at the reporting date, the exposure to market risk, with a 10% increase in share price would result in a rise in the fair value of financial instruments by $238,045, whereas a 10% decrease would lead to a reduction of $212,820.

(iv) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

(Expressed in Canadian Dollars)

11. Segment Information

The Company operates in a single reportable operating segment, being the exploration and development of mineral properties. Summarized financial information for the geographic segments the Company operates in are as follows:

	Peru	Brazil	Canada	Total
May 31, 2025				
Capital assets	$ -	$ 12,149	$ 23,350	$ 35,499
Right of use assets	-	11,319	-	11,319
Exploration and evaluation assets	7,019,528	-	-	7,019,528
	$ 7,019,528	$ 23,468	$ 23,350	$ 7,066,346

	Peru	Brazil	Canada	Total
May 31, 2024				
Capital assets	$ -	$ 15,426	$ 13,072	$ 28,498
Right of use assets	-	22,847	-	22,847
Exploration and evaluation assets	5,165,339	2,202,761	-	7,368,100
	$ 5,165,339	$ 2,241,034	$ 13,072	$ 7,419,445

12. Commitments

The Company is party to certain consulting agreements. These agreements contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been provided for in the consolidated financial statements.

13. Acquisition of Onça

During the year ended May 31, 2024, the Company completed the acquisition of Onça by paying $27,769 (US$20,000) and issuing 500,000 common shares (with a fair value of $450,000) of the Company on June 15, 2023.

The transaction does not constitute a business combination as Onça does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of Onça has been accounted for as an asset acquisition in accordance with IFRS 2, whereby all of the assets acquired, and liabilities assumed are assigned a carrying amount based on their relative fair values. Upon closing the transaction, Onça became a subsidiary of the Company. The net assets acquired pursuant to the acquisition are as follows:

Net Assets Acquired	
Cash	$ 97,178
Receivables	1,602
Accounts payable	(1,369)
Other payables	(771,589)
Mineral properties – Jaguar (Note 4)	855,003
Mineral properties – Borborema (Note 4)	296,944
	$ 477,769

Total Purchase Price	
Cash	$ 27,769
Issuance of 500,000 common shares (Note 5)	450,000
	$ 477,769

(Expressed in Canadian Dollars)

14. Changes in Liabilities Arising from Financing Activities

	Lease liabilities	Derivative liability	Total
Balance, May 31, 2023	$ -	$ 125,432	$ 125,432
Net cash used in financing activities	(13,493)	-	(13,493)
Acquisition of leases	34,086	-	34,086
Other charges	4,232	-	4,232
Gain on change in fair value of warrants	-	(125,432)	(125,432)
Balance, May 31, 2024	24,825	-	24,825
Net cash used in financing activities	(14,301)	-	(14,301)
Recognition of derivative liability	-	1,468,141	1,468,141
Translation adjustment	(1,887)	-	(1,887)
Other charges	4,006	-	4,006
Loss on change in fair value of warrants	-	385,984	385,984
Balance, May 31, 2025	$ 12,643	$ 1,854,125	$ 1,866,768

15. Income Taxes

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	2025	2024
Net profit (loss) for the year	$(5,252,898)	$(11,969,313)
Canadian statutory tax rate	27%	27%
Income tax benefit computed at statutory tax	(1,418,000)	(3,022,000)
Permanent differences	89,000	2,000
Share issue costs	(62,000)	(74,000)
Changes in timing differences	1,661,000	(913,000)
Foreign exchange effect on tax assets and liabilities	(511,000)	148,000
Unused tax losses not recognized in tax assets	241,000	3,859,000
	$ -	$ -

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and used tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2025	2024
Tax value over book value of equipment	$ 290,000	$ 213,000
Allowable capital losses	3,112,000	3,112,000
Exploration and evaluation assets	7,145,000	4,973,000
Non-refundable mining credit	67,000	67,000
Share issue costs	420,000	404,000
Right of use asset	(11,000)	-
Lease Liability	13,000	-
Non-capital losses	22,556,000	18,864,000
Unrecognized deferred tax amounts	$33,592,000	$ 27,633,000

(Expressed in Canadian Dollars)

15. Income Taxes (continued)

As at May 31, 2025, the Company has approximately $19,380,000 (2024 – $1,783,000) of non-capital losses in Canada that may be used to offset future taxable income, expiring from 2028 to 2044.

In addition, as at May 31, 2025, the Company has approximately $85,000 (2024 - $389,000) of non-capital losses in Peru that may be used to offset future income.

In addition, as at May 31, 2025, the Company has approximately $1,935,000 (2024 - $568,000) of non-capital losses in Chile that may be used to offset future taxable income.

In addition, as at May 31, 2025, the Company has approximately $1,156,000 (2024 - $77,000) of non-capital losses in Brazil that may be used to offset future taxable income.

16. Subsequent Event

Subsequent to the year ended May 31, 2025, the Company was delisted from the TSXV with the ASX to become the primary exchange.

17. Contingent Liabilities

The Group had no contingent liabilities as at 31 May 2024 or 31 May 2025.

18. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries.

Name	Country of Incorporation	Class of shares	Equity holding 2025 %	Equity holding 2024 %
Onca Mineracao Ltda.	Brazil	Ordinary	100%	100%
Westminster Chile SpA	Chile	Ordinary	100%	100%
Westminster Peru SAC (Peru)	Peru	Ordinary	100%	100%

SOLIS MINERALS LTD.

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended May 31, 2025

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information contained or incorporated by reference in this MD&A, including any information as to our future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or other commodities; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada and in other countries; business opportunities that may be presented to, or pursued by, us; operating or technical difficulties in connection with mining or development activities; employee relations; litigation; the speculative nature of exploration and development, including the risks of obtaining necessary licenses and permits; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks. Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements.

We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

1.1 Date

The following management's discussion and analysis ("MD&A"), which is dated August 13, 2025. The Company had $3,319,264 in cash (2024 – $3,921,451) and working capital of $1,171,166 (2024 – $3,689,365).

1.2 Outlook and Recent Exploration Activity

For the year ended May 31, 2025, the Company's focus has been continuing the development of its copper-gold projects in Peru. Several other lithium projects were assessed in Brazil, however a low lithium price environment and limited exploration success resulted in work there being paused.

The Company made meaningful progress during the year towards its strategy of unlocking large-scale copper discoveries within the highly prospective coastal copper belt of southern Peru. Building on the successful groundwork completed in 2023–2024, the Company commenced maiden drilling post year-end at two high-priority projects — Chancho al Palo and Ilo Este — while continuing to advance a broader portfolio of highly prospective copper-gold projects. These activities represent a material evolution for the Company from target generation to active testing of large mineralised systems.

The Company continues to assess business development opportunities in Latin America that are complementary and have the potential to generate significant value for shareholders.

Mineral Properties

Southern and central Peru

The Company owns interests of 100% in a portfolio of concessions in southern and central Peru.

Exploration activities in the year ended 31 May 2025 were across the following projects:

- Ilo Este
- Chancho al Palo
- Cinto
- Chocolate
- Canyon

In addition to geochemistry and geophysical studies undertaken to identify drilling targets, a key objective of the quarter was progressing permits to enable commencement of drilling programmes at Ilo Este and Chancho al Palo. Subsequent to quarter end, drilling permits were received for Chancho al Palo and Ilo Este.

Borborema, Brazil

During the year ended May 31, 2025, the Company decided to cease exploring the Borborema claims and wrote off $1,577,791 of exploration and evaluation assets to reduce the carrying value to $Nil.

Mina Vermelha Project, Brazil

During the year ended May 31, 2025, the Company decided to cease exploration of the Mina Vermelha Project and terminated the option agreement. The Company wrote-off $814,271 of exploration and evaluation assets to reduce the carrying value to $Nil.

Exploration Highlights

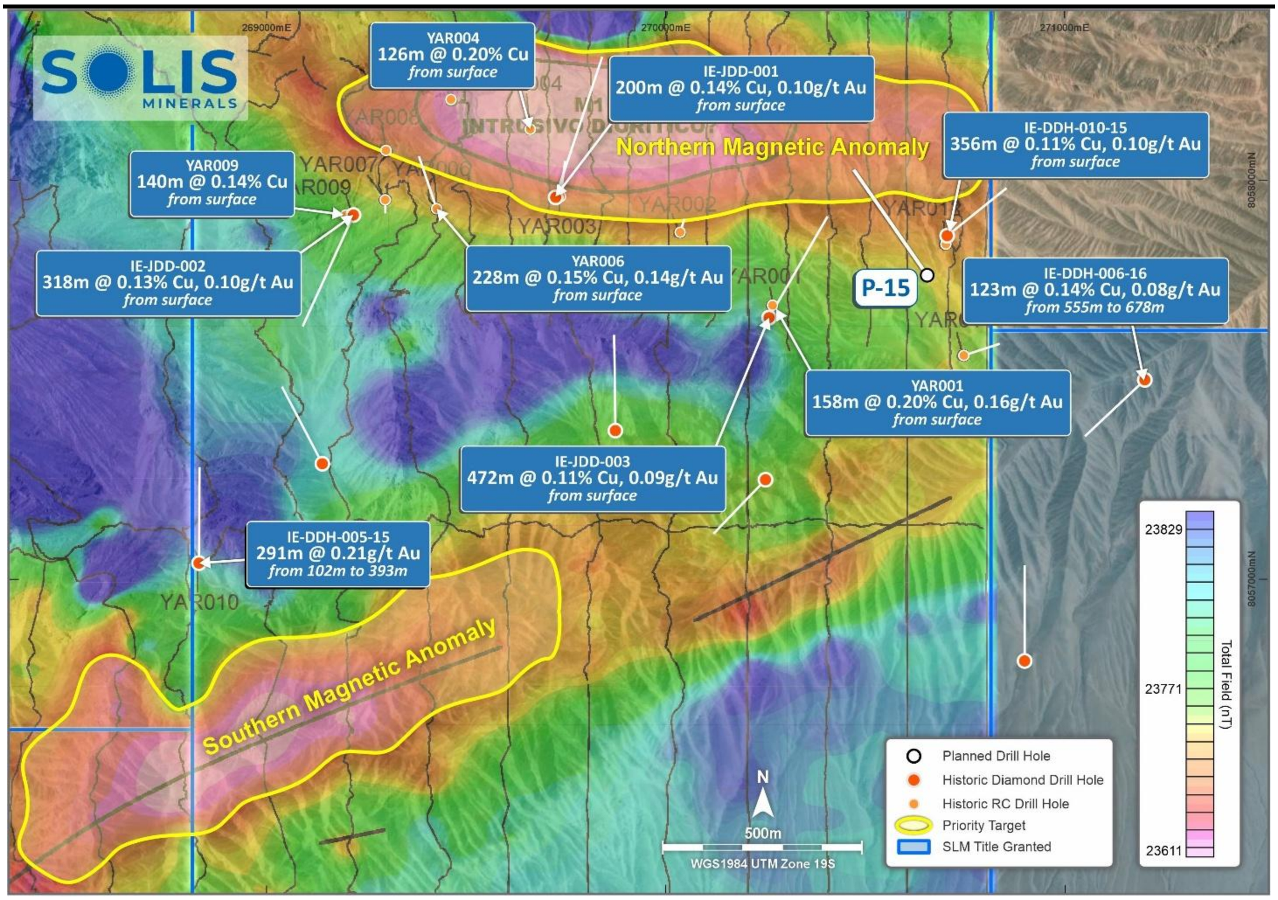
In Peru, as of May 31, 2025, Solis Minerals holds 74 concessions totalling 63,400 Ha. 44 concessions are fully granted (36,500 Ha) and 30 concession applications are being processed (26,900 Ha).

Ilo Este (Peru)

At Ilo Este, Solis completed further reinterpretation of historical datasets, including legacy drilling, detailed surface mapping, and high-resolution drone magnetics. This work has refined the scale and geometry of a potential main porphyry system, with a focus on defining specific zones for drill testing.

During the year ended May 31, 2025, the Company advanced key elements of the permitting process, including community engagement, baseline environmental studies, and submission of drill permit documentation to the relevant authorities. The project remains on track for its first drill program following completion of approvals.

Subsequent to the year ended May 31, 2025, a diamond drilling program commenced targeting northern and southern magnetic anomaly zones depicted below (P-15 being the first drill hole). Historical drilling is overlaid which has been previously reported.



Chancho al Palo (Peru)

Permitting work continued through the quarter, with all environmental monitoring and community engagement completed and applications progressing in MINEM. Subsequent to the year ended May 31, 2025, a maiden diamond drill program commenced.

Cinto (Peru)

The Cinto Copper Project is in the southern Peruvian Copper belt located near Toquepala mine and is situated on, or adjacent to, the regional-scale Incapuquio Fault system. Various prospective rocks are exposed north of the fault and are hidden by cover further south. WorldView-3 satellite analysis was commissioned by Solis and exploration targets were identified. Field visits confirmed the nature of the alteration and exploration mapping and regional rock geochemistry has been carried out since late 2023. An area of in-situ copper oxide mineralisation was encountered in old workings in the north-east of the property and rock sampling initiated. Several samples returned assays in excess of 1% Cu (highest 7.14% Cu) in a circular area roughly 100m in diameter. The host rock is a fine-grained volcanic exhibiting argillic alteration. Further work is underway to evaluate this area as well as continued geological mapping of the permits.

During August and September 2024, a magnetic survey was completed over the Cinto permits using drone and terrestrial equipment. Results indicated two east-west trending areas of low magnetic intensity, interpreted as hydrothermal alteration of 5,000m x 1,100m in the north and 5,000m x 1,500m in the south, probably magnetite destruction, enveloping a central magnetic batholith area. The hydrothermal alteration is largely coincident with alteration indicated by the previous Worldview-3 survey. The copper oxide mineralisation described above occurs on the margin of the alteration area and extends into the area of low magnetism. The area is being followed up by rock geochemistry and mapping programs.

The Company released channel sample results from Cinto in February 2025 indicating extensive copper porphyry mineralisation. Summary of results:

- Confirmed the presence of porphyry style copper mineralisation in favourable structural locations with analogous characteristics to the nearby Toquepala porphyry
- Expanded the area of interest at Cinto with two newly discovered Cu-mineralised zones (Channels 6 & 7-10) 500m and 630m east of the reconnaissance site (Channels 1-4)
- Demonstrated a strong spatial correlation of copper mineralisation with the magnetic low geophysical anomaly that indicates a zone of hydrothermal alteration. Several such areas, particularly to the west of the project, have yet to be evaluated, indicating a potential for further large-scale mineralised systems at Cinto
- Demonstrated the potential for associated polymetallic mineralisation (Pb, Zn, Ag) around the copper-dominated area with the discovery of highly mineralised, narrow structures approximately 2.5km east of the original site (Channel 5) and adjacent rock samples.

The Cinto project has emerged as a compelling drill target. A combination of geophysical interpretation and surface geochemical sampling has outlined a 2 km-long structural corridor with anomalous copper, silver, and molybdenum values.

Induced Polarisation surveys completed during the year identified chargeability anomalies at depth, interpreted to reflect disseminated sulphide mineralisation in intrusive rocks. Planning and permitting activities are underway, and the project is expected to be drill-ready in the next financial year.

Regional Exploration

The Company continues to expand its knowledge base especially in the coastal areas of Southern Peru. Based on interpretation of geological data from Ilo Norte and Ilo Este, a prospective Coastal Belt was identified consisting of batholith-adjacent formations that the Company considers favourable to host porphyry copper-gold deposits. Combined with a compilation of historical data and recent remote sensing analyses (satellite platforms), the Company thus continued to expand its exploration in Southern Peru by obtaining 11 more concessions in 2023. Four of these concessions augment the area of Ilo Norte and expand into prospective ground to the north based on MVI magnetic interpretation of existing data. Seven applications in May 2024 between Ilo Norte and Ilo Este form the basis of the Chocolate Project in prospective ground on the Coastal Belt.

Chocolate Project (Peru)

Chocolate is located along the same regional corridor as Chancho Al Palo, Ilo Este and Ilo Norte. Work completed in FY25 included geochemical sampling, geological mapping, and drone magnetics. These programs defined a broad magnetic anomaly coincident with mapped skarn-style mineralisation and favourable structural settings.

The Company considers Chocolate to be highly prospective for both porphyry and skarn-style copper systems, and further geophysical surveys and permitting steps are in planning.

Canyon Project (Peru)

Solis has made applications for exploration concessions in a contiguous block known as the Canyon Project. The target is copper porphyry mineralisation, principally oxides, situated on a NW-SE prospective trend with known porphyry occurrences just outside the application area, as well as reported exploration activities within the area itself.

The application area contains a belt of intrusive rocks identified as the Coastal Intrusive Belt containing various Coastal Batholiths that stretch from the Ecuadorian border in the north to the Chilean border in the south along the coast of Peru.

These rocks, of Late Jurassic to Cretaceous age, host (from south to north) Solis' Ilo projects (Ilo Este, Chocolate, Chancho Al Palo) as well as important copper deposits of Tia Maria and Zafranal in Arequipa, the Almacen prospect 8km south-east of the applications, and the Los Pinos project 4km north-west, plus several other Cu projects and prospects. Additionally, the Canyon applications are bound to the east by the operating Cerro Lindo VMS mine.

(Expressed in Canadian Dollars – Unaudited)

Qualified Person

Technical information in this MD&A has been reviewed and approved by Michael Parker, Fellow AUSIMM, a director of the Company and a qualified person as defined in National Instrument 43-101.

1.3 Summary of Quarterly Results

The following table sets out certain unaudited financial information of the Company for each of the last eight quarters. This financial information has been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB").

Quarterly results are highly variable for exploration companies depending, in particular, on whether the Company has any property write-downs, share-based payments expenses and gain or losses resulting from foreign exchange.

	Income (Loss) per quarter	Fully diluted income (loss) per share
Jun 1, 2023 – Aug 31, 2023	$ (12,291,045)	$ (0.14)
Sep 1, 2023 – Nov 30, 2023	$ 1,950,531	$ 0.02
Dec 1, 2023 – Feb 29, 2024	$ (800,344)	$ (0.01)
Mar 1, 2024 – May 31, 2024	$ (828,455)	$ (0.01)
Jun 1, 2024 – Aug 31, 2024	$ (1,400,884)	$ (0.01)
Sep 1, 2024 – Nov 30, 2024	$ (570,043)	$ (0.01)
Dec 1, 2024 – Feb 28, 2025	$ (474,332)	$ (0.01)
Mar 1, 2025 – May 31, 2025	$ (2,807,639)	$ (0.02)

During the three-month period ended May 31, 2025, the Company incurred a loss of $2,807,639 compared to $474,332 in the previous period. The difference was primarily a result of the write-off of exploration and evaluation assets of $1,578,577.

During the three-month period ended February 28, 2025, the Company incurred a loss of $474,332 compared to $570,043 in the previous period. The difference was primarily a result of lower shareholder communication costs and consulting fees in the current period.

During the three-month period ended November 30, 2024, the Company incurred a loss of $570,043 compared to $1,400,884 in the previous period. The difference was primarily a result of the write-off of exploration and evaluation assets of $830,713 in prior period.

During the three-month period ended August 31, 2024, the Company incurred a loss of $1,400,884 compared to $828,455 in the previous period. The difference was primarily a result of the write-off of exploration and evaluation assets of $830,536.

During the three-month period ended May 31, 2024, the Company incurred a loss of $828,455 compared to $800,344 in the previous period. The difference was primarily a result of a decrease in office expenses.

During the three-month period ended February 29, 2024, the Company incurred a loss of $800,344 which was primarily attributable to consulting fees of $222,982 and share-based compensation of $265,020.

During the three-month period ended November 30, 2023, the Company incurred an income of $1,950,531 which was primarily attributable to gain on change in fair value of warrants of $2,832,071, offset by write off of exploration and evaluation assets of $379,715 and consulting fees of $200,824.

During the three-month period ended August 31, 2023, the Company incurred a loss of $12,291,045 which was primarily attributable to loss on change in fair value of warrants of $7,388,568 and write off of exploration and evaluation assets of $1,040,179.

1.4 Results of Operations

Year Ended May 31, 2025

Total loss and comprehensive loss for the year ended May 31, 2025 was $5,252,898 compared to a total loss and comprehensive loss of $11,969,313 for the year ended May 31, 2024. During the year ended May 31, 2025:

i) Accounting, audit, and legal decreased to $326,771 (2024 – $451,679) due to less legal services rendered in the current year.

ii) Consulting fees decreased to $538,032 (2024 – $764,472) due to fewer business advisory and business development services rendered in the current year.

iii) Foreign exchange loss increased to $165,816 (2024 – $37,632) due to fluctuations in the currency exchange in the current year.

iv) Loss on change in fair value of warrants decreased to $385,984 (2024 – $7,388,568) due to expiry of the derivative liability associated with the unit warrants during the prior year.

v) Regulatory and filing fees decreased to $191,129 (2024 – $238,196) due to lower fees incurred from fewer market activities during the current year.

vi) Share-based compensation decreased to $151,623 (2024 – $476,550) due to fewer options granted and vested during the current year.

vii) Travel and related decreased to $134,560 (2024 – $266,096) due to fewer number of operational, business development and investor trips taken by management.

viii) Write-off of exploration and evaluation assets increased to $2,402,151 (2024 – $1,673,153) related to the Company's decision to not continue with the Borborema and Mina Vermelha project during the current year.

Three Months Ended May 31, 2025

Total loss and comprehensive loss for the three months ended May 31, 2025 was $2,807,640 compared to a total loss and comprehensive loss of $828,455 for the three months ended May 31, 2024. During the period ended May 31, 2025:

i) Consulting fees decreased to $93,732 (2024 – $197,590) due to decreased business advisory and business development services rendered in the current period.

ii) Foreign exchange loss increased to $158,982 (2024 – gain of $55,854) due to fluctuations in the currency exchange in the current period.

iii) Loss on change in fair value of warrants increased to $385,984 (2024 – $190,947) due to revaluation of derivative liability associated with the unit warrants in the current period, driven by volatility in the Company's common stock prices.

iv) Regulatory and filing fees increased to $105,218 (2024 – $32,038) due to higher fees incurred from fewer share activities during the current period.

v) Shareholder communications decreased to $54,812 (2024 – $88,886) primarily as a result of the Company's cost saving effort during the current period.

vi) Write-off of exploration and evaluation assets increased to $1,578,577 (2024 – $276,557) related to the Company's decision to not continue with the Borborema and Mina Vermelha project during the current year.

1.5 Liquidity and Going Concern

The recovery of the Company's investment in exploration and evaluation properties and the attainment of profitable operations are dependent upon the discovery and development of economic precious and/or base metal or related reserves, and the ability of management to joint venture or profitably dispose of a development asset to a third party, or to arrange sufficient financing to bring a project into production. The ultimate outcome of these matters cannot presently be determined.

As the Company is in the exploration stage, no mineral producing revenue has been generated to date. The ability of the Company to meet its obligations and continue the exploration and development of its mineral properties is dependent upon its ability to continue to raise adequate financing. Historically, operating capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's exploration program may be tailored accordingly.

Other than those obligations disclosed in the notes to its condensed interim consolidated financial statements and discussed in this MD&A, the Company has no other long-term debt, capital lease obligations, operating leases, or any other long-term obligations. The Company has no outstanding debt facility upon which to draw.

The Company's cash position as at May 31, 2025 was $3,319,264 (2024 – $3,921,451) and had working capital of $1,171,166 (2024 – $3,689,365).

During the year ended May 31, 2025, cash flow used in operating activities was $2,105,427 (2024 – $2,662,046) relating to general operating expenses detailed on the statement of loss and comprehensive loss.

During the year ended May 31, 2025, cash flow used in investing activities was $2,265,390 (2024 – $3,712,056). It consists primarily of exploration and evaluation expenditures.

(Expressed in Canadian Dollars)

During the year ended May 31, 2025, cash flow provided by financing activities was $3,788,463 (2024 – $10,182,517). It consists primarily of proceed from share issuance.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash. The Company has issued common share capital pursuant to private placement financings, and the exercise of warrants and options. The Company's access to exploration financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's ability to raise additional funds may be impacted by future exploration results and changes in metal prices or market conditions.

1.6 Capital Resources

During the period from June 1, 2024 to August 13, 2025, the Company

- closed the first tranche of a private placement and issued 21,961,220 common shares at $0.07 (A$0.085) per share for gross proceeds of $1,569,564 (A$1,866,704). The Company incurred $100,811 (A$112,002) in broker fees.

- closed the second tranche of a private placement and issued 31,274,075 CHESS Depositary Interests (CDI) over common shares at $0.08 (A$0.085) per share for gross proceeds of $2,463,018 (A$2,658,296).

- issued 12,632,353 finders' warrants (valued at $1,041,623). Each warrant will entitle the holder to acquire an additional share of the Company at a price of A$0.15 per share until April 23, 2028. The Company incurred $129,007 (A$145,697) in finders' fees.

1.7 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.8 Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the year ended May 31, 2025 and 2024 were as follows:

	Year ended May 31, 2025	Year ended May 31, 2024
Short-term benefits	$ 578,473	$ 665,539
Performance rights	67,480	148,204
Total	$ 645,953	$ 813,743

Included in short-term benefits are the following:

(i) $Nil (2024 - $40,000) in management fees paid or accrued to a company controlled by Jason Cubitt, the Company's former Chief Executive Officer.

(ii) $66,981 (2024 - $Nil) in management fees paid or accrued to Mitch Thomas, the Company's Chief Executive Officer.

(iii) $18,000 (2024 - $18,000) in consulting fees paid or accrued to Rachel Chae, the Company's Chief Financial Officer.

(iv) $71,440 (2024 - $70,285) in director fees paid or accrued to Christopher Gale, a director of the Company.

(v) $60,000 (2024 - $60,000) in director fees paid or accrued to Kevin Wilson, a director of the Company.

(vi) $60,000 (2024 - $60,000) in director fees paid or accrued to Chafika Eddine, a director of the Company.

(Expressed in Canadian Dollars – Unaudited)

(vii) $60,000 (2024 - $60,000) in director fees paid or accrued to Michael Parker, a director of the Company.

(viii) $132,334 (2024 - $97,953) exploration expenditures capitalized in exploration and evaluation assets paid or accrued to a company controlled by Michael Parker, a director of the Company.

(ix) $79,719 (2024 - $238,977) in director fees paid or accrued to Matthew Boyes, the Company's former Executive Director.

Included in receivables is $16,800 (2024 - $16,800) receivable from Volatus Capital Corp., a Company with a shared former director, for sublease office rent expenses.

Included in accounts payable and accrued liabilities is $91,119 (2024 - $97,543) in key management compensation payable to directors.

Included in accounts payable and accrued liabilities is $14,526 (2024 - $15,050) due to Latin Resources Limited, a company with a common director.

1.9 Recent Accounting Pronouncements and new standards and interpretations

Please refer to the consolidated financial statements for the year ended May 31, 2025 on www.sedarplus.ca.

1.10 Financial Instruments and Other Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	New Classification IFRS 9
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost
Derivative liability	FVTPL

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and receivables. To minimize the credit risk the Company places these instruments with a high-quality financial institution. The Company's receivables consist of amounts due from a former related party. Some amounts are settled past normal trade terms and in cases where amounts become uncollectible the Company recognizes bad debt expense to write off the uncollectible amounts.

b) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk.

As at the reporting date, the exposure to market risk, with a 10% increase in share price would result in a rise in the fair value of financial instruments by $238,045, whereas a 10% decrease would lead to a reduction of $212,820.

(i) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(ii) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

The Company is exposed to currency risk to the extent that expenditures incurred by the Company are denominated in currencies other than the Canadian dollar including Chilean peso and United States dollar. The Company does not manage currency risk through hedging or other currency management tools.

The Company's net exposure to foreign currency risk is as follows (denominated in the currency of each country):

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

c) 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 help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2025:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	$ 443,408	$ -	$ -
Accrued liabilities	122,363	-	-
	$ 565,771	$ -	$ -

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities at May 31, 2024:

	Within 60 days	Between 61-90 days	More than 90 days
Accounts payable	$ 310,260	$ -	$ -
Accrued liabilities	112,000	-	-
	$ 422,260	$ -	$ -

(Expressed in Canadian Dollars)

1.11 Other MD&A Requirements

Disclosure of Outstanding Share Data

As at August 13, 2025, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common Shares	141,080,178		
Options			
	850,000	$0.175	October 27, 2025
	1,750,000	AUD $0.09	December 31, 2025
	100,000	$0.30	June 18, 2026
	600,000	AUD $0.60	August 11, 2026
	3,300,000		
Warrants			
	10,980,610		
	15,637,037		
	12,632,353		
	39,250,000		
Performance rights			
	3,000,000		August 21, 2026
	12,800,000		April 24, 2028
	15,800,000		
Total diluted at August 13, 2025	199,430,178		

The performance rights vest over a period of 36 months from date of issue, or pursuant to specific performance criteria associated with the Company's exploration and evaluation assets, and have zero exercise price.

Risks and uncertainties

The Company is in the business of acquiring and exploring mineral properties, which is a highly speculative endeavour, and the Company's future performance may be affected by events, risks or uncertainties that are outside of the Company's control.

The Company's management consider the risks disclosed to be the most significant to potential investors of the Company, but not all risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected.

In such circumstances, the price of the Company's securities could decline, and investors may lose all or part of their investment.

Further Information

Additional information about the Company is available at the Company's website at www.solisminerals.com.

Commitments

The Company is committed to certain cash payments, and exploration expenditures in connection with its mineral property claims.

The Company is party to certain consulting agreements. These agreements contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been provided for in the consolidated financial statements.

On May 30, 2023, the Company entered into an investor awareness services contract whereby the Company agreed to issue 2,500,000 common shares. During the year ended May 31, 2024, this was fully settled by the issuance of 1,750,000 options and payment of AUD$307,500.

Change in Management

On August 21, 2024, the Company announced the resignation of Matthew Boyes as Executive Director effective from August 7, 2024 and the appointment of Michael Parker as Executive Director.

On February 11, 2025, the Company announced the appointment of Mitch Thomas as Chief Executive Officer.

Subsequent Events

On June 23, 2025, the Company's common shares were voluntarily delisted from the TSX Venture Exchange ("TSX-V"). The decision to delist was made following a strategic review of the Company's capital markets profile and trading activity in Canada. The Company's shares continue to trade on the Australian Securities Exchange ("ASX") under the ticker symbol *SLM* and on the OTCQB Venture Market in the United States under the symbol *SLMFF*.

Diamond drilling programmes commenced at Chancho al Palo and Ilo Este in June and August 2025 respectively. Updates on drilling, including assays results, will be released once completed.