
HANNAN METALS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2025

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

HANNAN METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	August 31, 2025 \$	May 31, 2025 \$
ASSETS			
Current assets			
Cash		2,288,406	2,273,267
GST/VAT receivable		6,393	5,618
Prepaid investor relations		-	161,170
Prepaid other		<u>182,632</u>	<u>170,968</u>
Total current assets		<u>2,477,431</u>	<u>2,611,023</u>
Non-current assets			
Equipment	4	153,857	86,096
Exploration and evaluation assets	5	<u>10,294,068</u>	<u>8,415,685</u>
Total non-current assets		<u>10,447,925</u>	<u>8,501,781</u>
TOTAL ASSETS		<u>12,925,356</u>	<u>11,112,804</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	<u>399,297</u>	<u>305,869</u>
TOTAL LIABILITIES		<u>399,297</u>	<u>305,869</u>
SHAREHOLDERS' EQUITY			
Share capital	6	27,316,556	25,014,650
Share-based payments reserve		6,486,093	6,447,227
Deficit		<u>(21,276,590)</u>	<u>(20,654,942)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>12,526,059</u>	<u>10,806,935</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>12,925,356</u>	<u>11,112,804</u>

Nature of Operations - Note 1

Event after the Reporting Period - Note 11

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on October 30, 2025 and are signed on its behalf by:

/s/ Nick DeMare
 Nick DeMare
 Director

/s/ Michael Hudson
 Michael Hudson
 Director

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

HANNAN METALS LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS***(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended August 31,	
		2025 \$	2024 \$
Expenses			
Accounting and administration	7(b)(ii)	20,626	22,785
Audit		45,000	45,000
Corporate development		13,902	13,651
Depreciation	4	6,325	1,672
Director and officer compensation	7	49,500	49,500
Drill core storage		3,187	2,978
General exploration		210,407	49,055
Insurance		4,084	4,445
Investor relations		165,980	4,494
Legal		10,274	15,563
Office		18,891	10,630
Professional fees		22,159	32,801
Regulatory fees		3,628	4,082
Share-based compensation	6(d)	55,556	12,972
Shareholder costs		3,690	-
Transfer agent fees		5,880	6,522
Travel		19,463	992
		<u>658,552</u>	<u>277,142</u>
Loss before other items		<u>(658,552)</u>	<u>(277,142)</u>
Other items			
Interest income		11,172	36,851
Foreign exchange		25,732	(548)
		<u>36,904</u>	<u>36,303</u>
Net loss and comprehensive loss for the period		<u>(621,648)</u>	<u>(240,839)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.00)</u>
Weighted average number of common shares outstanding		<u>129,620,416</u>	<u>117,516,883</u>

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

HANNAN METALS LTD.
CONDENSED CONSOLIDATED INTERIM OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)

Three Months Ended August 31, 2025					
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Shareholders' Equity \$
	Number of Shares	Amount \$			
Balance at May 31, 2025	125,034,705	25,014,650	6,447,227	(20,654,942)	10,806,935
Common shares issued for:					
- share options exercised	67,600	26,160	-	-	26,160
- warrants exercised	4,518,111	2,259,056	-	-	2,259,056
Transfer on exercise of share options	-	16,690	(16,690)	-	-
Share-based compensation	-	-	55,556	-	55,556
Net loss for the period	-	-	-	(621,648)	(621,648)
Balance at August 31, 2025	129,620,416	27,316,556	6,486,093	(21,276,590)	12,526,059

Three Months Ended August 31, 2024					
	Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Shareholders' Equity \$
	Number of Shares	Amount \$			
Balance at May 31, 2024	109,558,069	19,438,834	5,758,975	(18,644,226)	6,553,583
Common shares issued for:					
- private placement	10,593,513	3,707,730	-	-	3,707,730
- share options exercised	282,142	67,750	-	-	67,750
Share issue costs	-	(26,466)	-	-	(26,466)
Transfer on exercise of share options	-	62,972	(62,972)	-	-
Share-based compensation	-	-	12,972	-	12,972
Net loss for the period	-	-	-	(240,839)	(240,839)
Balance at August 31, 2024	120,433,724	23,250,820	5,708,975	(18,885,065)	10,074,730

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

HANNAN METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended August 31,	
	2025 \$	2024 \$
Operating activities		
Net loss for the period	(621,648)	(240,839)
Adjustments for:		
Depreciation	6,325	1,672
Share-based compensation	55,556	12,972
Changes in non-cash working capital items:		
GST/VAT receivable	(775)	4,405
Prepaid investor relations	161,170	-
Prepaid other	(11,664)	(8,331)
Accounts payable and accrued liabilities	93,428	11,823
Net cash used in operating activities	<u>(317,608)</u>	<u>(218,298)</u>
Investing activities		
Exploration and evaluation asset expenditures, net of cost recoveries	(1,878,383)	(869,106)
Equipment purchases	(74,086)	-
Net cash used in investing activities	<u>(1,952,469)</u>	<u>(869,106)</u>
Financing activities		
Issuance of common shares	2,285,216	3,775,480
Share issue costs	-	(26,466)
Net cash provided by financing activities	<u>2,285,216</u>	<u>3,749,014</u>
Net change in cash during the period	15,139	2,661,610
Cash at beginning of period	<u>2,273,267</u>	<u>945,438</u>
Cash at end of period	<u>2,288,406</u>	<u>3,607,048</u>

Supplemental cash flow information - See Note 10

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

HANNAN METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2025
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

Hannan Metals Ltd. (the “Company”) was incorporated under the provisions of the Company Act (British Columbia). The Company’s common shares currently trade on the TSX Venture Exchange (“TSXV”) under the symbol “HAN”. The Company’s principal, registered and records office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company is a junior mineral exploration company engaged in the acquisition and exploration of mineral properties. As at August 31, 2025 the Company has not earned any production revenue, nor has it determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. As a mineral company in the exploration stage the ability of the Company to complete the exploration and development of its mineral property interests will be affected primarily by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

The Company’s primary mineral properties are located in Peru and, consequently, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

The Company has a history of losses with no operating revenues and, as at August 31, 2025, the Company had working capital of \$2,078,134. The Company’s San Martin JV Project is funded by an arms length party, as described in Note 5(a)(i), under an option agreement and its other mineral property interests and operations are funded from equity financings which are dependent upon many external factors and may be difficult to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and discharge its obligations as they become due in the next twelve months, the Company recognizes that it will be required to obtain additional financing to conduct planned exploration programs on its existing exploration and evaluation assets. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Basis of Measurement

The Company’s condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

HANNAN METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Unaudited - Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Hannan Metals BC Ltd.	Canada	100%
Hannan Metals Peru Ltd.	Canada	100%
Hannan Metals Ireland Limited	Ireland	100%
Hannan Metals Peru S.A.C.	Peru	100%
Hannan Resources Peru S.A.C.	Peru	100%
Hannan Servicios Peru S.A.C.	Peru	100%

3. Material Accounting Policy Information

These condensed consolidated interim financial statements have been prepared on a basis consistent with the material accounting policies disclosed in the consolidated financial statements for the year ended May 31, 2025. Accordingly, they should be read in conjunction with the consolidated financial statements for the year ended May 31, 2025.

Accounting Standards Issued but Not Yet Effective

In April 2024, the IASB issued a new IFRS accounting standard to improve the reporting of financial performance. IFRS 18 - *Presentation and Disclosure in Financial Statements* replaces IAS 1 - *Presentation of Financial Statements*. The standard will become effective January 1, 2027, with early adoption permitted. The Company is in the process of assessing the impact of this new standard on the Company's consolidated financial statements.

4. Equipment

	<u>Field Equipment \$</u>	<u>Office Equipment \$</u>	<u>Total \$</u>
Cost:			
Balance at May 31, 2024	14,603	31,281	45,884
Additions	-	64,928	64,928
	<u>14,603</u>	<u>96,209</u>	<u>110,812</u>
Balance at May 31, 2025	14,603	96,209	110,812
Additions	74,086	-	74,086
	<u>88,689</u>	<u>96,209</u>	<u>184,898</u>
Balance at August 31, 2025	<u>88,689</u>	<u>96,209</u>	<u>184,898</u>
Accumulated Depreciation:			
Balance at May 31, 2024	(7,910)	(8,531)	(16,441)
Depreciation	(1,425)	(6,850)	(8,275)
	<u>(9,335)</u>	<u>(15,381)</u>	<u>(24,716)</u>
Balance at May 31, 2025	(9,335)	(15,381)	(24,716)
Depreciation	(1,671)	(4,654)	(6,325)
	<u>(11,006)</u>	<u>(20,035)</u>	<u>(31,041)</u>
Balance at August 31, 2025	<u>(11,006)</u>	<u>(20,035)</u>	<u>(31,041)</u>
Carrying Value:			
Balance at May 31, 2025	5,268	80,828	86,096
	<u>5,268</u>	<u>80,828</u>	<u>86,096</u>
Balance at August 31, 2025	77,683	76,174	153,857
	<u>77,683</u>	<u>76,174</u>	<u>153,857</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2025
(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

	<u>August 31, 2025</u>			<u>May 31, 2025</u>		
	<u>Acquisition Costs \$</u>	<u>Deferred Exploration Costs \$</u>	<u>Total \$</u>	<u>Acquisition Costs \$</u>	<u>Deferred Exploration Costs \$</u>	<u>Total \$</u>
Peru						
- San Martin JV Project	-	191,947	191,947	-	166,684	166,684
- Valiente Project	<u>1,842,907</u>	<u>8,259,214</u>	<u>10,102,121</u>	<u>1,466,118</u>	<u>6,782,883</u>	<u>8,249,001</u>
	<u>1,842,907</u>	<u>8,451,161</u>	<u>10,294,068</u>	<u>1,466,118</u>	<u>6,949,567</u>	<u>8,415,685</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2025
(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

	<u>Peru</u>		<u>Total</u>
	<u>San Martin</u>	<u>Valiente</u>	
	<u>JV Project</u>	<u>Project</u>	<u>\$</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance at May 31, 2024	<u>442,750</u>	<u>5,343,539</u>	<u>5,786,289</u>
Exploration costs			
Assays	-	140,566	140,566
Community	21,587	-	21,587
Drilling and consulting	714,766	1,267,246	1,982,012
Geology	-	155,890	155,890
Insurance	1,743	4,863	6,606
Legal	4,069	5,283	9,352
Logistics, camp costs and labour	180,811	667,732	848,543
Supplies	-	5,581	5,581
Travel	-	34,703	34,703
VAT incurred	67,898	240,042	307,940
	<u>990,874</u>	<u>2,521,906</u>	<u>3,512,780</u>
Acquisition costs			
License applications and fees	210,556	383,556	594,112
Other			
Cost recoveries	(1,387,411)	-	(1,387,411)
Management fees	(90,085)	-	(90,085)
	<u>(1,477,496)</u>	<u>-</u>	<u>(1,477,496)</u>
Balance at May 31, 2025	<u>166,684</u>	<u>8,249,001</u>	<u>8,415,685</u>
Exploration costs			
Assays	-	134,392	134,392
Community	4,544	-	4,544
Drilling and consulting	136,544	777,928	914,472
Geology	-	86,670	86,670
Insurance	-	6,981	6,981
Legal	1,178	1,058	2,236
Logistics, camp costs and labour	31,314	313,261	344,575
Travel	-	2,039	2,039
VAT incurred	19,632	154,002	173,634
	<u>193,212</u>	<u>1,476,331</u>	<u>1,669,543</u>
Acquisition costs			
License applications and fees	199,016	376,789	575,805
Other			
Cost recoveries	(345,815)	-	(345,815)
Management fees	(21,150)	-	(21,150)
	<u>(366,965)</u>	<u>-</u>	<u>(366,965)</u>
Balance at August 31, 2025	<u>191,947</u>	<u>10,102,121</u>	<u>10,294,068</u>

HANNAN METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2025
(Unaudited - Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

(a) **Peru**

(i) *San Martin JV Project*

On November 27, 2020, as amended, the Company entered into a binding letter agreement for an option and joint venture agreement (the "Agreement") with Japan Organization for Metals and Energy Security ("JOGMEC"). Under the Agreement, JOGMEC has the option to earn up to a 75% interest in mining concessions in San Martin Province of the Department of San Martin, northern Peru (the "San Martin JV Project").

The Agreement grants JOGMEC the option to earn an initial 51% interest by funding US \$8,000,000 in project expenditures on the San Martin JV Project by March 31, 2028, subject to acceleration at JOGMEC's discretion.

JOGMEC, at its election, can then earn:

- an additional 16% interest for a total 67% interest by achieving either a prefeasibility study or funding a further US \$12,000,000 in project expenditures in amounts of at least US \$1,000,000 per annum (for a US \$20,000,000 total expenditure); and,
- subject to owning a 67% interest, a further 8% interest for a total 75% interest by achieving either a feasibility study or funding a further US \$15,000,000 in project expenditures in amounts of at least US \$1,000,000 per annum (for a US \$35,000,000 total expenditure).

Should JOGMEC not proceed to a prefeasibility study or spend US \$20,000,000 in total, the Company shall have the right to purchase from JOGMEC for US \$1, a 2% interest, whereby the Company's interest will be increased to 51% and JOGMEC's interest will be reduced to 49%.

At the completion of a feasibility study, JOGMEC has the right to either:

- purchase up to an additional 10% interest from the Company (for a total 85% interest) at fair value as determined in accordance with internationally recognized professional standards by an agreed upon independent third-party valuator; or
- receive up to an additional 10% interest from the Company (for a total 85% interest) in consideration of JOGMEC's agreement to fund development of the San Martin JV Project, by loan carrying the Company until the San Martin JV Project generates positive cash flow.

After US \$35,000,000 has been spent by JOGMEC and before a feasibility study has been achieved, both parties will fund expenditures pro rata or dilute via a standard industry dilution formula:

- if the interest in any party is diluted to less than 5% then that party's interest will be automatically converted to a 2% net smelter royalty ("NSR"), and the other party may at any time purchase 1% of the 2% NSR for a cash payment of US \$1,000,000; and
- the Company will manage exploration at least until JOGMEC earns a 51% interest, after which the majority interest holder will be entitled to act as the operator of the San Martin JV Project.

(ii) *Valiente Project*

The Valiente Project comprises mining concessions held by the Company and is located in central eastern Peru.

HANNAN METALS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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6. Share Capital

(a) ***Authorized Share Capital***

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) ***Equity Financings***

Three Months Ended August 31, 2025

The Company did not complete any equity financings during the three months ended August 31, 2025.

Fiscal 2025

On June 27, 2024 the Company completed a non-brokered private placement of 10,593,513 units at \$0.35 per unit, for total proceeds of \$3,707,730. Each unit comprised one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.50 per share on or before June 27, 2026. The Company has the right to force conversion of the warrants, if at any time from and after the date of issuance, the weighted average closing price of the Company's common shares on the TSXV, equals or exceeds \$0.70 for twenty consecutive trading days. The expiry date of the warrants will then be 30 days from the date of issue of a news release announcing the forced conversion. Directors, a spouse of a director and officers of the Company purchased a total of 315,571 units of the private placement.

The Company incurred \$26,466 for legal and other costs associated with this private placement.

(c) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at August 31, 2025 and 2024 and the changes for the three months ended on those dates, is as follows:

	2025		2024	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	4,568,111	0.50	3,522,230	0.35
Issued	-	-	5,296,754	0.50
Exercised	(4,518,111)	0.50	-	-
Expired	(50,000)	0.50	-	-
Balance, end of period	-	-	8,818,984	0.44

As at August 31, 2025 there were no warrants outstanding.

(d) ***Share Option Plan***

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years. The Plan permits the holder of share options to exercise cashless (net exercise) by surrendering a portion of the underlying share option shares to pay for the exercise cost.

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6. Share Capital (continued)

During the three months ended August 31, 2025 the Company granted share options to purchase 500,000 (2024 - nil) common shares of the Company and recorded compensation expense of \$55,556 (2024 - \$nil). In addition, the Company recorded compensation expense of \$nil (2024 - \$12,972) on the vesting of share options previously granted.

The fair value of share options granted during the three months ended August 31, 2025 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	<u>2025</u>
Risk-free interest rate	2.94%
Estimated volatility	85%
Expected life	5 years
Expected dividend yield	0%
Estimated forfeiture rate	0%

The estimated volatility was based on the historical share prices of the Company. The weighted average grant date fair value of all share options granted during the three months ended August 31, 2025 was \$0.64 per share option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at August 31, 2025 and 2024 and the changes for the three months ended on those dates, is as follows:

	<u>2025</u>		<u>2024</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	9,550,200	0.33	8,311,500	0.26
Granted	500,000	0.94	-	-
Exercised	(67,600)	0.39	(350,000) ⁽¹⁾	0.275
Forfeited	-	-	(45,000)	0.28
Balance, end of period	<u>9,982,600</u>	0.33	<u>7,916,500</u>	0.26

(1) In accordance with the Plan, 100,000 share options were exercised on a cashless basis (net exercise) for the issuance of 32,142 common shares.

The following table summarizes information about the share options outstanding and exercisable at August 31, 2025:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
3,055,000	3,055,000	0.28	December 28, 2025
150,000	150,000	0.28	March 1, 2026
4,263,500	4,263,500	0.25	August 22, 2028
2,014,100	2,014,100	0.60	September 6, 2029
<u>500,000</u>	<u>-</u>	0.94	July 2, 2030
<u>9,982,600</u>	<u>9,482,600</u>		

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7. Related Party Transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

The Company has determined that key management personnel consists of the Chief Executive Officer (“CEO”), the former President and the Chief Financial Officer (“CFO”) of the Company. During the three months ended August 31, 2025 the Company incurred a total of \$33,750 (2024 - \$76,251) to key management personnel for their services which have been allocated based on the nature of the services provided: expensed \$27,750 (2024 - \$27,750) to director and officer compensation; and capitalized \$6,000 (2024 - \$48,501) to exploration and evaluation assets. As at August 31, 2025 \$49,650 (May 31, 2025 - \$19,650) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

(i) During the three months ended August 31, 2025 the Company incurred a total of \$81,029 (2024 - \$21,750) to non-management directors and officers of the Company which have been allocated based on the nature of the services provided: expensed \$21,750 (2024 - \$21,750) to directors and officers compensation; and capitalized \$59,279 (2024 - \$nil) to exploration and evaluation assets. As at August 31, 2025 \$126,750 (May 31, 2025 - \$119,250) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended August 31, 2025 the Company incurred a total of \$8,600 (2024 - \$8,300) for accounting and administration services provided by Chase Management Ltd. (“Chase”), a private corporation owned by a director of the Company. As at August 31, 2025 \$8,600 (May 31, 2025 - \$6,100) remained unpaid and has been included in accounts payable and accrued liabilities.

8. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); amortized cost; and fair value through other comprehensive income (“FVOCI”). The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	August 31, 2025 \$	May 31, 2025 \$
Cash	Amortized cost	2,288,406	2,273,267
Accounts payable and accrued liabilities	Amortized cost	(399,297)	(305,869)

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

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8. Financial Instruments and Risk Management (continued)

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash and accounts payable and accrued liabilities approximate their fair value due to the short term to maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote as cash is held with high quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at August 31, 2025				
	Less than 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Total
	\$	\$	\$	\$	\$
Cash	2,288,406	-	-	-	2,288,406
Accounts payable and accrued liabilities	(399,297)	-	-	-	(399,297)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash is not considered significant. The Company has no interest bearing debt.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At August 31, 2025, 1 Canadian Dollar was equal to 2.57 Peruvian Nuevo Soles, 0.62 Euro, and 0.73 US Dollar.

Balances are as follows

	Nuevo Soles	Euros	US Dollars	CDN \$ Equivalent
Cash	257,520	10,020	728,103	1,113,764
VAT receivable	-	900	-	1,452
Accounts payable and accrued liabilities	(335,498)	(3,333)	(1,000)	(137,290)
	<u>(77,978)</u>	<u>7,587</u>	<u>727,103</u>	<u>977,926</u>

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8. Financial Instruments and Risk Management (continued)

Based on the net exposures as of August 31, 2025 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Peruvian Nuevo Sole, Euro and US Dollar would result in the Company's net loss and comprehensive loss being approximately \$101,000 higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any currently contemplated. There have been no changes to the Company's approach to capital management during the period.

9. Segmented Information

The Company operates in one reportable segment, being the exploration and evaluation of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in Peru and its corporate assets, comprising mainly of cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	As at August 31, 2025			
	Canada	Ireland	Peru	Total
	\$	\$	\$	\$
Current assets	1,485,308	18,658	973,465	2,477,431
Equipment	-	-	153,857	153,857
Exploration and evaluation assets	-	-	<u>10,294,068</u>	<u>10,294,068</u>
	<u>1,485,308</u>	<u>18,658</u>	<u>11,421,390</u>	<u>12,925,356</u>
	As at May 31, 2025			
	Canada	Ireland	Peru	Total
	\$	\$	\$	\$
Current assets	2,210,147	17,627	383,249	2,611,023
Equipment	-	-	86,096	86,096
Exploration and evaluation assets	-	-	<u>8,415,685</u>	<u>8,415,685</u>
	<u>2,210,147</u>	<u>17,627</u>	<u>8,885,030</u>	<u>11,112,804</u>

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10. Supplemental Cash Flow Information

During the three months ended August 31, 2025 and 2024 non-cash activities conducted by the Company as follows:

	2025 \$	2024 \$
Financing activities		
Issuance of common shares	16,690	62,972
Share-based payments reserve	<u>(16,690)</u>	<u>(62,972)</u>
	<u> -</u>	<u> -</u>

11. Event after the Reporting Period

Subsequent to August 31, 2025 the Company issued 1,050,000 common shares for \$277,500 on the exercise of options.