

OROCO RESOURCE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2026

(Expressed in Canadian Dollars)

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Oroco Resource Corp.

Opinion

We have audited the accompanying consolidated financial statements of Oroco Resource Corp. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2026 and 2025, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2026 and 2025, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that although the Company has successfully raised funds in prior and current periods, management estimates it will require additional funds to operate for the upcoming 12 months. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$92,838,043 as of May 31, 2026. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements.
- Obtaining confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

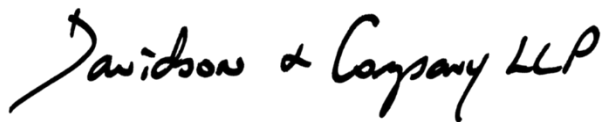
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

We also provide those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

The engagement partner on the audit resulting in this independent auditor's report is Michael MacLaren.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, Canada

September 25, 2026

OROCO RESOURCE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at May 31,

	2026	2025
ASSETS		
Current		
Cash	\$ 13,862,315	\$ 169,629
Receivables (Note 5)	148,393	1,164,824
Prepaid expenses and advances	452,723	333,794
	14,463,431	1,668,247
Marketable securities (Note 4)	-	201,590
Exploration and evaluation assets (Note 6)	92,838,043	84,552,355
Equipment (Note 7)	2,660,036	2,772,453
Right-of-use-asset (Note 8)	161,482	212,477
	\$ 110,122,992	\$ 89,407,122
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 9 and 13)	\$ 1,698,344	\$ 1,753,716
Warrant derivative (Note 10)	1,050,548	-
Lease liability (Note 8)	49,115	44,092
	2,798,007	1,797,808
Lease liability (Note 8)	129,698	178,815
Deferred tax liability (Note 14)	13,443	13,443
	2,941,148	1,990,066
Shareholders' equity		
Share capital (Note 11)	130,156,664	105,642,901
Reserves (Note 11)	20,307,853	18,273,632
Deficit	(43,891,406)	(37,714,146)
Equity attributable to the Company's shareholders	106,573,111	86,202,387
Non-controlling interest (Note 12)	608,733	1,214,669
	107,181,844	87,417,056
	\$ 110,122,992	\$ 89,407,122

Nature of operations and going concern (Note 1)
Contingency (Note 6(a))
Subsequent events (Notes 11 and 18)

Approved on behalf of the Board:

"Craig Dalziel"

Craig Dalziel – Director

"Ian Rice"

Ian Rice – Director

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

OROCO RESOURCE CORP.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

For the Year Ended May 31,

	2026	2025
Expenses		
Consulting fees	\$ 1,040,223	\$ 263,513
Foreign currency loss	327,018	71,145
Management and director fees (Note 13)	744,577	709,194
Office and general	873,287	847,287
Professional fees (Note 13)	704,841	477,200
Share-based payment (Notes 11 and 13)	2,135,385	840,192
Shareholder communications and investor relations	352,250	179,440
Transfer agent and filing fees	110,910	105,923
Travel	142,730	142,656
Operating loss	(6,431,221)	(3,636,550)
Interest	49,605	-
Unrealized loss on warrant derivative (Note 10)	(473,301)	-
Loss for the year	(6,854,917)	(3,636,550)
Other comprehensive income		
Gain on sale of marketable securities (Note 4)	71,721	102,963
Unrealized gain (loss) on fair value of marketable securities (Note 4)	(72,364)	401,049
Loss and comprehensive loss for the year	\$ (6,855,560)	\$ (3,132,538)
Loss and comprehensive loss attributable to:		
Equity holders of the Company	\$ (6,593,150)	\$ (3,407,092)
Non-controlling interest (Note 12)	(262,410)	274,554
	\$ (6,855,560)	\$ (3,132,538)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	282,800,241	245,420,837

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

OROCO RESOURCE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Share Capital		Reserves		Deficit	Non-controlling interest	Total
	Number	Amount	Other comprehensive income (loss)	Stock options and warrants			
		\$	\$	\$	\$	\$	\$
May 31, 2024	229,214,458	98,212,123	(403,685)	16,773,195	(33,906,005)	940,115	81,615,743
Shares issued for cash	23,265,350	8,064,518	-	562,045	-	-	8,626,563
Share issue costs	-	(633,740)	-	100,836	-	-	(532,904)
Gain on sale of marketable securities	-	-	102,963	-	-	-	102,963
Reallocation of value on disposal of marketable securities	-	-	(102,963)	-	102,963	-	-
Unrealized gain on fair value of marketable securities	-	-	401,049	-	-	-	401,049
Share-based payment	-	-	-	840,192	-	-	840,192
Loss for the year	-	-	-	-	(3,911,104)	274,554	(3,636,550)
May 31, 2025	252,479,808	105,642,901	(2,636)	18,276,268	(37,714,146)	1,214,669	87,417,056
Shares issued for cash	70,681,335	25,285,782	-	-	-	-	25,285,782
Shares issued for services	1,560,000	405,600	-	-	-	-	405,600
Share issue costs	-	(1,789,619)	-	-	-	-	(1,789,619)
Shares issued for warrant exercise	1,233,000	612,000	-	(28,800)	-	-	583,200
Gain on sale of marketable securities	-	-	71,721	-	-	-	71,721
Reallocation of value on disposal of marketable securities	-	-	(71,721)	-	71,721	-	-
Unrealized loss on fair value of marketable securities	-	-	(72,364)	-	-	-	(72,364)
Share-based payment	-	-	-	2,135,385	-	-	2,135,385
Increase in ownership of subsidiary	-	-	-	-	343,526	(343,526)	-
Loss for the year	-	-	-	-	(6,592,507)	(262,410)	(6,854,917)
May 31, 2026	325,954,143	130,156,664	(75,000)	20,382,853	(43,891,406)	608,733	107,181,844

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

OROCO RESOURCE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the Year Ended May 31,

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (6,854,917)	\$ (3,636,550)
Adjusted for items not involving cash:		
Depreciation	50,995	42,495
Foreign exchange	539	(6,743)
Interest on lease liability	20,322	20,064
Share-based payment	2,135,385	840,192
Share issued for services	405,600	-
Change in fair value of warrant derivative	473,301	-
Changes in working capital items:		
Receivables	(37,313)	(13,676)
Prepaid expenses and advances	(118,929)	78,017
Accounts payable and accrued liabilities	(107,624)	36,117
Net cash used in operating activities	(4,032,641)	(2,640,084)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(7,930,739)	(5,187,104)
Equipment	(190,280)	-
Proceeds on sale of marketable securities	200,947	322,026
Royalty income	1,053,205	-
Net cash used in investing activities	(6,866,867)	(4,865,078)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement shares issued	25,863,029	7,430,825
Proceeds from exercise of warrants	583,200	-
Share issue cost	(1,789,619)	(532,904)
Lease payments	(64,416)	(52,129)
Net cash provided by financing activities	24,592,194	6,845,792
Change in cash	13,692,686	(659,370)
Cash, beginning of year	169,629	828,999
Cash, end of year	\$ 13,862,315	\$ 169,629
Interest	\$ -	\$ -
Tax	\$ -	\$ -

Supplemental cash flow information (Note 15)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Oroco Resource Corp. (the “Company”) was incorporated on July 7, 2006 under the Business Corporations Act of British Columbia and is an exploration stage business engaged in the acquisition and exploration of mineral properties in Mexico. The Company is listed on the TSX Venture Exchange (the “TSX-V”). The Company’s head office and principal address is located at #1201 - 1166 Alberni Street, Vancouver, British Columbia, Canada, V6E 3Z3.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The continued operations of the Company and the recoverability of amounts shown for exploration and evaluation assets and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the mineral properties and upon future profitable production or proceeds from the disposition thereof. The Company has not yet determined whether its exploration and evaluation assets contain reserves that are economically recoverable. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Although the Company has successfully raised funds in prior and current periods, management estimates it will require additional funds to operate for the upcoming 12 months. These factors indicate the existence of material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

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

2. BASIS OF PRESENTATION

Statement of compliance

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

These consolidated financial statements were authorized by the Audit Committee and Board of Directors of the Company on September 25, 2026.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value as explained in the material accounting policy information set out in Note 3. Except as described in Note 3, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and of its subsidiaries.

2. BASIS OF PRESENTATION (cont'd...)

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. All inter-company transactions and balances have been eliminated upon consolidation. The Company's subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Percentage of Ownership	Principal Activity
Minera Xochipala S.A. de C.V. ("MX")	Mexico	100%	Exploration in Mexico
Santo Tomas Copper, S.A. de C.V. ("STC") (formerly Xochipala Gold S.A. de C.V.)	Mexico	96.7%	Exploration in Mexico
0973496 B.C. Ltd.	Canada	100%	Holding company
Altamura Copper Corp. ("Altamura")	Canada	100%	Holding company
Aureum Holding Corporation	Canada	100%	Holding company

The Company also holds: a majority interest in Aztec Copper Inc. ("Aztec"), an inactive subsidiary incorporated in the United States and its subsidiary, Prime Aztec Mexicana, S.A. de C.V. an inactive subsidiary incorporated in Mexico.

Significant estimates

The preparation of these consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Share-based payment - The fair value of stock options and compensatory warrants issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options and compensatory warrants.

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration, evaluation and related costs incurred, which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Rehabilitation provisions - The Company's potential for rehabilitation provisions includes estimates of future costs directly attributable to remediating the liability, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties.

2. BASIS OF PRESENTATION (cont'd...)

Significant estimates (cont'd...)

Equipment - The carrying amounts of equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, using the depreciation methods and rates as indicated below. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of the remaining depreciation rate. Depreciation commences on the date the asset is available for its use as intended by management.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are, but are not limited to, the following:

Determination of functional currency - The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

Going concern - The Company has exercised judgment in determining whether its available funds are sufficient to continue operations for 12 months from the end of the reporting period.

Warrant derivative - The Company estimates fair value of the warrant derivative at initial measurement, at each exercise date and at each reporting period. This estimate requires determining the most appropriate inputs to the valuation model including the expected life, share price volatility, and dividend yield, and making assumptions about them.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: amortized cost; fair value through other comprehensive income ("FVTOCI"); or fair value through profit or loss ("FVTPL"). The classification of financial assets depends on the purpose for which the financial assets were acquired and is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Financial assets are classified as current assets or non-current assets based on their maturity date.

The Company's financial assets consist of: cash and receivables classified at amortized cost; and marketable securities classified at FVTOCI.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Financial instruments (cont'd...)

Financial liabilities

Financial liabilities are designated as either: fair value through profit or loss; or amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

The Company's financial liabilities consist of: accounts payable and accrued liabilities and lease liability classified at amortized cost; and warrant derivative classified at fair value through profit or loss.

Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. The Company's financial assets measured at amortized cost are subject to the ECL model.

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition and exploration of exploration and evaluation assets are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

General exploration costs not related to specific properties and general administrative expenses are charged to operations in the year in which they are incurred.

The Company does not have any producing mineral properties and all of its efforts to date have been exploratory in nature. Upon the establishment of commercial production, carrying values of deferred acquisition and exploration costs are amortized over the estimated life of the mine using the units of production method.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Provisions

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the rehabilitation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with rehabilitation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Subsequently, these capitalized rehabilitation costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company had no measurable rehabilitation obligations for the years presented.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The Company had no other provisions for the years presented.

Impairment

At the end of each reporting period, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimated recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is provided for using the following methods at the following rates per annum:

Transportation equipment (straight line)	25%
Machinery and equipment (straight line)	10%
Camps (straight line)	5%
Computer equipment (straight line)	30%
Leaseholds (declining balance)	20%
Furniture and equipment (straight line)	10%

Leases

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over its lease term. Right-of-use assets are subject to evaluation of potential impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments). The lease payments also include the exercise price of purchase options, if any, reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year.

Share-based payments

The fair value of options granted is recognized as stock-based compensation expense with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The Company accounts for the granting of stock options, direct awards of stock to employees, directors and nonemployees, and compensatory warrants using the fair value method whereby all awards will be recorded at fair value on the date of grant. Stock based compensation awards are calculated using the Black-Scholes option pricing model. Compensation expense is recognized immediately for past services and pro rata for future services over the vesting period with a corresponding increase in reserves. Consideration paid on the exercise of compensatory warrants is credited to share capital and the fair value of the compensatory warrants is reclassified from reserves to share capital.

Income (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. There was no dilutive effect for the years presented.

Share capital

Common shares are classified as share capital. Incremental costs, net of tax effects, directly attributable to the issue of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Share capital (cont'd...)

Warrants issued in equity financing transactions

Warrants issued in foreign currencies are classified as derivative liabilities. Upon exercise, in exchange for a fixed amount of common shares, the expected cash receivable is variable due to changes in foreign exchange rates. The Company measures derivative financial liabilities at fair value through profit or loss at initial recognition and in subsequent reporting periods. Fair value gains or losses are recognized in other (losses) gains on the consolidated statement of comprehensive loss. The fair value of foreign currency share purchase warrants is determined using an option pricing model which incorporates the market price of the company's common shares. Transaction costs, which are directly attributable to the offering, are allocated between equity that is classified as equity financing transaction costs and liabilities that are expensed in the period incurred.

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

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.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

New standards, interpretations and amendments to existing standards not yet effective

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning on or after June 1, 2026 which have not been applied in preparing these consolidated financial statements as they are not yet effective. The standards and amendments to standards that would be applicable to the consolidated financial statements of the Company are the following:

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1; many of the existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss. The Company is currently assessing the impact of this new accounting standard on its financial statements.

4. MARKETABLE SECURITIES

As at May 31, 2026, the Company owned nil (2025 - 207,825) Goldgroup Mining Inc. ("Goldgroup") shares with a fair value of \$nil (2025 - \$201,590). The change in market value of the shares resulted in the recording of other comprehensive gain (loss) of \$(72,364) for the year ended May 31, 2026 (2025 - \$401,049). During the year ended May 31, 2026, the Company sold 207,825 (2025 - 352,300) Goldgroup shares for proceeds of \$200,947 (2025 - \$322,026) resulting in a gain on sale of \$71,721 (2025 - \$102,963).

As at May 31, 2026, the Company owned 375,000 (2025 - 375,000) common shares in a private British Columbia company ("BC Co.") with a fair value of \$nil (2025 - \$nil).

	Goldgroup		BC Co.		Total
	Number	Amount	Number	Amount	Amount
May 31, 2024	560,125	\$ 19,604	375,000	\$ -	\$ 19,604
Disposals	(352,300)	(322,026)	-	-	(322,026)
Gain on sale	-	102,963	-	-	102,963
Fair value adjustment	-	401,049	-	-	401,049
May 31, 2025	207,825	\$ 201,590	375,000	\$ -	\$ 201,590
Disposals	(207,825)	(200,947)	-	-	(200,947)
Gain on sale	-	71,721	-	-	71,721
Fair value adjustment	-	(72,364)	-	-	(72,364)
May 31, 2026	-	\$ -	375,000	\$ -	\$ -

5. CERRO PRIETO ROYALTY

Pursuant to the sale of the Company's interest in the Cerro Prieto Property to Goldgroup in fiscal 2013, Goldgroup agreed to pay to the Company a production royalty (the "Production Royalty") on each of the first 90,000 ounces of gold produced from the Property, subject to the respective monthly average of the daily PM London gold fix being in excess of US\$1,250 per ounce, to a maximum royalty of US\$90 per ounce. The production of the first 90,000 ounces was achieved in August 2022. As at May 31, 2026, the Company is owed \$nil (2025 - \$1,053,744) by Goldgroup in connection with the Production Royalty. During the year ended May 31, 2026, the Company received the full balance owed in connection with the Production Royalty.

OROCO RESOURCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
May 31, 2026

6. EXPLORATION AND EVALUATION ASSETS

	Santo Tomas Properties	Xochipala Property	Total
May 31, 2025	\$ 83,982,820	\$ 569,535	\$ 84,552,355
Deferred exploration expenditures			
Camp	220,569	-	220,569
Community relations	67,321	-	67,321
Engineering and modelling	65,151	-	65,151
Fieldwork, physical and technical	4,124,791	-	4,124,791
Health, safety, and risk management	14,182	-	14,182
Logistics and support	1,211,812	-	1,211,812
Property maintenance	1,453,974	43,631	1,497,605
Technical and project management	418,148	-	418,148
VAT	661,007	5,102	666,109
	8,236,955	48,733	8,285,688
May 31, 2026	\$ 92,219,775	\$ 618,268	\$ 92,838,043
	Santo Tomas Properties	Xochipala Property	Total
May 31, 2024	\$ 78,697,061	\$ 487,163	\$ 79,184,224
Deferred exploration expenditures			
Camp	161,272	-	161,272
Community relations	49,223	-	49,223
Fieldwork, physical and technical	2,300,705	-	2,300,705
Health, safety, and risk management	10,369	-	10,369
Logistics and support	903,372	-	903,372
Property maintenance	1,223,131	66,359	1,289,490
Technical and project management	320,183	-	320,183
VAT	317,504	16,013	333,517
	5,285,759	82,372	5,368,131
May 31, 2025	\$ 83,982,820	\$ 569,535	\$ 84,552,355

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

(a) Santo Tomas Properties, Sinaloa State, Mexico

Core Concessions

The Company, through STC, holds a registered 100% interest in certain mineral concessions (the “Core Concessions”).

In fiscal 2020, the Company acquired Altamura and its related subsidiaries, whose main asset is its interest in the Core Concessions. The acquisition value attributed to the properties (exploration and evaluation assets) was \$24,412,316.

Altamura had fee obligations, as amended, (the “Fee Agreement”), related to the Core Concessions, of US\$600,000, payable within twelve months of title to the Core Concessions being registered to STC in the PRM (paid).

Altamura also has certain contingent fee obligations (the “Contingent Fee Agreement”) related to the Core Concessions, payable upon the direct or indirect sale, assignment or transfer of the Core Concessions in a transaction intended to be final disposition, as follows:

- (i) pay 10% of the sale price, to a maximum of US\$3,600,000, (inclusive of the first US\$600,000 referred to above (paid)); and
- (ii) pay 1.5% of the sale price, to a maximum of US\$4,100,000, of which up to \$1,000,000 is payable to David Rose, an officer of the Company.

Altamura has entered into agreements pursuant to which it granted an initial aggregate 15% interest in the Core Concessions (the “Contractual Interest”) in consideration for: i) assistance with resolving the legal challenges to STC’s acquisition of registered title to the Core Concessions; ii) assistance with regard to the Company’s assembly of a controlling interest in the surrounding Papago 17, La China II, Rossy, Rossy 1, Papago Fraccion 1 and AMP Santo Tomas Red 1 concessions (collectively, the “Peripheral Concessions” and together with the Core Concessions, the “Santo Tomas Properties”), including; (a) the assignment to the Company of majority interests in the Peripheral Concessions; and (b) the right to cause the assignment to the Company of majority interests in other additional related properties; and (iii) technical and geological services. The Contractual Interest has been diluted down to an aggregate 10% on a pro-rata basis upon the funding of \$30,000,000 (completed) of expenditures on the combined Santo Tomas Properties.

The Peripheral Concessions

The Company, through MX, holds an 80% interest in each of the six Peripheral Concessions, which were acquired for total cash payments of \$52,247 and US\$42,500, and the issuance of 2,300,000 common shares, valued at \$471,000. Of the \$52,247, the Company will pay \$5,000 to the vendor of the interest in the Papago Fraccion 1 concession within 10 days of registration of the Company’s interest with the Mexican Public Registry of Mining. All six concessions comprising the Santo Tomas Properties are subject to an aggregate 1.5% net smelter royalty (“NSR”) payable to third parties.

In fiscal 2019, the Company entered into a purchase agreement (“Data Agreement”), as amended, pursuant to which the Company acquired geological data, analysis and models related to the Santo Tomas Properties in consideration for 500,000 common shares, valued at \$137,500, and US\$500,000, to be paid by way of one payment of US\$50,000 at the time of signing the agreement (paid), a second payment of US\$50,000 (paid) and a final payment of US\$400,000. The final payment of US\$400,000 is due upon the direct or indirect sale, assignment or transfer of the Core Concessions to a third party.

OROCO RESOURCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
May 31, 2026

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

(b) Vainilla Property, Sinaloa State, Mexico

During the year ended May 31, 2026, the Company acquired an option to purchase the 100% interest in the Vainilla Property, a mineral concession located in the southern extension of the Santo Tomas copper porphyry trend. The option is for initial consideration of US\$75,000 in cash and 100,000 common shares. Maintenance and exercise of the option is subject to additional consideration. The acquisition of the option is subject to TSX-V final approval.

(c) Xochipala Property Guerrero State, Mexico

The Xochipala Property, located in Guerrero State, Mexico, is comprised of the contiguous 100% owned Celia Gene and Celia Generosa concessions. MX acquired the Xochipala Property in 2007.

(d) Salvador Property, Guerrero State, Mexico

The Salvador Property is a mining concession in Guerrero State, Mexico 100% owned by MX.

7. EQUIPMENT

	Camps	Transportation equipment	Machinery and equipment	Computer equipment	Leaseholds	Furniture and equipment	Total
Cost							
May 31, 2024 and							
May 31, 2025	\$ 1,970,563	\$ 523,629	\$1,480,369	\$ 66,552	\$ 10,017	\$ 300,382	\$ 4,351,512
Additions	73,167	-	117,113	-	-	-	190,280
May 31, 2026	\$ 2,043,730	\$ 523,629	\$1,597,482	\$ 66,552	\$ 10,017	\$ 300,382	\$ 4,541,792
Accumulated depreciation							
May 31, 2024	\$ 260,530	\$ 402,221	\$ 379,836	\$ 56,865	\$ 10,017	\$ 87,781	\$ 1,197,250
Depreciation	86,106	102,984	151,105	9,687	-	31,927	381,809
May 31, 2025	\$ 346,636	\$ 505,205	\$ 530,941	\$ 66,552	\$ 10,017	\$ 119,708	\$ 1,579,059
Depreciation	100,162	18,424	152,184	-	-	31,927	302,697
May 31, 2026	\$ 446,798	\$ 523,629	\$ 683,125	\$ 66,552	\$ 10,017	\$ 151,635	\$ 1,881,756
Net book value							
May 31, 2025	\$ 1,623,927	\$ 18,424	\$ 949,428	\$ -	\$ -	\$ 180,674	\$ 2,772,453
May 31, 2026	\$ 1,596,932	\$ -	\$ 914,357	\$ -	\$ -	\$ 148,747	\$ 2,660,036

OROCO RESOURCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
May 31, 2026

7. EQUIPMENT (cont'd...)

During the year ended May 31, 2026, depreciation of \$302,697 (2025 - \$381,809) was attributed to logistics and support within exploration and evaluation assets. The Company previously rented office space under an operating lease, included in office and general, with monthly payments of \$6,100. In fiscal 2025, the Company entered into a new operating lease for its office (Note 8).

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Set out below are the carrying amounts of the Company's right-of-use asset and lease liability and the movements.

	Right-of-use asset	Lease liability
May 31, 2024	\$ -	\$ -
Additions	254,972	254,972
Depreciation expense	(42,495)	-
Interest expense	-	20,064
Payments	-	(52,129)
May 31, 2025	212,477	222,907
Additions	-	-
Depreciation expense	(50,995)	-
Interest expense	-	20,322
Payments	-	(64,416)
May 31, 2026	\$ 161,482	\$ 178,813

As at May 31, 2026, the current portion of the lease liability was \$49,115 (2025 - \$44,092) and the long-term portion was \$129,698 (2025 - \$178,815). Depreciation of right-of-use asset and interest expense related to lease liability is included in office and general. Also included in office and general are rent costs of \$56,129 (2025 - \$47,479) related to the variable portion of the lease.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	May 31, 2026	May 31, 2025
Accounts payable	\$ 1,569,007	\$ 1,486,586
Accrued liabilities	129,337	267,130
	\$ 1,698,344	\$ 1,753,716

10. WARRANT DERIVATIVE

During the year ended May 31, 2026, pursuant to a non-brokered private placement, 10,154,995 units were sold at a purchase price of US\$0.20 per unit for gross proceeds of US\$2,030,999 (\$2,863,020) (Note 11(ii)). Each unit included one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of US\$0.30 per common share for a period of two years from the date of issue.

Under IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation, warrants with an exercise price denominated in a currency that differs from an entity's functional currency are treated as a derivative measured at fair value with subsequent changes in fair value accounted for through the consolidated statement of loss and comprehensive loss. The warrants with an exercise price of US\$0.30 meet this requirement and have been presented as a warrant derivative on the consolidated statement of financial position. Upon exercise, the recorded liability will be included in share capital along with the proceeds from the exercise. If these warrants expire, the related liability is reversed through profit or loss.

A reconciliation of the change in fair value of the warrant derivative is as follows:

	Total
Balance, as at May 31, 2024 and 2025	\$ -
Additions	577,247
Change in fair value of warrant derivative	473,301
Balance, as at May 31, 2026	\$ 1,050,548

The estimated fair value of the warrant derivative issued during the period was determined using the Black-Scholes valuation model using the following assumptions

	May 31, 2026	Initial valuation
Stock price	\$0.42	\$0.32
Risk-free interest rate	2.77%	2.43%
Expected option life in years	1.4	2.0
Expected stock price volatility	109%	78%
Expected forfeiture rate	0%	0%

11. SHARE CAPITAL AND RESERVES

Authorized

An unlimited number of common shares without par value.

Issued share capital

During the year ended May 31, 2026, the Company issued:

- 10,154,995 units at a price of US\$0.20 per unit by way of a non-brokered private placement gross proceeds of US\$2,030,999 (\$2,863,020). Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of US\$0.30 per common share for a period of two years from the date of issue. The warrants, initially valued at \$577,247, are considered a derivative liability as described in Note 10. The Company paid other fees of \$16,494;

OROCO RESOURCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
May 31, 2026

11. SHARE CAPITAL AND RESERVES (cont'd...)

Issued share capital (cont'd...)

- ii. 60,526,340 units at a price of \$0.38 per unit for gross proceeds of \$23,000,009, pursuant to a bought deal public offering. Each unit is comprised of one common share of the Company and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of \$0.53 per common share for a period of three years from the date of issue. The Company paid finder and other fees of \$1,773,125;
- iii. 1,560,000 common shares, with a fair value of \$405,600, to Whittle Consulting Ltd. as partial compensation for its strategic option study of the Santo Tomas Project; and
- iv. 1,233,000 common shares pursuant to the exercise of warrants, for proceeds of \$583,200.

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

- i. 14,051,127 units at a price of \$0.45 per unit by way of a brokered private placement for total proceeds of \$6,323,007, of which \$1,195,738 was received in fiscal 2024. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of \$0.65 per common share for a period of two years from the date of issue. The 7,025,561 warrants were valued at \$562,045, calculated using the residual value method. The Company paid cash finders' and other fees of \$515,836 and issued 703,399 finders' warrants. Each finder's warrant will entitle the holder to acquire an additional common share at a price of \$0.45 per common share for a period of two years from the date of issue. The finders' warrants were valued at \$100,418, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.93%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 65%; and
- ii. 9,214,223 units at a price of \$0.25 per unit by way of a brokered private placement for total proceeds of \$2,303,556. Each unit consists of one common share and one common share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of \$0.40 per common share for a period of 24 months from the date of issue. The 9,214,223 warrants were valued at \$nil, calculated using the residual value method. The Company paid cash finder's and other fees of \$17,068 and issued 3,600 finders' warrants. Each finder's warrant will entitle the holder to acquire an additional common share at a price of \$0.25 per common share for a period of two years from the date of issue. The finder's warrants were valued at \$418, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 2.57%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 64%.

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, outstanding as at May 31, 2024	18,860,378	\$ 0.75
Issued	16,946,783	0.51
Expired	(9,962,313)	0.78
Balance, outstanding as at May 31, 2025	25,844,848	0.58
Issued	35,340,667	0.51
Exercised	(1,233,000)	0.47
Expired	(8,898,065)	0.73
Balance, outstanding as at May 31, 2026	51,054,450	\$ 0.51

OROCO RESOURCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
May 31, 2026

11. SHARE CAPITAL AND RESERVES (cont'd...)

Warrants (cont'd...)

Warrants outstanding as at May 31, 2026 are as follows:

Number of warrants	Exercise price	Weighted average remaining life (years)	Expiry date
6,665,561	\$ 0.65	0.02	June 6, 2026 ⁽¹⁾
703,399	\$ 0.45	0.02	June 6, 2026 ⁽¹⁾
8,341,223	\$ 0.40	0.75	February 28, 2027
3,600	\$ 0.25	0.75	February 28, 2027
3,827,497	US\$ 0.30	1.43	November 5, 2027
1,250,000	US\$ 0.30	1.46	November 14, 2027
30,263,170	\$ 0.53	2.63	January 15, 2029
51,054,450			

⁽¹⁾ expired, unexercised subsequent to year end

Stock options

The Company has a rolling stock option plan, whereby from time to time, at the direction of the Board of Directors, stock options may be granted to employees, consultants, directors and officers. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant. Options may be granted for a maximum of 10 years and vesting is determined by the Board of Directors.

During the year ended May 31, 2026, a total of 8,080,000 (2025 - nil) stock options were granted to certain employees, consultants, directors and officers of the Company with a fair value of \$3,186,152 (2025 - \$nil) using the Black-Scholes option pricing model. During the year ended May 31, 2026, the Company recognized \$2,135,385 (2025 - \$840,192) as share-based payment for the fair value of the stock options.

The fair value of options granted was estimated on the grant date using the Black-Scholes option pricing model with weighted average assumptions as follows:

	For the year ended May 31, 2026	For the year ended May 31, 2025
Risk-free interest rate	2.52%	n/a
Expected option life in years	3.0	n/a
Expected stock price volatility	82%	n/a
Expected forfeiture rate	0%	n/a

OROCO RESOURCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
May 31, 2026

11. SHARE CAPITAL AND RESERVES (cont'd...)

Stock options (cont'd...)

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, outstanding as at May 31, 2024	13,835,000	\$ 1.41
Expired/forfeited	(7,730,000)	1.90
Balance, outstanding as at May 31, 2025	6,105,000	0.78
Granted	8,080,000	0.80
Expired/forfeited	(2,100,000)	0.89
Balance, outstanding as at May 31, 2026	12,085,000	\$ 0.77
Balance, exercisable as at May 31, 2026	8,885,000	\$ 0.75

Options outstanding as at May 31, 2026 are as follows:

Number of options	Number of exercisable options	Exercise price	Weighted average remaining life (years)	Expiry date
4,755,000	4,755,000	\$ 0.75	0.85	April 8, 2027
250,000	200,000	\$ 0.35	2.15	July 23, 2028
780,000	780,000	\$ 0.45	2.17	July 30, 2028
6,300,000	3,150,000	\$ 0.85	2.67	January 29, 2029
12,085,000	8,885,000		1.91	

12. NON-CONTROLLING INTEREST

On March 2, 2020, the Company acquired 100 common shares (67%) of STC, through the acquisition of Altamura. In fiscal 2020, 2021 2024, and 2026, the Company acquired an additional 625 common shares (25 in fiscal 2020, 30 in fiscal 2021, 320 in fiscal 2024, and 250 in fiscal 2026) for total ownership as at May 31, 2026 of 725 of 750 common shares, representing 96.7% of STC's equity (2025 - 95%). During the year ended May 31, 2026, the additional 250 common shares acquired were for the conversion of intercompany debt of \$25,000,000 into equity resulting in a charge to deficit of \$343,526.

As at May 31, 2026, the equity attributable to the 3.3% (2025 - 5%) non-controlling interest in STC is as follows:

	Total
May 31, 2024	\$ 940,115
Share of income for the year	274,554
May 31, 2025	1,214,669
1.7% interest acquired	(343,526)
Share of loss for the year	(262,410)
May 31, 2026	\$ 608,733

OROCO RESOURCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
May 31, 2026

12. NON-CONTROLLING INTEREST (cont'd...)

As at May 31, 2026 and May 31, 2025 and for the years ended May 31, 2026 and May 31, 2025, summarized financial information about STC is as follows:

	May 31, 2026	May 31, 2025
Current assets	\$ 2,384,120	\$ 272,527
Non-current assets	78,548,949	71,686,840
Current liabilities	(1,045,269)	(906,457)
Non-current liabilities	(61,628,170)	(46,759,544)
Income (loss) and comprehensive income (loss) for the year	\$ (6,033,736)	\$ 5,491,072

The income (loss) and comprehensive income (loss) of STC for the year ended May 31, 2026 was \$(6,033,736) (2025 - \$5,491,072). The income (loss) allocated to non-controlling interest based on an interest of 3.3% (2025 - 5%) for the year ended May 31, 2026 was \$(262,410) (2025 - \$274,554).

13. RELATED PARTY TRANSACTIONS

The Company considers key management personnel to consist of directors and officers. The following expenses were incurred with key management personnel:

	For the year ended May 31, 2026	For the year ended May 31, 2025
Management and director fees	\$ 744,577	\$ 709,194
Professional fees	138,693	138,000
Share-based payment	913,533	404,658
Total	\$ 1,796,803	\$ 1,251,852

As at May 31, 2026 included in accounts payable and accrued liabilities was \$356,705 (2025 - \$442,997) owing to officers and directors. The amounts owing are unsecured, non-interest bearing and have no fixed repayment terms.

OROCO RESOURCE CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

May 31, 2026

14. DEFERRED INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	May 31, 2026	May 31, 2025
Loss for the year before income taxes	\$ (6,854,917)	\$ (3,636,550)
Expected income tax (recovery)	\$ (1,851,000)	\$ (982,000)
Change in statutory, foreign tax, foreign exchange rates and other	(2,050,000)	2,080,000
Permanent differences	638,000	290,000
Impact of fair value adjustment via other comprehensive income	(10,000)	54,000
Share issue costs	(483,000)	(144,000)
Adjustment to prior years provision versus statutory tax returns	8,000	(155,000)
Change in unrecognized deductible temporary differences	3,748,000	(1,143,000)
Total deferred income tax expense	\$ -	\$ -

The Company's deferred income tax liability relates to the Mexican mining royalty at the rate of 7.5%, increased to 8.5% effective January 1, 2025, which was enacted in Mexico from January 1, 2014 on a prospective basis and applies to earnings before the deduction of interest, taxes, depreciation and amortization. The significant components of the Company's deferred tax liabilities are as follows:

	May 31, 2026	May 31, 2025
Deferred tax liabilities		
Exploration and evaluation assets – Mexican mining royalty	\$ 13,443	\$ 13,443
	\$ 13,443	\$ 13,443

The significant components of the Company's unrecorded deferred tax assets are as follows:

	May 31, 2026	May 31, 2025
Deferred tax assets (liabilities)		
Marketable securities	\$ 10,000	\$ 10,000
Exploration and evaluation assets	2,906,000	896,000
Equipment	215,000	111,000
Right-of-use asset and lease liability	5,000	3,000
Share issue costs	512,000	197,000
Allowable capital losses	848,000	844,000
Non-capital losses	7,167,000	5,854,000
	11,663,000	7,915,000
Unrecognized deferred tax assets	(11,663,000)	(7,915,000)
Net deferred tax assets	\$ -	\$ -

OROCO RESOURCE CORP.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

May 31, 2026

14. DEFERRED INCOME TAXES (cont'd...)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2026	Expiry Date Range
Temporary differences		
Marketable securities	\$ 75,000	No expiry date
Exploration and evaluation assets	\$ 9,730,000	No expiry date
Equipment	\$ 714,000	No expiry date
Right-of-use asset and lease liability	\$ 17,000	No expiry date
Share issue costs	\$ 1,896,000	2027 to 2030
Allowable capital losses	\$ 3,140,000	No expiry date
Non-capital losses	\$ 26,432,000	2027 to 2046

Tax attributes are subject to review, and potential adjustment, by tax authorities.

15. SUPPLEMENTAL CASH FLOW INFORMATION

	For the year ended May 31, 2026	For the year ended May 31, 2025
Non-cash transactions not included in investing or financing activities		
Exploration and evaluation assets included in accounts payable	\$ 1,045,269	\$ 993,017
Royalty receivable settled with accounts payable	\$ -	\$ 29,781
Recognition of right-of-use asset and lease liability	\$ -	\$ 254,972
Allocation of share subscriptions received in advance to share capital	\$ -	\$ 1,195,738
Allocation of fair value of warrants exercised to share capital	\$ 28,800	\$ -
Allocation of fair value of warrants to derivative liability	\$ 577,247	\$ -
Finders' warrants issued included in share issue costs	\$ -	\$ 100,836
Residual value of warrants in private placements	\$ -	\$ 562,045
Depreciation on equipment included in exploration and evaluation assets	\$ 302,697	\$ 381,809
Gain on sale of marketable securities	\$ 71,721	\$ 102,963
Unrealized change on fair value of marketable securities	\$ 72,364	\$ 401,049

16. SEGMENTED INFORMATION

The Company operates in one segment, being the acquisition and exploration of exploration and evaluation assets located in Mexico. Geographic information is as follows:

As at May 31, 2026

	Canada	Mexico	Total
Equipment	\$ -	\$ 2,660,036	\$ 2,660,036
Exploration and evaluation assets	-	92,838,043	92,838,043
Other assets	12,115,446	2,509,467	14,624,913
Total assets	\$ 12,115,446	\$ 98,007,546	\$ 110,122,992

OROCO RESOURCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
May 31, 2026

16. SEGMENTED INFORMATION (cont'd...)

As at May 31, 2025

	Canada	Mexico	Total
Equipment	\$ -	\$ 2,772,453	\$ 2,772,453
Exploration and evaluation assets	-	84,552,355	84,552,355
Other assets	1,754,047	328,267	2,082,314
Total assets	\$ 1,754,047	\$ 87,653,075	\$ 89,407,122

17. FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity. There has been no significant change in the Company's objectives, policies and processes for managing its capital during the year ended May 31, 2026.

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. The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

Fair value hierarchy

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 marketplace.

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

The carrying value of cash, receivables, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. The carrying value of lease liability approximated their fair value as the interest rates are comparable to current market rates. The warrant derivative is a recurring Level 2 fair value measurement as these warrants have not been listed on an exchange and therefore do not trade on an active market. The BC Co., shares recorded in marketable securities, are measured using level 3 of the fair value hierarchy. Investments classified within level 3 have significant unobservable inputs. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value.

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and market risk.

17. FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT (cont'd...)

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts and receivables. Management believes that the credit risk concentration with respect to cash is remote as cash are deposited in high credit quality banking institutions. Receivables are due from the government and banking institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. The Company monitors its ability to meet its short-term expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The warrant derivative is non-cash and does not therefore represent any liquidity risk.

Foreign Exchange Risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations, which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and foreign currencies. The effect of a 10% change in the foreign exchange rate on the monetary balances held in foreign currencies as at May 31, 2026 is approximately \$1,112,000.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Management of Industry Risk

The Company is engaged in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing as well as changes in foreign government policy. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however, it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.

18. SUBSEQUENT EVENT

Subsequent to May 31, 2026, the Company:

- i. granted 900,000 options, exercisable at a price of \$0.65 per common share for a period of three years, vesting 1/5 on each of the date of grant and every three months thereafter;