SOUTH PACIFIC METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - Presented in Canadian Dollars)

FOR THE THREE MONTHS ENDED JUNE 30, 2026 AND 2025

Notice of no Auditor Review of Interim Financial Statements

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

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

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

SOUTH PACIFIC METALS CORP.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Presented in Canadian Dollars)

	Notes	June 30, 2026	March 31, 2026
		$	$
ASSETS			
Current			
Cash and cash equivalents		3,761,724	6,939,682
Receivables	**4**	208,514	185,976
Prepaid expenses	**11**	519,372	201,269
		4,489,610	7,326,927
Non-Current			
Deposits and long-term prepaid assets	**5**	134,595	134,595
Property and equipment	**6**	698,770	740,276
Exploration and evaluation assets	**7**	22,712,893	20,391,184
Total Assets		**28,035,868**	**28,592,982**
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**8, 11**	1,514,823	1,438,920
		1,514,823	1,438,920
Shareholders' Equity			
Share capital	**9**	35,391,532	35,148,463
Reserves	**9**	3,903,114	3,717,916
Accumulated other comprehensive income		315,219	315,219
Deficit		(13,088,820)	(12,027,536)
Equity attributable to shareholders		26,521,045	27,154,062
Total Liabilities and Shareholders' Equity		**28,035,868**	**28,592,982**

Nature of Business and Going Concern - Note 1

"Geoff Lawrence"

Geoff Lawrence - Director

"Michael Murphy"

Michael Murphy - Director

SOUTH PACIFIC METALS CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three Months Ended June 30, 2026 and 2025
(Unaudited - Presented in Canadian Dollars)

	Notes	2026	2025 (Restated, Note 2)
		$	$
EXPENSES			
Accounting and legal		44,865	60,062
Corporate and administrative		56,773	30,641
Board and management	**11**	221,840	159,583
Marketing and investor relations		277,509	141,116
Share-based payments	**9, 11**	446,531	162,211
		(1,047,518)	(553,613)
OTHER (EXPENSE) INCOME			
Interest and accretion		26,487	22,611
Loss on foreign exchange		(40,253)	-
		(13,766)	22,611
Loss for the period		**(1,061,284)**	**(531,002)**
Exchange differences on translation of foreign operations		-	(684,513)
Comprehensive loss for the period		**(1,061,284)**	**(1,215,515)**
Loss per share, basic and diluted		(0.02)	(0.01)
Weighted average number of shares outstanding, basic and diluted		69,145,361	51,853,920

SOUTH PACIFIC METALS CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Presented in Canadian Dollars)

	Common Shares	Share Capital	Reserves	Accumulated other comprehensive income	Deficit	Total
	#	$	$	$	$	$
Balance, March 31, 2025 (Restated, Note 2)	**51,853,920**	**26,482,411**	**3,034,213**	**662,077**	**(9,685,004)**	**20,493,697**
Share-based payments	-	-	162,211	-	-	162,211
Loss for the period	-	-	-	-	(531,002)	(531,002)
Foreign exchange translation	-	-	-	(684,513)	-	(684,513)
Balance, June 30, 2025 (Restated, Note 2)	**51,853,920**	**26,482,411**	**3,196,424**	**(22,436)**	**(10,216,006)**	**19,440,393**
Private placements, net of issuance costs	17,036,100	8,444,722	-	-	-	8,444,722
Exercise of stock options	250,000	221,330	(102,830)	-	-	118,500
Share-based payments	-	-	624,322	-	-	624,322
Loss for the period	-	-	-	-	(1,811,530)	(1,811,530)
Foreign exchange translation	-	-	-	337,655	-	337,655
Balance, March 31, 2026	**69,140,020**	**35,148,463**	**3,717,916**	**315,219**	**(12,027,536)**	**27,154,062**
RSU conversion	486,003	243,069	(261,333)	-	-	(18,264)
Share-based payments	-	-	446,531	-	-	446,531
Loss for the period	-	-	-	-	(1,061,284)	(1,061,284
Balance, June 30, 2026	**69,626,023**	**35,391,532**	**3,903,114**	**315,219**	(13,088,820)	26,521,045

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

SOUTH PACIFIC METALS CORP.

Condensed Interim Consolidated Statements of Cash Flow
Three Months Ended June 30, 2026 and 2025
(Unaudited - Presented in Canadian Dollars)

	2026	2025 (Restated, Note 2)
	$	$
OPERATING ACTIVITIES		
Loss for the period	(1,061,284)	(531,002)
Items not affecting cash:		
Share-based payments	446,531	162,211
Changes in non-cash working capital items:		
Receivables	(22,538)	(9,478)
Prepaid expenses	(318,103)	47,114
Accounts payable and accrued liabilities	5,586	(29,188)
Net cash used in operating activities	(949,808)	(360,343)
INVESTING ACTIVITIES		
Payment for exploration and evaluation	(2,209,886)	(643,031)
Payments for property and equipment	-	(733,731)
Net cash used in investing activities	(2,209,886)	(1,376,762)
FINANCING ACTIVITIES		
RSU withholdings	(18,264)	-
Net cash provided by financing activities	(18,264)	-
Foreign exchange on cash	-	43,851
Change in cash and cash equivalents during the period	(3,177,958)	(1,693,254)
Cash, beginning of the period	6,939,682	5,148,652
CASH, END OF THE PERIOD	3,761,724	3,455,398

Supplemental cash flow information (Note 13)

1. NATURE OF BUSINESS AND GOING CONCERN

South Pacific Metals Corp. ("SPMC" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 4, 2018, as a Capital Pool Company under the policies of the TSX Venture Exchange (the "TSX-V"). On December 3, 2020, the Company completed its Qualifying Transaction (the "Transaction") by completing a reverse take-over of Kainantu Resources Ltd., which owns title to certain mineral tenements making up the Kainantu project in Papua New Guinea ("PNG"). The Company is a mineral exploration company engaged in the acquisition and exploration of mineral properties in PNG. The Company's head office is located at 710 -1030 West Georgia Street, Vancouver, BC.

On February 6, 2024, the Company changed its name to South Pacific Metals Corp. The Company's shares trade on the TSX-V under the symbol SPMC, on the OTCQB under the symbol SPMEF and on the Frankfurt Stock Exchange under the symbol 6JO.

The Company has retroactively changed its presentation currency to the Canadian dollar ("CAD") from the United States dollar ("USD"). The change is detailed in Note 2.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business. The Company has incurred losses since inception. For the three months ended June 30, 2026, the Company incurred a net loss of $1,061,284 (2025 – $531,002) and has an accumulated deficit of $13,088,820 at June 30, 2026 (March 31, 2026 - $12,027,536). The Company expects to incur further losses in the exploration of its mineral properties.

As the Company is in the exploration stage, the Company's ability to continue as a going concern and fund its exploration activity is dependent on the Company being able to draw down on its current cash, maintain cost control measures and raise additional capital. The ability to continue as a going concern remains dependent on the Company's capacity to obtain the additional financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. The Company has been successful raising capital in the past and expects to have access to the resources to continue its operations for the foreseeable future but there can be no assurance that Company will have access to the capital markets. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2026, which have been prepared in accordance with IFRS.

These condensed interim consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information. The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended March 31, 2026.

These financial statements were approved by the board of directors on August 31, 2026.

Change in functional currency

Commencing April 1, 2026 (the "effective date"), the functional currency of the Company's PNG subsidiaries were reassessed as a result of a change in underlying events and conditions. As a result of the reassessment the functional currency has changed from the US dollar to the Canadian dollar commencing on the effective date. The change in functional currency was accounted for on a prospective basis, with no impact on comparative information.

Change in presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars. All financial information is expressed in Canadian dollars unless otherwise stated. The Company has adopted the Canadian dollar as the presentation currency for the consolidated entity retrospectively. For comparative reporting purposes, historical financial statements were translated into the Canadian dollar reporting currency whereby assets and liabilities were translated at the closing rate in effect at the end of the comparative periods; revenues, expenses and cash flows were translated at the average rate in effect for the comparative periods and equity transactions were translated at historic rates. The change has been adopted to provide alignment between the Company's external reporting and its internal financial metrics. Exchange differences arising on translation of comparative periods have been recognized in other comprehensive income and presented in the accumulated other comprehensive income within the Statement of Equity.

Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its controlled subsidiaries. Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

Company	Ownership %	Country of incorporation	Nature / Activities	Functional Currency
South Pacific Metals Corp.	-	Canada	Parent company	CAD
Kainantu Resources Pte Ltd.	100%	Singapore	Holding company	CAD
Kainantu Resources Limited	100%	PNG	Mineral exploration	CAD
KRL Kili Teke Resources Ltd.	100%	PNG	Mineral exploration	CAD
Hardrock Ltd.	100%	PNG	Mineral exploration	CAD
PNG Metals Ltd	100%	Cayman Islands	Dormant	USD

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended March 31, 2026 other than change in functional currency which may involve certain judgements to determine the primary economic environment.

4. ACCOUNTS RECEIVABLE

The Company's receivable balance of $208,514 (March 31, 2026 - $185,976) consists of $205,824 of recoverable GST from the government of Canada and $2,690 of employee loans in PNG.

5. DEPOSITS AND LONG-TERM PREPAID ASSETS

The Company's long-term prepaid balance of $134,595 (March 31, 2026 - $134,595) consists of a prepayment made to utilize a vendor's proprietary technology, which includes the use of artificial intelligence, to review and interpret data.

6. PROPERTY AND EQUIPMENT

Depreciation on certain machinery and equipment is capitalized to exploration and evaluation assets.

-	Machinery & Equipment
	$
March 31, 2025	96,868
Additions	733,731
Foreign exchange	(8,850)
March 31, 2026 and June 30, 2026	**821,749**

Accumulated Depreciation	Machinery & Equipment
	$
March 31, 2025	-
Depreciation	81,473
March 31, 2026	**81,473**
Depreciation	41,506
June 30, 2026	**122,979**

Carrying Amounts	
March 31, 2026	**740,276**
June 30, 2026	**698,770**

7. EXPLORATION AND EVALUATION ASSETS

As at June 30, 2026, the company's exploration and evaluation assets are as follows:

	Kainantu	May River	Kili Teke	Total
	$	$	$	$
March 31, 2025	12,230,826	1,618,299	1,750,461	15,599,586
Exploration expenditures	5,036,153	38,468	42,328	5,116,949
Foreign exchange	(210,589)	(52,474)	(62,288)	(325,351)
March 31, 2026	**17,056,390**	**1,604,293**	**1,730,501**	**20,391,184**
Exploration expenditures	2,161,158	22,910	137,641	2,321,709
June 30, 2026	**19,217,548**	**1,627,203**	**1,868,142**	**22,712,893**

Kainantu Project
On December 3, 2020, the Company agreed to acquire Kainantu Resources Limited ("Kainantu"), which holds title to certain mineral claims that make up the Anga and Osena projects.

On January 16, 2025, following satisfaction of all conditions the Company issued 500,000 shares with a fair value of $100,000 to the original shareholders of Kainantu in full satisfaction of its obligations under the Transaction.

Kili Teke Project
On April 6, 2022, the Company entered into an asset sale and royalty agreement with Harmony Gold (PNG) Exploration Limited ("Harmony") to acquire certain mineral claims ("Kili Teke Claims") that make up the Kili Teke project. To acquire the Kili Teke Claims, the Company agreed to pay $650,747, less assumed liabilities of $25,073 on completion of the agreement (paid) and to make a final cash payment of $674,672 and to issue 1,125,725 warrants.

During the year ended December 31, 2023, the Company completed the acquisition of the Kili Teke Claims by making the final cash payment of $674,672 and by issuing 1,125,725 warrants with a fair value of $270,075. The warrants have an exercise price of $2.80 per share and are exercisable into one common share of the Company until September 14, 2026.

May River Project
On June 15, 2021 the Company entered in an option agreement to acquire 100% of Hardrock Ltd ("Hardrock"), a PNG company that owns title to the claims that make up the May River project. The Company acquired 10% under the first option payment by making certain cash and share issuances. Total cash and shares issuance under the first option payment totalled $346,481. Under the initial option agreement, the Company had the right to acquire the remaining 90% by making the second option payment that included certain cash and share issuances.

On March 17, 2023, the Company and the original shareholders of Hardrock entered into an amending share sale agreement whereby the Company could acquire the remaining 90% (the second options) of Hardrock by issuing 1,800,000 common shares of the Company to the original shareholders. The Company completed the 100% acquisition by issuing 1,800,000 common shares at a fair value of $1,134,087 and incurring legal fees of $8,815.

During the three months ended June 30, 2026, the Company incurred $2,321,709 in exploration expenditures on the properties, as follows:

	Kainantu	May River	Kili Teke	Total
	$	$	$	$
Exploration and evaluation costs:				
Assays and analysis	77,157	-	36,030	113,187
Consultants and contractors	913,814	9,979	21,183	944,976
Employees and labour	267,323	-	-	267,323
Field, camp and supply	526,807	10,742	66,631	604,180
Travel and accommodation	108,037	-	-	108,037
Vehicles, logistics and support	268,020	2,189	13,797	284,006
	2,161,158	22,910	137,641	2,321,709

During the three months ended June 30, 2025, the Company incurred $655,617 in exploration expenditures on the properties, as follows:

	Kainantu	May River	Kili Teke	Total
	$	$	$	$
Exploration and evaluation costs:				
Assays and analysis	19,249	-	-	19,249
Consultants and contractors	217,070	-	-	217,070
Employees and labour	70,837	-	-	70,837
Field, camp and supply	214,470	-	-	214,470
Travel and accommodation	45,270	-	-	45,270
Vehicles, logistics and support	88,720	-	-	88,720
	655,616	-	-	655,616

8. ACCOUNTS PAYABLE

Accounts payable and accrued liabilities comprise the following:

	June 30, 2026	March 31, 2026
	$	$
Trade payables	911,811	857,047
Disputed payables	503,160	503,160
Accrued liabilities	99,852	78,713
	1,514,823	1,438,920

Disputed payables include accounts payable balances that were the result of previous management, which have not been substantiated as legitimate payables by the Company's new management team. The Company has exhausted its attempts to substantiate the legitimacy of these payable balances with no further communication from the vendors. As a result, the Company will deny payment and will vigorously defend itself against any claims for payment that may arise from the associated vendors.

9. SHARE CAPITAL

(a) Authorized share capital

The Company is authorized to issue unlimited common shares without a par value.

(b) Issued and outstanding

As at June 30, 2026 the issued share capital was comprised of 69,626,023 common shares (March 31, 2026 – 69,140,020).

During the three months ended June 30, 2026, the Company issued common shares as follows:

- 486,003 common shares were issued pursuant to the settlement of 533,333 restricted share units that vested in the period.

There were no changes to issued share capital during the three months ended June 30, 2025.

(c) Stock options

As at June 30, 2026 and March 31, 2026, the Company had the following changes in stock options outstanding:

	Number of options	Weighted average exercise price
		$
Balance, March 31, 2025	**2,990,000**	**0.56**
Granted	1,325,000	0.50
Exercised	(250,000)	0.47
Expired/cancelled	(1,235,000)	0.69
Balance, March 31, 2026	**2,830,000**	**0.49**
Granted	1,070,000	0.54
Expired/cancelled	(66,668)	0.53
Balance, June 30, 2026	**3,833,332**	**0.50**
Exercisable, June 30, 2026	**2,551,249**	**0.48**

As at June 30, 2026 the following stock options were outstanding:

Expiry date	Outstanding	Exercisable	Weighted average exercise price	Weighted average remaining life (in years)
			$	
January 1, 2027	5,000	5,000	1.90	0.59
April 15, 2029[1]	950,000	950,000	0.42	2.79
June 4, 2029[2]	66,666	49,999	0.51	2.93
December 10, 2029	250,000	250,000	0.51	3.45
February 3, 2030	250,000	250,000	0.49	3.60
June 3, 2030	500,000	333,333	0.50	3.93
June 30, 2030	200,000	66,667	0.49	4.00
July 29, 2030[3]	541,666	289,583	0.55	4.08
June 5, 2031	1,070,000	356,667	0.54	4.93
	3,833,332	**2,551,249**	**0.50**	**3.88**

(1) Subsequent to June 30, 2026 a total of 50,000 options were exercised.
(2) Subsequent to June 30, 2026 a total of 16,666 options were exercised
(3) Subsequent to June 30, 2026 a total of 16,666 options were exercised

During the three months ended June 30, 2026, the Company recorded $176,040 (2025 - $162,211) in share-based payments expense relating to the granting and vesting of incentive stock options. The fair value of stock options granted was calculated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	June 30, 2026	March 31, 2026
Risk free interest rate	3.14%	2.93%
Expected life of options in years	5	5
Expected stock price volatility	119.59%	121.96%
Forfeiture rate	0.00%	0.00%
Dividend yield	0.00%	0.00%
Fair value on grant date	$0.32	$0.42

(d) Warrants

As at June 30, 2026 and March 31, 2026, the Company had the following changes in share purchase warrants outstanding:

	Number of warrants	Weighted average exercise price
		$
Balance, March 31, 2025	**15,458,051**	**1.26**
Granted	8,518,050	0.90
Expired/cancelled	(2,327,326)	2.20
Balance, March 31, 2026	**21,648,775**	**1.02**
Expired/cancelled	(4,310,551)	1.20
Balance, June 30, 2026	**17,338,224**	**1.04**

As at June 30, 2026, the following share purchase warrants were outstanding:

Expiry date	Outstanding	Weighted average exercise price	Weighted average remaining life (in years)
		$	
July 18, 2026[(1)]	439,449	1.20	0.05
September 1, 2026	387,500	1.20	0.17
September 1, 2026	17,500	1.20	0.17
September 14, 2026	1,125,725	2.80	0.21
September 15, 2026	200,000	1.20	0.21
December 22, 2026	87,500	0.50	0.48
February 3, 2027	6,562,500	0.90	0.60
December 8, 2027	8,518,050	0.90	1.44
	17,338,224	**1.04**	**0.96**

(1) Subsequent to June 30, 2026, these warrants expired unexercised.

(e) Restricted Share Units

Under the terms of the Company's Omnibus Plan, the Board of Directors, may from time to time, grant to directors and officers, employees, and service providers, Restricted Share Units ("RSUs") in such numbers and for such terms as may be determined by the Board of Directors.

During the three months ended June 30, 2026 the Company granted nil RSU's (year ended March 31, 2026 – 3,035,000) with vesting terms as set out below:

- On June 30, 2025, the Company granted 1,000,000 restricted share units to certain directors and officers of the Company. 300,000 RSUs vest 100% on the first anniversary of the grant date with the remaining 700,000 RSUs vesting one-third on the first, second

and third anniversary of the grant date. During the three months ended June 30, 2026 a total of 533,333 RSU's vested and 486,003 common shares were issued.

- On July 29, 2025, the Company granted 175,000 restricted share units ("RSUs") to certain consultants of the Company. 100,000 RSUs vest 100% on the first anniversary of the grant date with the remaining 75,000 RSUs vesting one-half on each of the first and second anniversaries of the grant date.

- On March 31, 2026, the Company granted 1,860,000 restricted share units ("RSUs") to certain consultants of the Company. 125,000 RSUs vest 100% on the first anniversary of the grant date with the remaining 1,735,000 RSUs vesting one-half on each of the first and second anniversaries of the grant date.

During the three months ended June 30, 2026, the Company has recorded $270,491 (2025 - $nil) in share-based payments expense relating to the vesting of previously granted restricted share units.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable and accrued liabilities. All financial instruments are designated as amortized cost.

The carrying values of cash, receivables, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short period to maturity.

The Company's activities expose it to a variety of financial risks: foreign currency risk, market risk, liquidity risk, credit risk. There have been no material changes in any risk management policies since March 31, 2026.

11. RELATED PARTY TRANSACTIONS

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

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

Key Management Compensation

Key management personnel compensation is comprised of fees paid and share-based compensation related to the fair value of the stock options granted to these key management personal. Remuneration for key management personnel of the Company was as follows:

	June 30, 2026	June 30, 2025
	$	$
Board and management fees	144,729	118,518
Share-based payments	314,002	144,867
	458,731	263,385

As at June 30, 2026 a total of $nil (March 31, 2026 - $863) was due to directors and officers of the Company and a total of $14,459 (March 31, 2026 - $25,819) was due from directors and officers of the Company.

12. COMMITMENTS AND CONTINGENCIES

Exploration licenses in PNG are subject to prescribed minimum expenditure requirements in connection with an approved program and based on the number of sub-blocks. Over the course of the next twelve months, the Company has tenement rental fees, tenement renewal application fees and minimum required exploration expenditures of $534,960.

13. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

During the three months June 30, 2026 non-cash financing and investing activities included:

- $777,263 (March 31, 2026 - $706,946) in accounts payable and accrued liabilities related to exploration and evaluation assets;
- $41,506 in depreciation was included in exploration and evaluation assets
- Issuing 486,003 common shares pursuant to the exercise of 533,333 RSUs for a value of $243,069 and a payable value of $18,264 to cover withholdings taxes.

During the three months June 30, 2025 non-cash financing and investing activities included:

- $80,350 (March 31, 2025 - $67,765) in accounts payable and accrued liabilities related to exploration and evaluation assets;