



Management's Discussion and Analysis

March 31, 2025



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The following Management's Discussion and Analysis ("MD&A") focuses on significant factors that affected Xali Gold Corp. ("Xali Gold") and its subsidiaries (collectively, the "Company") during the relevant reporting period and to the date of the report. This MD&A contains a review and analysis of financial results for the year ended March 31, 2025 and identifies business risks that the Company faces and comments on financial resources required for development of the business.

This MD&A supplements but does not form part of the consolidated financial statements of the Company and notes thereto for the year ended March 31, 2025, and consequently should be read in conjunction with the afore-mentioned consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"). Information in this MD&A is current as of August 15, 2025.

All amounts, unless specifically identified as otherwise, both in the Company's consolidated financial statements and this MD&A are expressed in US dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital,

production costs and revenue, future demand for and prices of gold and precious metals, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable gold and precious metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the gold and precious metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be refined; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be considered carefully, and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

USE OF NON-GAAP MEASURES

In this document, we refer to terms that do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Usage of these terms may vary from the usage adapted by other companies and cannot be reconciled to comparable terms in the issuer's consolidated financial statements for the year ended March 31, 2025.

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

BUSINESS OVERVIEW

Xali Gold Corp. is a Vancouver, Canada based mineral exploration company engaged in the acquisition, exploration and development of mineral rights interests in Mexico and Peru. The Company is in the exploration stage as its properties have not yet reached commercial production.

El Oro, a district scale gold project encompassing a well-known prolific high-grade gold-silver epithermal vein system in Mexico, was Xali Gold's main exploration focus from 2010 to 2024. In 2025 the Company acquired an option on the Sarape Property in Sonora Mexico and also started evaluating exploration projects in South America. The Sarape Project is located in the Rio Sonora Valley of northern Mexico, a prolific gold-silver mining district that includes First Majestic Silver's Santa Elena/Ermitano Mine, Premier Gold Mines' Mercedes Mine and Coeur Mining's Las Chispas Mine.

The Company also has the right (since 2014) to process tailings remaining from pre-1930s milling of ores from the Mexico mine on the San Rafael vein in the El Oro District ("Mexico Mine Tailings").

In April 2020, Xali Gold launched a strategy to acquire gold and silver projects with near surface exploration potential, near-term production potential and previous mining histories in Western Mexico. Xali Gold had planned to advance a bank of gold and silver assets internally and/or with industry partners. An agreement



was entered into in 2020 to acquire the San Dieguito de Arriba ("SDA") Plant. The Company now owns 50% of the SDA Plant and entered into a rent to purchase agreement with WIYA of Mexico in December 2023. Due to permitting delays this is the only asset the Company held in 2024 in Western Mexico. The SDA was also fully impaired as it now has no active customer that could lease or purchase the plant to generate cash flows nor does the Company intend to operate the plant. On May 10, 2024, 2,927,000 common shares were issued to settled amounts owing to a former CFO of the Company for services in the amount of \$107,099.

On February 3, 2025, the Company issued 150,000 common shares pursuant to the settlement of restricted share units. The fair value of \$3,625 (CAD\$5,250) for the restricted share units vested was reallocated from share-based payment reserve to share capital.

BOARD OF DIRECTOR AND MANAGEMENT CHANGES

On September 18 2024, the Company appointed Mario Chirinos as director of the Company. In April 2025, the Company appointed Enrique Bernuy as exploration manager of the Company.

PROJECT SUMMARIES

México

El Oro – Hardrock

The El Oro gold-silver property located in the states of Mexico and Michoacán, Mexico ("El Oro Property") was the Company's principal asset from 2010 to 2024 having acquired it from a wholly owned subsidiary of Goldcorp Inc.

While the Company's main goal for El Oro is to make a new discovery, similar to the multi-million ounce ("oz") gold and silver ore bodies mined historically, the Company has also entered into agreements with two third parties for the rights to produce gold and silver from the El Oro Project and potentially bring in cash flow to Xali Gold.

As at March 31, 2025, the Company owed \$1,216,532 (2024 - \$3,388,953) of outstanding mining fees to the Mexican Mining Bureau ("MMB"). Prior to the year ended March 31, 2025, two mining concessions comprising 76.28% of the fees due for the total property were cancelled by the MMB. As a result of these cancellations and the fact that the Company will not legally challenge them, the Company wrote-off \$2,260,108 for outstanding mining fees related to these concessions.

In July 2024, the Company was advised by their Mexican legal counsel that a total of nine mining concessions in the El Oro Property have now been cancelled by the Mexican Mines Bureau ("MMB"). The nine concessions comprise approximately 35% of the total property and eight of these cancellations are understood to be unlawful for failure to provide a legally required 60 notice directly to the Company. The Company is currently seeking legal advice to understand potential recourse to overturn the cancellation of seven of the mining concessions while accepting cancellation of the two described in the paragraph above.

Agreement with Remedioambiente S.A. de C.V. ("Remedioambiente")

On January 28, 2025, the Company signed a definitive agreement (the "Agreement") with Remedioambiente S.A. de C.V. granting them the exclusive right to explore and extract gold, silver and any other economic minerals that may be found above the 2400 meter ("m") level in the historic workings covered by the El Oro 5 Concessions in exchange for payment of a 3% Net Smelter Return ("NSR") to the Company on all gold and silver recovered by Remedioambiente from the historic workings above the 2400 metre ("m") level.

The initial agreement has a term of five years which may be extended for an additional five years providing the Company is receiving benefits totaling \$1 Million ("M") per year. The Company retains the exclusive ownership of all mineral bodies discovered or delineated below the 2400 m level.

The Agreement initially pertains to only the five mining concessions of El Carmen, El Oro VII, Dos Estrellas 77 Fracc.1, Dos Estrellas 77 and Dos Estrellas 77 Fracc. II, located in the States of Mexico and Michoacán, Mexico. Remedioambiente shall maintain the concessions in good standing during this period, by paying the semi-annual concession fees, by incurring the minimum investments and the corresponding filings with the Mexican Mines Bureau, by making the filings of statistical reports and by paying the Governmental Royalties. Remedioambiente is also obligated to pay past fees owing on the five concessions named above and may also pay the past fees for other claims that are part of the El Oro Property. All concession fees are to be paid upon receiving the notice (of 60 days warning) as required by government. Fees owing to the end of 2024 were paid for El Carmen in 2025. Funds provided for past concession fees are to be provided as participation in Private Placements on market terms.

El Oro Mine Tailings Project

The Mexico Mine Tailings have had extensive historic and recent assessments including drill testing and metallurgical test work. In addition to the Mexico Mine Tailings, the Company has a right of first refusal to also process three other tailings deposits. All four tailings deposits lie within the town of El Oro and are adjacent to existing road access, power and water services. Studies by the Company have determined that the Mexico Mine Tailings contain an Inferred Resource* of 1,267,400 tonnes grading 2.94 grams per tonne ("g/t") gold, 75.12 g/t silver containing 119,900 ounces of gold and 3,061,200 ounces of silver. *Note: Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the accuracy of the estimate. For more information, see "National Instrument 43-101 Technical Report on the Inferred Mineral Resource Estimate of the Mexico Mine Tailings" prepared by Nadia Caira, P.Geo. and Allan Reeves, P.Geo., dated August 25, 2014, with an effective date of July 8, 2014, available at www.sedarplus.ca.

During the year ended March 31, 2014, the Company signed an agreement with the Municipality of El Oro ("Municipality") that provides the Company with the access and processing rights to tailings deposits in El Oro, Mexico. Upon signing the agreement, \$25,000 was due and paid with monthly contributions of \$3,000 for community projects. The Municipality cancelled the obligation to pay \$3,000 per month in April 2015, when their tourist activities in the San Juan tunnel started interfering with normal usage of the tunnel by the Company. Under the terms of the agreement, the Company will pay an 8% net profits interest ("NPI") royalty to the Municipality on any products produced from the tailings properties. The Company is entitled to retain the first \$1,500,000 of the 8% NPI payable to the Municipality.

The Tailings Agreement is directly related to a Tourism Agreement, which allows the Municipality to operate tourism activities in part of the San Juan tunnel and the Providencia Shaft which are historic workings controlled by CCM El Oro Jales as part of the El Oro mineral property. The State of Mexico has contributed significant financing of this tourism project which is part of their larger initiative to promote tourism and mining together throughout Mexico.

Agreement with Kappes, Cassiday & Associates ("KCA")

On April 15, 2024, the Company signed a legally binding Letter of Intent to enter a Purchase Agreement (the "LOI Agreement") with Kappes, Cassiday & Associates ("KCA") on the Mexican Mine Tailings Reprocessing Project at El Oro (the "El Oro Tailings Project") in Mexico.

In order to earn 100% interest in the El Oro Tailings Project, subject to royalty payments outlined below, KCA has agreed to:

- i. Pay the Company \$150,000 in three payments within six months after signing the LOI Agreement. (received).



- ii. Pay the Company Royalty payments (as per below) with a minimum of \$50,000 every six months beginning 6 months after the \$100,000 payment. (first payment received)

Terms of the Royalty Payments are as follows:

Once production begins, KCA will pay the Company a gross royalty equal to 4% of the sales income ("NSR") received from the gold and silver produced from the El Oro Tailings Project, less any royalties due and payable to others (the Municipality of El Oro), but in no case less than a 3% gross royalty.

KCA has the right at any time to buy a 1% royalty from the Company for \$1,000,000, which would lower the NSR from 4% to 3% of the sales income received from the gold and silver produced from the Project, less any royalties due and payable to others including the Municipality of El Oro, but in no case less than a 2% royalty.

KCA will make minimum royalty payments of \$50,000 every six months commencing six months from signing the LOI agreement, until a total royalty payment of \$1,000,000 has been paid to the Company, royalty payments on production will continue past that point.

KCA will also be obligated to pay the Municipality of El Oro an 8% Net Profits Interest ("NPI") on production from the Tailings or renegotiate this with the Municipality and the Company has the right to receive the first \$1.5M from the Municipality's 8% NPI.

Western Mexico

On April 28, 2020, the Company announced the signing of a Memorandum of Understanding ("MOU") with Magellan Acquisitions Corp. which gave the Company the right to earn up to a 100% interest in the SDA Plant and take over a lease agreement on the El Dorado property, both located in Nayarit State, Mexico. As at March 31, 2025 the Company owns 50% interest in the SDA Plant.

As of March 31, 2025, the Company recorded an impairment of \$615,583 in the consolidated statements of loss and comprehensive loss in relation to the SDA plant

Letter of Intent with Advance Lithium Corp. ("AALI").

In February 2025, the Company entered into a letter of intent ("LOI") with Advance Lithium Corp. ("Advance") to acquire up to 90% interest in the Sarape epithermal gold-silver project ("Sarape") in Mexico in exchange for:

- issuance of 1,000,000 common shares of the Company on agreement date and approval from TSX Venture Exchange;
- Cash payments of up to 10% of each financing completed by the Company, subject to a maximum payment of CDN\$450,000 over the lifetime of the agreement;
- Issuance of 26,600,000 common shares of the Company upon completion of 10,000 meters of drilling (for which the Company would earn 51% interest in Sarape);
- Issuance of 21,000,000 common shares of the Company upon completion of an additional 5,000 meters of drilling (for which the Company would earn a 70% interest in Sarape); and
- Issuance of 91,400,000 common shares of the Company upon completion of an additional 5,000 meters of drilling (for which the Company would earn a 90% interest in Sarape).

The agreement is subject to a 1.5% net smelter returns royalty ("NSR") with no buyout option. The LOI is subject to the parties finalizing a definitive agreement on or before April 30, 2025. In July 2025, the



Company and Advance agreed to extend the timeframe to finalize a definitive agreement from April 30, 2025 to August 31, 2025.

The 57 square kilometer Sarape Project is located in the Rio Sonora Valley of northern Mexico, an emerging gold-silver mining district that includes First Majestic Silver's Santa Elena Mine, Premier Gold Mines' Mercedes Mine and SilverCrest Metal's (TSX: SIL) Las Chispas Mine (recently purchased by Coeur Mining (NYSE: CDE) for C\$2.4 billion). This strategic move bolsters the Company's Mexican portfolio of high-level, low-sulphidation epithermal precious metal assets, offering considerable exploration potential in a proven high-grade silver and gold district.

Peru

As at March 31, 2025, the Company has maintained in good standing a portion of the Tres Marias and Las Brujas properties. These properties are early-stage gold and gold-silver exploration projects in Peru. During the year ended March 31, 2021, the Company recorded an impairment loss of \$284,576 on the Tres Marias property, the Company optioned it to Barrick Gold (see below).

During the year ended March 31, 2024, (October 24, 2023) the Company bought back a 1.5% Net Smelter Return ("NSR") royalty granted over the Casua Property (the "Property") from Minera Silex Peru S.R.L., (parent "Golden Minerals"). The property had been acquired from Golden Minerals in 2010 by issuing 60,000 shares and granting the NSR.

Buy back terms of the NSR include:

- i. cash consideration in the aggregate amount of \$20,000;
- ii. 100,000 common shares in the capital of the Company ("Consideration Shares") to be issued by the Company to Golden Minerals Company ("Golden Minerals"); and
- iii. 300,000 Consideration Shares to be issued by the Company to Golden Minerals in the event that 10,000 meters of drilling is successfully completed on the Property, or on an earlier date mutually agreed upon by the parties; and iv. 600,000 Consideration Shares to be issued by the Company to Golden Minerals in the event that the Company obtains a PEA (Preliminary Economic Assessment) or other positive engineering study in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") over any or all of the Property, or on an earlier date mutually agreed upon by the parties.

On November 28, 2023, the Company signed an Option Agreement with Barrick Gold Corporation ("Barrick") on the Tres Marias Property located in southern Peru. Barrick must pay the Company a total of \$175,000 over a 5-year period (\$100,000 received) and spend \$500,000 in exploration work to earn 100% of the Property subject to the Company retaining a 1.5% NSR royalty. Barrick has the right to purchase 1%, of the NSR royalty for \$750,000, which would decrease the Company's NSR royalty from 1.5% to 0.5%.

Barrick has since dropped the option and returned the property to the Company.

Over the past six months the Company has been evaluating several projects in South America and has targeted an advanced exploration/development stage acquisition in Peru. The recent news of the Mexican government unlawfully cancelling some of the claims making up the El Oro property also supports the decision to shift the Company's exploration focus to South America.



Equipment

SDA Plant

As of March 31, 2025, the Company owns 50% of the San Dieguito de Arriba Plant ("SDA Plant"), a processing plant located in San Dieguito de Arriba, Nayarit State, Mexico. The plant comprises equipment, tools, supporting infrastructure and other facilities required to process ore and recover precious and base metals in the form of flotation concentrates. The plant also includes a precious metals leach circuit - Merrill Crowe system and associated assets, licences and agreements. The plant lies within the historically productive Sierra Madre Occidental mineralized belt.

Agreement with Grupo Minero WIYA ("WIYA")

In December 2023, the Company, along with the other owner of 50% of the plant, entered into an agreement with Grupo Minero WIYA ("WIYA") whereby WIYA would acquire the SDA Plant for monthly payments of \$150,000 for a period of 10 months (total payment of \$1,500,000), and payment of all outstanding repairs to bring the plant into operation. From December 2023 to March 2025, the Company only received \$75,000 (50% of \$150,000) from WIYA and the agreement has since been cancelled due to non-payment from WIYA. During the year ended March 31, 2025, the Company recorded an impairment loss of \$615,583 on the SDA Plant given the fact that the Company has no active customer that could lease or purchase the plant to generate cash flows that would recover the Company's original acquisition cost, the Company has no intent or use to operate the plant itself, and the Company has no active plans to fund current and future repairs and maintenance costs of the plant.

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2025 AND 2024

| Operating Highlights | March 31, 2025 | March 31, 2024 | Change |
|-----------------------------|-----------------------|-----------------------|-------------------|
| Mexico | | | |
| Project administration | \$ 22,910 | \$ 129,927 | \$ (107,017) |
| Legal | - | 29,200 | (29,200) |
| Mining fees - El Oro | 841,791 | 376,287 | 465,504 |
| Option payments received | - | (30,000) | 30,000 |
| Total | \$ 864,701 | \$ 505,414 | \$ 359,287 |

Year Ended March 31, 2025 Compared to Year Ended March 31, 2024

The following is a comparison of the exploration costs incurred above for the year ended March 31, 2025, with those incurred in the year ended March 31, 2024.

Project administration for the year ended March 31, 2025 were \$22,910 compared to \$129,927 in the prior period, the decrease of \$107,017 is mainly due to a decrease in activities.

Legal fees for the year ended March 31, 2025 was \$Nil compared to \$29,200 in the prior year, that was related to the buyback of the royalty.

Mining fees El Oro accrued for the year ended March 31, 2025, were \$841,791 (MXN \$16,120,159) compared to \$376,287 (MXN \$5,387,099) in the prior period, the increase of \$465,504 (MXN \$10,733,060) in the provision for mining fees is primarily related to prior year adjustment in rate of concessions granted by the government partially offset by foreign exchange fluctuations.

Option payments received for the year ended March 31, 2025 were \$Nil compared to \$30,000 received in the prior period. The decrease is mainly in relation to termination of agreement with Sun River Gold Corp in relation to the shared cost for the El Oro property.

CONSOLIDATED FINANCIAL HIGHLIGHTS

The Company ended the period with cash of \$38,293, an increase of \$21,994 from March 31, 2024.

Consolidated Financial Performance for the Year Ended March 31, 2025 and 2024

The net income for the year ended March 31, 2025 was \$1,268,830 compared to \$942,786 loss for the period ended March 31, 2024 representing a decrease in net loss of \$2,211,616. The decrease is mainly due to write-off of accrued mining fees of \$2,260,108 and foreign exchange gain of \$748,862 offset by an increase in exploration expenses of \$359,287 and an impairment loss of property and equipment of \$615,583.

| | March 31, 2025 | March 31, 2024 | Change |
|---|----------------|----------------|--------------|
| Net income (loss) | \$ 1,268,830 | \$ (942,786) | \$ 2,211,616 |
| Accounting audit and tax advisory | \$ 72,429 | \$ 96,694 | \$ (24,265) |
| Bank charges and interest | \$ 3,384 | \$ 2,225 | \$ 1,159 |
| Legal | \$ 25,210 | \$ 48,115 | \$ (22,905) |
| Management fees, office salaries and benefits | \$ 93,123 | \$ 94,388 | \$ (1,265) |
| Office, rent and miscellaneous | \$ 11,037 | \$ 88,491 | \$ (77,454) |
| Regulatory and filing fees | \$ 43,709 | \$ 28,483 | \$ 15,226 |
| Share-based payments | \$ 113,051 | \$ 7,872 | \$ 105,179 |
| Shareholder communications | \$ 53,410 | \$ 50,869 | \$ 2,541 |
| Interest and other expense (income) | \$ (3,672) | \$ 886 | \$ (4,558) |

Other variances are as follows:

- Audit and tax advisory fees were \$72,429 for the year ended March 31, 2025, compared to \$96,694 for the same period in 2024, representing a decrease of \$24,265. This is mainly related to timing differences with respect to the recording of payments relating to audit and advisory services.
- Legal fees were \$25,210 for the year ended March 31, 2025, compared to \$48,115 for the same period in 2024, representing a decrease of \$22,905 mainly due to decrease in service fees.
- Office, rent, and miscellaneous fees were \$11,037 for the year ended March 31, 2025, compared to \$88,491 for the same period in 2024, representing a decrease of \$77,454 mainly due to recording of office shared cost in the prior year.
- Regulatory and filing fees were \$43,709 for the year ended March 31, 2025, compared to \$28,483 for the same period in 2024, representing an increase of \$15,226. mainly due to late filing penalties and increased fees.
- Share-based payments were \$113,051 for the year ended March 31, 2025, compared to \$7,872 for the same period in 2024. The increase is due to stock options vesting in the current period.
- Shareholder communications were \$53,410 for the year ended March 31, 2025, compared to \$50,869 for the same period in 2024. The decrease is due to reduction of services in the current period.

Interest and other income were income of \$3,672 for the year ended March 31, 2025, compared to interest and other expenses of \$886 for the same period in 2024.

QUARTERLY HIGHLIGHTS

Financial Condition

The Company ended the period with cash of \$38,293, an increase of \$21,994 from March 31, 2025.

Consolidated Financial Performance for the Three Months Ended March 31, 2025

| | March 31, 2025 | March 31, 2024 | Change |
|---|----------------|----------------|--------------|
| Net income (loss) | \$ 1,069,353 | \$ (543,303) | \$ 1,612,656 |
| Accounting audit and tax advisory | \$ (3,162) | \$ 3,990 | \$ (7,152) |
| Bank charges and interest | \$ 509 | \$ 711 | \$ (202) |
| Legal | \$ 1,810 | \$ 31,516 | \$ (29,706) |
| Management fees, office salaries and benefits | \$ 35,905 | \$ 28,923 | \$ 6,982 |
| Office, rent and miscellaneous | \$ (5,337) | \$ 70,248 | \$ (75,585) |
| Regulatory and filing fees | \$ 15,038 | \$ 9,132 | \$ 5,906 |
| Share-based payments | \$ 104,096 | \$ 986 | \$ 103,110 |
| Shareholder communications | \$ 17,142 | \$ 12,709 | \$ 4,433 |
| Interest and other expense (income) | \$ (10,310) | \$ (286) | \$ (10,024) |

The net income for the three months ended March 31, 2025, was \$1,069,353 compared to \$543,303 loss or the three months March 31, 2024 representing a decrease in loss of \$1,612,656. The decrease was mainly due to write-off of accrued mining fees of \$2,260,108, decrease in exploration expenses of \$2,238, a decrease in foreign exchange loss of \$202,789 and offset by an impairment loss on property and equipment of \$615,583.

Other variances are as follows:

- Audit and tax advisory fees were a recovery of \$3,162 for the three months ended March 31, 2025, compared to \$3,990 for the same period in 2024, representing a decrease of \$7,152. This is mainly related to reversal of accrual in the current period.
- Legal fees were \$1,810 for the three months ended March 31, 2025, compared to \$31,516 for the same period in 2024, representing a decrease of \$29,706. mainly due to decrease in fees.
- Management fees, office salaries and benefits were \$35,905 for the three months ended March 31, 2025, compared to \$28,923 for the same period in 2024, representing an increase of \$6,982. mainly due to increase in fees.
- Regulatory and filing fees were \$15,038 for the three months ended March 31, 2025, compared to \$9,132 for the same period in 2024, representing an increase of \$5,906 mainly due to filling penalties.
- Share-based payments were \$104,096 for the three months ended March 31, 2025, compared to \$986 for the same period in 2024. The increase is due to stock options vesting in the current period.
- Shareholder communications were \$17,142 for the three months ended March 31, 2025, compared to \$12,709 for the same period in 2024. The increase is due to additional services in the current period.
- Interest and other income were \$10,310 for the three months ended March 31, 2025, compared to interest and other expenses of \$286 for the same period in 2024. The Company received during the three months ended March 31, 2025, \$12,250 in relation to the LOI agreement with Kappes, Cassidy & Associates.



LIQUIDITY AND CAPITAL RESOURCES

There is a working capital deficiency of \$3,006,668 at March 31, 2025 (March 31, 2024 –\$5,247,195), including in accounts payable and accrued liabilities \$624,801 due to Alta Copper Corp., and \$553,251 due to directors and officers of the Company, and including in loan from related party \$86,459 (March 31, 2024 - \$21,564) due to Ridley Rocks Inc., and \$3,478 due to a director of the Company (March 31, 2024 - \$3,689).

As at March 31, 2025, the Company has accrued \$1,216,532 (March 31, 2024 - \$3,388,953), as a liability to the Mexican government for land holding costs at El Oro property. In addition, the agreement described below with Rio Verde Resources provides for Rio Verde to take responsibility for current and past fees owing on many of the El Oro Claims.

The Company anticipates that during the next year, a substantial portion of available capital resources will be used to pay accounts payable and accrued liabilities and commitments related to ongoing exploration activities in Mexico and Peru. The Company will need to raise additional capital or take on additional partners to further exploration in Peru as well as receive continued vendor support.

The Company does not generate cash flows from operations currently and accordingly, the Company will need to raise additional funds by entering into a joint venture agreement or through the issuance of securities or resource secured debt. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet obligations in the normal course of business. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to discharge liabilities in the normal course of business, the net realizable value of the Company's assets may be materially less than amounts on the statement of financial position.

COMMITMENTS AND CONTINGENCIES

Company has no material or significant commitments or contingencies other than the management and consulting agreements disclosed under related party transactions.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related parties consist of companies owned by executive officers and directors. The following is a list of the related parties that the Company entered into trading transactions with:

- Ridley Rocks Inc. – Management and exploration fees
- Bullion Exploration Inc. – Geological exploration fees
- Sheri Rempel – Financial services, fees thereto

The Company incurred the following fees and expenses in the normal course of operations for key management personnel for the year ended March 31, 2025 and 2024. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

Share-based payments are the fair value of options expensed to directors and key management personnel during the year ended March 31, 2025 and 2024.



Balance owing

As at March 31, 2025, the following Loans from related party and accounts payable and accrued liabilities were outstanding:

| | March 31, 2025 | March 31, 2025 | March 31, 2024 | March 31, 2024 |
|---|---|---|-------------------------------------|---|
| | Loans from related party | Accounts payable and accrued liabilities | Loans from related party | Accounts payable and accrued liabilities |
| Chief Financial Officer ("CFO") | \$ - | \$ 27,650 | \$ - | \$ 11,070 |
| Company controlled by the CFO | - | 15,782 | - | 3,121 |
| Company controlled by the CEO | 86,459 | 324,862 | 21,564 | 331,791 |
| Director | 3,478 | - | 3,689 | - |
| Geological consulting and technical officer | - | 184,957 | - | 157,165 |
| | 89,937 | 553,251 | 25,253 | 503,147 |

MANAGEMENT, DIRECTORS, AND CONSULTING AGREEMENTS

The Company entered into consulting agreements with the CEO, CFO and Technical Officer for the provision of management, director and consulting services as follows:

- CAD\$4,000 per month for president and CEO services. Anytime that is 60 days from the date of change of control, either the Company or the officer may terminate the agreement, in which case the Company or the surviving corporation will pay a fee equal to \$500,000 plus GST. On termination of services by the Company without cause, the Company must pay a termination fee of \$200,000.
- CAD\$4,000 per month for geological consulting and technical officer services. Anytime that is 60 days from the date of change of control, either the Company or the officer may terminate the agreement, in which case the Company or the surviving corporation will pay a fee equal to \$200,000 plus GST. On termination of services by the Company without cause, the Company must pay a termination fee of CAD\$50,000.
- CAD\$2,500 per month for CFO and financial consulting services commencing in October 2023. Anytime with a 60 days written notice, either the Company or the officer may terminate the agreement, the Company must pay two months service fee. Anytime, 180 days from the date of change of control, the officer may terminate the agreement, in which case the Company shall pay the officer a lump sum separation payment equal to six months of service fees.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had the following number of common shares and issuable shares outstanding.

| Securities | |
|------------------------|-------------|
| Common shares | 142,566,840 |
| Issuable under options | 11,725,000 |
| Restricted share units | 600,000 |

DISCLOSURES

Information Available on SEDAR

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR+ website <http://www.sedarplus.ca/>

Venture Issuer Without Significant Revenue

This MD&A supports information disclosed in the Company's consolidated financial statements. More information regarding the Company's mineral right interests can be found under Note 4 of the Company's consolidated financial statements for the current reporting year.

Internal Controls Over Financial Reporting ("ICFR")

There were no changes in the Company's internal control over financial reporting during the period from April 1, 2024 to March 31, 2025, that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting. The Company's independent auditors are not required to, and have not, provided assurance over the effectiveness of the Company's internal controls over financial reporting.

APPENDIX A

Summary of selected annual information for each of the three most recently completed financial years.

| | March 31, 2025 | March 31, 2024 | March 31, 2023 |
|----------------------------------|----------------|----------------|----------------|
| Cash | \$ 38,293 | \$ 16,299 | \$ 37,026 |
| Unproven mineral rights interest | \$ 1 | \$ 2 | \$ 2 |
| Total Assets | \$ 51,720 | \$ 660,905 | \$ 746,556 |
| Share Capital | \$ 25,792,961 | \$ 25,682,237 | \$ 25,673,260 |
| Net income (loss) | \$ 1,268,830 | \$ (942,786) | \$ (1,529,073) |
| Loss per share | \$ (0.01) | \$ (0.00) | \$ (0.01) |

Summary of quarterly financial results.

| | Q4 2025 | Q3 2025 | Q2 2025 | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 |
|---|-----------|----------|---------|---------|-----------|-----------|----------|-----------|
| Net gain (loss) | 1,069,353 | (98,493) | 65,554 | 232,416 | (543,303) | (198,536) | (33,999) | (166,948) |
| Loss Per Share Attributable to Shareholders, Basic and Diluted | 0.01 | 0.00 | 0.00 | (0.00) | (0.00) | (0.00) | (0.00) | (0.01) |