Management's Discussion and Analysis

June 30, 2026

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TABLE OF CONTENTS

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 three months ended June 30, 2026 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, 2026, and consequently should be read in conjunction with the afore-mentioned consolidated financial statements which are presented in accordance with IFRS Accounting Standards ("IFRS"). Information in this MD&A is current as of August 31, 2026.

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 interim condensed consolidated financial statements for the three months ended June 30, 2026.

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 Peru and Mexico. The Company is in the exploration stage as its properties have not yet reached commercial production.

Since October of 2025, Xali Gold has been focused on the exploration and development of Pico Machay, in Peru. On October 23, 2025, the Company signed an agreement to acquire 100% of the Pico Machay Gold Project from Pan American Silver Corp. The transaction closed on December 24, 2025.

Pico Machay was discovered in 1997 and explored by several juniors including Aquiline Resources ("Aquiline") through 2009. Aquiline completed various engineering studies including resource estimations and metallurgical testwork. These studies targeted an open pit heap-leach operation, which was expected to be low-cost and with a low strip ratio. Given that Aquiline's engineering work, prior to that company's acquisition by Pan American Silver Corp., was based on a long-term gold price of $700/oz and several exploration targets remain untested, Xali Gold considers the upside potential to be very strong.

Xali Gold maintains exploration potential as well as two royalty agreements with third parties who have the rights to produce gold and silver from specific areas of the El Oro gold-silver Project in Mexico. El Oro is a historic district-scale precious metal system with a long history of significant gold and silver production and was Xali Gold's main exploration focus from 2010 to 2024.

BOARD OF DIRECTOR AND MANAGEMENT CHANGES

On April 8, 2026 the Company appointed Aran Gough as Senior Advisor – Environmental and Social Governance ("ESG"), for the Pico Machay Gold.

On July 1, 2026, the Company replaced Enrique Bernuy with Wilder Garcia as Exploration Manager of the Company.

PROJECT SUMMARIES

Peru

Acquisition of Minera Calipuy S.A.C. (Pico Machay Gold Project)

On October 23, 2025, the Company entered into a Share Purchase Agreement ("SPA") with Pan American Silver Corp. and its subsidiary, Aquiline Resources Inc. (together, "Pan American"), to acquire 100% of the issued and outstanding shares of Minera Calipuy S.A.C. ("Calipuy"). Calipuy holds all rights, title and interest in the Pico Machay Gold Project ("Pico Machay" or the "Project") located in Central Peru. The transaction closed on December 24, 2025. Calipuy did not meet the definition of a business in accordance with *IFRS 3 – Business Combinations*, and as such, was accounted for as an asset acquisition.

This project is now the main focus for the Company as it has a historical resource and feasibility study. The Company has commenced field work with the aim of updating the historical resource as well as engineering studies with a new Preliminary Economic Assessment (PEA) as well as exploring for additional ounces. Given that Pico Machay was considered economic at $700 gold, the Company is focused on advancing Pico Machay toward production, subject to the completion of updated technical and economic studies, permitting, financing and other development requirements..

Under the terms of the SPA, the Company is required to make the following cash payments (US Dollars):

Time Period	Cash Payments
Closing of Transaction	$ 500,000 (Paid)
On or before December 24, 2026	1,500,000
On or before December 24, 2027	1,500,000
On or before December 24, 2028	4,000,000
On or before December 24, 2029	3,000,000
On or before December 24, 2030 or commencement of production	4,500,000
On delineating more than of 1,250,000 ounces of gold	2,500,000
Total	$17,500,000

The consideration is comprised of $500,000 in cash owed up front, $14,500,000 in deferred consideration payable, and $2,500,000 in contingent consideration payable. The cash and deferred consideration was recognized as part of the cost of the acquired mineral property interest, net of assets and liabilities assumed, and a corresponding financial liability measured at present value.

The deferred consideration payments amount to $14,500,000, as were recorded as a deferred consideration liability equal to $9,839,904 representing the present value of the payments discounted at a rate of 12%.

As at June 30, 2026, the Company recorded $298,453 of finance expense in relation to the deferred consideration liability. As at June 30, 2026, there is a deferred consideration liability of $10,434,613 ($1,500,000 current, $8,934,613 non-current) (March 31, 2026 - $10,143,914) in the interim condensed consolidated statement of financial position.

The $2,500,000 resource delineation milestone is considered to be contingent consideration. The consideration will become payable upon completion of a technical report prepared in accordance with National Instrument 43-101 by the purchaser disclosing aggregate mineral reserves or mineral resources classified as any of proven mineral reserves, probable mineral reserves, measured mineral resources, or indicated mineral resources greater than 1,250,000 gold ounces in the aggregate.

As the SPA does not meet the definition of a business, it was accounted for as an asset acquisition. Accordingly, the contingent consideration associated with the asset purchase agreements has been accounted for under *IAS 37 – Provisions, contingent liabilities and contingent assets*. It is management's view, the variable future payments are dependent on the Company's future activities, and as a result, will not meet the initial recognition criteria of a financial liability until the targets are probable. When adjustments are made to the financial liability for the variable payments as they become probable, the corresponding increase to the asset will be recorded to the extent the payments are associated with future economic benefits to be derived from the asset. As at June 30, 2026, the Company had recognized $Nil on the statement of financial position, as the targets are not yet probable.

	$
Total consideration:	
Deferred consideration liability	9,839,904
Cash payment	500,000
Transaction cost	5,440
	10,345,344
Allocated to:	
Unproven mineral right interests	10,719,642
Accounts payable and accrued liabilities	(215)
Income tax payables	(19,306)
Asset retirement obligations	(354,777)
	10,345,344

There is an existing 1% NSR covering the El Alcatraz 4 concessions which covers 1,000 hectares in the centre of the project.

Asset retirement obligation – Pico Machay

The asset retirement obligation represents the estimated costs for required future reclamation and restoration activities on the Pico Machay Gold Project. These activities include remediation of access roads, deconstruction of platforms and campsite, recontouring and revegetation of previously used areas and closure environmental monitoring for five years. During the three months ended June 30, 2026, the undiscounted amount of estimated cash flows required to settle the asset retirement obligations was $526,766 (March 31, 2026 - $526,766). The estimated future cash flows were discounted using a real risk-free rate of 4% (March 31, 2026 – 4%) resulting in a present value of $363,088 (March 31, 2026 - $354,777) which had previously been capitalized to the exploration property. The asset retirement obligation will be accreted over a period of 13 years. Accretion expense in the period from acquisition to year end was insignificant.

		June 30, 2026		March 31, 2026
Opening balance	**$**	**354,777**	$	-
Changes in estimate		**8,311**		354,777
Ending balance	**$**	**363,088**	$	354,777

Other properties

As at June 30, 2026, the Company has maintained the Las Brujas property in good standing. This property is an early-stage gold and gold-silver exploration project in Peru.

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. The El Oro property was written down in prior years.

In July 2025, the Company was advised by their Mexican legal counsel that a total of nine mining concessions in the El Oro Property had been cancelled by the Mexican Mines Bureau ("MMB") and in July 2026, the Company was further advised that an additional two claims had been cancelled before June 30, 2026 (October 2025). Ten of the eleven cancellations are understood to be unlawful for failure to provide a legally required 60 day notice directly to the Company.

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.

The Agreement has a term of five years which may be extended for an additional five years providing the Company is receiving benefits totaling $1,000,000 per year. The Company retains the exclusive ownership of all mineral bodies discovered or delineated below the 2400 m level.

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 MMB, by making the filings of statistical reports and by paying the Governmental Royalties.

El Oro Mine Tailings Project

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. 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.

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 within six months after signing the LOI Agreement. (received).

ii. Pay the Company 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 ($50,000 received to date).

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 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 $1,500,000 from the Municipality's 8% NPI.

Western Mexico and Equipment

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 of June 30, 2026, 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. The plant lies within the historically productive Sierra Madre Occidental mineralized belt.

Sarape Property

In February 2025, the Company entered into a letter of intent ("LOI") with Advance Lithium Corp. ("Advance") for the option to acquire up to 90% interest in the Sarape epithermal gold-silver project ("Sarape") in Mexico in exchange for the issuance of 140,000,000 common shares of the Company, cash payments of up to 10% of each financing completed by the Company, subject to a maximum payment of CAD$450,000 over the lifetime of the agreement, and by performing an aggregate of 20,000 metres of drilling. The LOI stipulated that a definitive agreement must be entered into on or prior to August 31, 2025. The parties elected not to move forward with a definitive agreement, and as a result, the LOI expired unexercised.

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2026 AND 2025

Operating Highlights	June 30, 2026	June 30, 2025	Change
Peru			
Mining claim penalties	$ 352,821	$ -	$ 352,821
Project administration	103,407	6,149	97,258
Consultants	26,780	-	26,780
Transportation, meals & Lodging	48,878	-	48,878
Permits and fees	16,279	-	-
Mexico			
Mining fees - El Oro	-	30,596	(30,596)
Project administration	18,522	7,793	10,729
Total	$ 566,687	$ 44,538	$ 505,870

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

The following is a comparison of the exploration costs incurred above for the three months ended June 30, 2026, with those incurred in the three months ended June 30, 2025.

Peru

Mining claim penalties for the three months June 30, 2026 were $352,821 compared with $Nil in the prior period, the increase of $352,821 is mainly due to $340,820 paid in relation to the recently acquiered Minera Calipuy and $12,001 to Candente Gold Peru claims.

Project administration for the three months ended June 30, 2026 were $103,407 compared to $6,149 in the prior period, the increase of $97,258 is mainly due to an increase in activities in relation to the Pico Machay project.

Consultants for the three months ended June 30, 2026 were $26,780 compared to $Nil in the prior period, the increase of $26,780 is mainly due to various consulting services to support exploration operations in relation to the Pico Machay project.

Transportation, meals & lodging for the three months ended June 30, 2026 were $48,878 compared to $Nil in the prior period, the increase of $48,878 is mainly due to various consulting services to support exploration operations in relation to the Pico Machay project such as $24,385 for vehicle rentals, and $8,520 for lodging.

Permits and fees for the three months ended June 30, 2026 were $16,279 compared to $Nil in the prior period, the increase of $16,279 is related to the payment of mining concession maintenance in relation to the Pico Machay project.

Mexico

Mining fees El Oro accrued for the three months ended June 30, 2026, were $Nil (MXN $Nil) compared to $30,596 (MXN $596,644) in the prior period, the decrease of $30,596 (MXN $534,534) 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.

Project administration for the three months ended June 30, 2026 were $18,522 compared to $7,793 in the prior period, the increase of $10,729 is mainly due to security services to the SDA plant.

QUARTERLY HIGHLIGHTS

Financial Condition

The Company ended the period with cash of $428,423, an increase of $33,079 from March 31, 2026**.**

Consolidated Financial Performance for the Three Months Ended June 30, 2026

The net loss for the three months ended June 30, 2026 was $1,892,376 compared to a net loss of $72,074 for the three months ended June 30, 2025 representing an increase in loss of $1,820,302. The increase in net loss is mainly due to a change in foreign exchange of $507,885, increase in exploration expenses of $522,149 and an increase of $441,815 in general and administrative expenses.

	June 30, 2026		June 30, 2025		**Change**	
Net income (loss)	**$**	**(1,892,376)**	$	(72,074)	**$**	**(1,820,302)**
Accounting audit and tax advisory	**$**	**23,893**	$	14,395	**$**	**9,498**
Bank charges and interest	**$**	**998**	$	604	**$**	**394**
Consulting	**$**	**-**	$	2,656	**$**	**(2,656)**
Legal	**$**	**1,450**	$	2,902	**$**	**(1,452)**
Management fees, office salaries and benefits	**$**	**309,883**	$	22,762	**$**	**287,121**
Office, rent and miscellaneous	**$**	**27,038**	$	4,930	**$**	**22,108**
Regulatory and filing fees	**$**	**6,825**	$	10,959	**$**	**(4,134)**
Share-based payments	**$**	**-**	$	721	**$**	**(721)**
Shareholder communications	**$**	**142,577**	$	15,495	**$**	**127,082**
Interest and other income	**$**	**5,733**	$	1,158	**$**	**4,575**

- Audit and tax advisory fees were $23,893 for the three months ended June 30, 2026, compared to $14,395 for the same period in 2025, representing an increase of $9,498. This is mainly related to accounting fees on the Peruvian subsidiaries, in the current period.
- Legal fees were $1,450 for the three months ended June 30, 2026, compared to $2,902 for the same period in 2025, representing a decrease of $1,452 mainly due to timing of services provided.
- Management fees, office salaries and benefits were $309,883 for the three months ended June 30, 2026, compared to $22,762 for the same period in 2025, representing an increase of $287,121 due to increase in CEO fees, effective August 2024 recorded in current period.

- Office, rent and miscellaneous were $27,038 for the three months ended June 30, 2026, compared to $4,930 for the same period in 2025, representing an increase of $22,108 mainly related to increase activities related to Minera Calipuy in current period.
- Regulatory and filing fees were $6,825 for the three months ended June 30, 2026, compared to $10,959 for the same period in 2025, representing a decrease of $4,134 mainly due to decrease of transfer agent services in current period.
- Shareholder communications were $142,577 for the three months ended June 30, 2026, compared to $15,495 for the same period in 2025. The increase is due to an increase in marketing and dissemination services in the current period.

HIGHLIGHTS

On April 24, 2026, the Company issued an aggregate of 250,000 common shares in connection with the exercise of warrants for aggregate gross proceeds $36,650 (CAD$50,000).

On May 20, 2026, the Company issued an aggregate of 3,000,000 common shares in connection with the exercise of stock options for aggregate gross proceeds $109,080 (CAD$150,000).

On May 20, 2026, 250,000 stock options with an exercise price of CAD$0.05 expired unexercised.

On June 18, 2026, the Company closed a non-brokered private placement and issued 4,000,000 common shares at a price of CAD$0.25 per share for gross proceeds of $707,700 (CAD$1,000,000).

LIQUIDITY AND CAPITAL RESOURCES

There is a working capital deficiency of $5,196,649 at June 30, 2026 (March 31, 2026 – $4,729,676), included in accounts payable and accrued liabilities is $629,494 due to Alta Copper Corp., and $915,266 due to directors and officers of the Company. In addition, the Company has loans from a related party of $195,403 (March 31, 2026 - $198,403) due to Ridley Rocks Inc. and $1,500,000 in deferred consideration liability which is due by December 24, 2026.

As at June 30, 2026, the Company has accrued $1,791,244 (March 31, 2026 - $1,541,860), as a liability to the Mexican government for land holding costs at El Oro property.

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 property or offtake 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

As at June 30, 2026, the Company's principal contractual commitments consist of the deferred acquisition payments associated with the acquisition of Minera Calipuy S.A.C. Under the SPA, the Company is committed to future cash payments totaling US$14.5 million (undiscounted), payable through December 2030, excluding a contingent payment of US$2.5 million that is only payable upon achievement of specified resource delineation milestones.

In addition, the Company has accrued outstanding mining concession fees relating to the El Oro Property of US$1,791,244, which are recorded as liabilities in the consolidated statement of financial position. While the Company believes that there is excellent potential for discoveries and revenues from the various projects at El Oro, the delays experienced to date make these projects of much less interest than the recently acquired Pico Machay Gold Project in Peru. Therefore, the Company has entered into discussions to sell the El Oro Hard Rock interests to another company more focused on Mexico or to greatly reduce the size of the property and subsequently the mining rights fees owed.

The Company continues to evaluate legal and commercial alternatives with respect to certain concessions and outstanding fee obligations.

Other than the foregoing and the management and consulting agreements disclosed under Related Party Transactions, the Company has no material commitments or contingencies.

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. – Joanne Freeze, CEO, Management and exploration fees
- Bullion Exploration Inc. – Matthew Melnyk, Geological exploration fees
- ARO Consulting Inc. – Sheri Rempel, CFO, Financial services, fees thereto

The Company incurred the following fees and expenses in the normal course of operations for key management personnel for the periods ended June 30, 2026 and 2025. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

	Three months ended June 30,	
	2026	2025
Management fees	**$ 302,487**	$ 18,427
Accounting fees to a company controlled by the CFO	**8,502**	4,732
	$ 310,989	$ 23,159

Balances owing

As at June 30, 2026, the following loans from related parties and accounts payable and accrued liabilities were outstanding:

	June 30, 2026		March 31, 2026	
	Loans from related party	**Accounts payable and accrued**	Loans from related party	Accounts payable and accrued
CFO	**$ -**	**$ 33,250**	$ -	$ 28,247
Company controlled by the CFO	**-**	**7,889**	-	8,402
Company controlled by the CEO	**195,403**	**666,601**	198,403	393,149
Geological consulting and technical officer	**-**	**207,526**	-	201,794
	$ 195,403	**$ 915,266**	$ 198,403	$ 631,592

Amounts due to related parties are unsecured, non-interest bearing, and due on demand, with the exception of the loans with Ridley Rocks Inc., a company controlled by the CEO, as noted below.

The first loan was into on September 15, 2025 by the Company and Ridley Rocks Inc., the principal value is $107,937 (CAD$150,000) (2026 - $109,234 (CAD $150,000)), which has a maturity date of September 15, 2026, unsecured and has a compounding annual interest rate of 3%. The Company recorded $790 (CAD$1,122) as interest on the loan through the profit and loss statement. The final loan was entered into on March 31, 2026 by the Company and Ridley Rocks Inc., the principal value is $87,466 (CAD$124,300) (2026 - $89,169) (CAD $124,300)), which has a maturity date of March 31, 2027, unsecured and non-interest bearing.

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	169,316,474
Issuable under options	11,800,000
Issuable under warrants	7,349,000

ADOPTION OF NEW ACCOUNTING STANDARDS

IAS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to clarify the accounting requirements when a currency lacks exchangeability and to provide guidance on how to estimate an appropriate exchange rate in such circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The adoption of these amendments did not have a material impact on the Company's financial statements.

Future accounting standards

The following new standards and interpretations have been issued by the IASB, but are not yet effective and have not been applied in preparing these consolidated financial statements. The Company will adopt the standards and interpretations on their effective dates.

Amendments to IFRS 9 and IFRS 7 — Classification and Measurement of Financial Instruments (effective January 1, 2026).

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments. The amendments clarify that a financial liability is derecognized on the settlement date and introduce an accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date. Other clarifications include guidance on the classification of financial assets with ESG-linked features, non-recourse loans and contractually linked instruments. The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets (for contingent features). The Company is currently in the process of assessing the impact of the amendments on the consolidated financial statements and notes to the consolidated financial statements.

IFRS 18 — Presentation and Disclosure in Financial Statements (effective January 1, 2027)

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in the Financial Statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements but carries forward many of the requirements from IAS 1. The standard introduces new defined subtotals to be presented in the Company's consolidated statements of net loss and comprehensive loss, disclosure of any management-defined performance measures related to the consolidated statements of net loss and comprehensive loss and requirements for grouping of information. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted, and will apply retrospectively. The Company is currently in the process of assessing the impact of IFRS 18 (and applicable amendments to other standards) on the consolidated financial statements and notes to the consolidated financial statements.

The Company has not early adopted any new accounting standard, interpretation or amendment that has been issued but is not yet effective.

FINANCIAL RISK

The Company is exposed to certain financial risks in the normal course of its operations:

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner.

The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. As at June 30, 2026, the Company has cash of $428,423 (March 31, 2026 - $395,344) which is not sufficient to settle current liabilities totalling $5,673,978 (March 31, 2026 - $5,151,254); accordingly, liquidity risk is considered to be high.

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's subsidiaries is the United States and Canadian dollars and some of the subsidiaries' transactions are denominated in Mexican Pesos and Peruvian Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies.

c. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to meet its contractual obligations and cause the Company to incur a financial loss. The Company's exposure to credit risk is primarily attributable to its cash balances. Cash balances are held with reputable financial institutions and management believes the risk of loss to be low. The Company's tax receivable relates to sales tax credits from a government agency and is not subject to credit risk.

d. Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily gold and silver) to determine the appropriate course of action to be taken by the Company.

e. 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 is not exposed to significant interest rate risks.

f. Fair values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash, accounts payable and accrued liabilities, loan payable and loans payable to related parties approximate their fair values due to the short-term nature of these instruments.

The deferred consideration liability is present-valued and accreted up to its face value over a period of five years using a discount rate of 12%.

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, 2026 to June 30, 2026, 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 financing reporting.

APPENDIX A

Summary of quarterly financial results.

	Q1 2027	Q4 2026	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025
Net gain (loss)	(1,892,376)	(837,111)	(278,529)	(163,045)	(72,074)	1,069,353	(98,493)	65,554
Loss per share, basic and diluted	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	0.01	(0.00)	0.00