

Oroco Resource Corp.
Management's Discussion and Analysis
For the year ended May 31, 2026; Date as of September 25, 2026

This "Management's Discussion and Analysis" has been prepared as of September 25, 2026 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended May 31, 2026 and 2025 (the "Financial Statements"). Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts in the financial statements and in this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.

FORWARD LOOKING INFORMATION

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Oroco Resource Corp. ("the Company") and its operations that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate," "believe," "budget," "estimate," "expect," "intends," "plans," "potential" and similar expressions, as they relate to the Company or its management and operations, are intended to identify forward looking statements.

These forward-looking statements or information relate to, among other things: the Company's future financial and operational performance; the sufficiency of the Company's current working capital, anticipated cash flow or its ability to raise necessary funds; the anticipated amount and timing of work programs; our expectations with respect to future exchange rates; the estimated cost of and availability of funding necessary for sustaining capital; forecast capital and non-operating spending; and the Company's plans and expectations for its property, exploration and community relations operations.

These forward-looking statements and information reflect the Company's current beliefs as well as assumptions made by, and information currently available to the Company and are necessarily based upon a number of assumptions that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic, competitive, political, regulatory, and social uncertainties and contingencies. These assumptions include: cost estimates for exploration programs; cost of drilling programs; prices for base and precious metals remaining as estimated; currency exchange rates remaining as estimated; capital estimates; our expectation that work towards the establishment of mineral resource estimates and the assumptions upon which they are based will produce such estimates; prices for energy inputs, labour, materials, supplies and services (including transportation); no labour-related disruptions at our operations; no unplanned delays or interruptions in scheduled work; all necessary permits, licenses and regulatory approvals for our operations being received in a timely manner and can be maintained; and our ability to comply with environmental, health and safety laws, particularly given the potential for modifications and expansion of such laws. The foregoing list of assumptions is not exhaustive.

Forward-looking statements and information involve known and unknown risk, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those expressed or implied in the forward-looking statements (see "Risks and Uncertainties" in this MD&A), there may be other factors, such as the coronavirus global pandemic, which could cause results not to be as anticipated, estimated, described, or intended. Investors are cautioned against attributing undue certainty or reliance on forward-looking statements or information.

Forward-looking statements and information contained herein are made as of the date of this MD&A and the Company does not intend, and disclaims any obligation to update or revise forward-looking statements or information, whether as a result of new information, future events or to reflect changes in assumptions or in circumstances or any other events affecting such statements or information, other than as required by applicable law.

QUALIFIED PERSON

Mr. Andrew Ware, P. Geo., a Qualified Person under NI 43-101 and a senior consulting geologist to the Company, has reviewed and approved the technical disclosure in this management discussion and analysis.

THE COMPANY

The Company was incorporated under the British Columbia Business Corporations Act on July 7, 2006. The Company's head office is located at Suite 1201 - 1166 Alberni Street, Vancouver, B.C., V6E 3Z3. The Company and its subsidiaries are engaged in the acquisition, exploration and development of mineral properties in Mexico with a primary focus on the confirmation and expansion of the historical resource of the Santo Tomas porphyry copper project (the ("Santo Tomas" or the "Project") in Sinaloa State, Mexico.

The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "OCO", and it also trades on the Frankfurt Stock Exchange Open Market under the trading symbol "OR6" and the US OTC exchange under the trading symbol "ORRCF.PK". The Company's website address is: "www.orocoresourcecorp.com".

The Company's subsidiaries are as follows:

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

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

On March 2, 2020 the Company acquired 100% ownership of Altamura. Altamura held a majority interest (66.6%) in STC, which itself holds registered title to the seven mineral concessions which cover the known core of the Santo Tomas Project (the "Core Concessions"). For a description of the Altamura transaction, see the Company's Management Information Circular filed on SEDAR+ on November 22, 2019. In fiscal 2020, 2021 2024, and 2026, the Company acquired an additional 625 shares (25 in fiscal 2020, 30 in fiscal 2021, 320 in fiscal 2024, and 250 in fiscal 2026) for total ownership as at May 31, 2026 of 725 of 750 shares. The Company acquired the 250 shares in fiscal 2026 for conversion of intercompany debt of \$25,000,000. The Company now holds a 96.7% interest in STC.

CORPORATE DEVELOPMENTS

On June 16, 2026, Mr. Charles Cryer was appointed as the Chief Executive Office and a director of the Company.

On April 30, 2026, Mr. Richard Lock resigned as the Chief Executive Office and a director of the Company.

During January 2026, the Company granted 7,050,000 incentive stock options to directors, officers, employees and consultants of the Company at an exercise price of \$0.85 per share, with a term of three years. Of these, 3,425,000 incentive options were granted to officers, directors, and senior management of the Company. All options will vest in four installments, with one-quarter vesting on the grant and upon each of the four, eight, and 12-month anniversaries of the grant.

During January 2026, the Company closed a bought deal public offering for aggregate proceeds of \$23,000,009. The Company issued 60,526,340 units at a price of \$0.38 per unit. Each unit is comprised of one common share in the capital of the Company and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of \$0.53 per share for a period of 36 months from the date of issue. In connection with the offering, the Company paid finder and other fees of \$1,773,125.

During November 2025, the Company closed a private placement for aggregate proceeds of US\$2,030,999. The Company issued 10,154,995 units at a price of US\$0.20 per unit. Each unit is comprised of one common share in the capital of the Company and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of US\$0.30 per share for a period of 24 months from the date of issue.

CORPORATE DEVELOPMENTS (cont'd...)

On September 23, 2025, Mr. Faysal Rodriguez was appointed as a director of the Company.

MINERAL PROPERTIES

Santo Tomas Project, Sinaloa State, Mexico

The Company is focused on the exploration and development of its Santo Tomas Porphyry Copper Project (“Santo Tomas” or the “Project”) in Sinaloa State, Mexico.

On March 3, 2026, the Company commenced a Phase II on-site work program designed to support the upgrading of the classification of the mineral resource in the South Zone through a combination of infill and confirmation drilling, leading to an updated mineral resource estimate. This work is being advanced in parallel with complementary Pre-Feasibility Study (“PFS”) level work streams, including hydrogeological, geotechnical, and metallurgical programs designed to produce the inputs required for a Pre-Feasibility Study. Ongoing Phase II drilling as of September 2026 consists of 46 Holes totalling 13,652.1m. Drilling is focussing on upgrading resource classifications in the South Zone and infill drilling between the North and South Pit. The Company has also initiated base line environmental data collection as part of the requirements for operational permitting.

Significant results

Selected South Zone results are summarized below by announcement date. Grades are total copper (Cu) and copper equivalent (CuEq); intervals are downhole core lengths, and true widths have not yet been established. These highlights should be read with the full results and technical qualifications in the releases identified below.

May 21: drill hole S022 returned 228.55 m at 0.38% Cu / 0.49% CuEq, including 64.86 m at 0.53% Cu / 0.69% CuEq. S023 returned 212.33 m at 0.34% Cu / 0.44% CuEq, including three intervals of 15.00–21.00 m at >0.50 / > 0.61% CuEq from near surface.

June 18: S025 returned 84.94 m at 0.29% Cu / 0.33% CuEq and 90 m at 0.41% Cu / 0.53% CuEq; S026, 48.6 m at 0.56% Cu / 0.67% CuEq, 59m at 0.2% Cu / 0.33% CuEq and 23.45m at 0.16% Cu / 0.24% CuEq; S028, 44.52 m at 0.38% Cu / 0.46% CuEq; and S029, 58.76 m at 0.35% Cu / 0.43% CuEq and 16.01 m at 0.29% Cu / 0.35% CuEq from near surface.

August 6: S033 returned 114.7 m at 0.44% Cu / 0.54% CuEq, including 26.48m @ 0.90% Cu / 1.18% CuEq. S030 returned 49 m of mixed oxide-sulphide mineralization at 0.80% CuTot (total copper) from 12 m depth.

September 10: S035 returned 57.4 m at 0.55% Cu / 0.72% CuEq; S039, 103 m at 0.47% Cu; S040, 154 m at 0.42% Cu / 0.83% CuEq, 14 m at 0.65% Cu and 12 m at 0.30% Cu / 0.36% CuEq; and S042, 369.3 m from surface at 0.34% Cu / 0.45% CuEq. S038 and S041 ended in mineralization approximately 200 m and 90 m, respectively, below the PEA pit limits.

Full results for the holes reported to date, including sample intervals, individual metal grades, drill locations and orientations, analytical procedures, data verification and quality assurance/quality control information, are provided in the following Company news releases filed on SEDAR+ at www.sedarplus.ca: May 21, 2026, “Oroco Intersects 228 m of 0.49% CuEq and 212 m of 0.44% CuEq at Santo Tomás”; June 18, 2026, “Oroco Increases South Zone Certainty at Santo Tomás”; August 6, 2026, “Oroco Drills 26.48m of 1.18% CuEq in South Zone”; and September 10, 2026, “Oroco Continues South Zone Success”. CuEq denotes copper equivalent in these release titles; the summary above reports copper grades only.

CuEq grades are calculated using the variable metal-recovery curves in Chapter 13 of the Company’s August 2024 technical report, “Santo Tomás Copper Project, Sinaloa, Mexico – Technical Report on a Preliminary Economic Assessment” (the “PEA”), filed on SEDAR+ in August 2024, and current price deck (see the Company’s news releases filed on SEDAR+ on the above referenced release dates) which reflects 12-month trailing average prices to April 30, 2026, which differs from the one used in the PEA with the result that the CuEq grades herein are not directly comparable to the CuEq grades reported in the PEA.

2024 Santo Tomas Preliminary Economic Analysis

On August 20, 2024 the Company announced the PEA and updated Mineral Resource Estimate (“MRE”) for the North Zone and South Zone for Santo Tomas. The PEA results support a staged open pit mine and processing plant starting at 60,000 tonnes per day (“t/d”) in year 1 of production, expanding to 120,000 tpd in year 8 of a 22.6-year Life of Mine (“LOM”). The revised PEA has been prepared by Ausenco Engineering USA South Inc. (“Ausenco”). The updated MRE, geological model,

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

2024 Santo Tomas Preliminary Economic Analysis (cont'd...)

geotechnical modelling, mine planning and mine cost components were prepared by SRK Consulting (US), Inc. of Denver, Colorado and SRK Consulting (Canada), Vancouver, BC ("SRK").

The August 2024 PEA replaces the previous PEA released in October 2023.

Highlights of the Santo Tomas PEA include

- US\$2.641 billion pre-tax NPV (8%) and US\$1.457 billion after-tax NPV (8%)
- 30.3% pre-tax IRR, and a 21.8% after-tax IRR.
- Total LOM payable copper production of 4,960 M lb.
- Pre-tax payback of 2.9 years; after-tax payback of 3.9 years from first concentrate production.
- Initial capital costs estimated at US\$1,104 million; sustaining and expansion capital costs estimated at US\$1,734 million.
- Average annual LOM C1 Cash Cost of US\$1.54/lb. Cu on by-product basis.
- An ultimate pit design constrained resource of 377 Mt of Indicated and 448 Mt of Inferred material.
- LOM strip ratio is 1.38

Santo Tomas Project PEA Overview

The Santo Tomas property comprises 6,121 ha of mineral concessions encompassing significant porphyry copper mineralization in northern Sinaloa and southwest Chihuahua, Mexico. The Project is located in the Santo Tomas Porphyry District, which extends from Santo Tomas northward to the Jinchuan Group's Bahuerachi Project located approximately 14 km to the north-northeast. The PEA was conducted using data (including 27,382 Cu assays) from 68 diamond drill holes (43,063 m) drilled by the Company and 90 legacy reverse circulation and diamond drill holes (21,075 m, for a total of 64,138 m in 158 drill holes) in the Project's North Zone and South Zone. The data from the seven exploration diamond drill holes in Brasiles Zone and the single geotechnical hole (GT001) drilled by the Company were excluded from consideration in the MRE and PEA. Oroco's entire updated drill hole database (including PEA excluded holes) contains 166 new and legacy drill holes totaling 69,556 m with lithological logging data and 29,992 Cu assays.

The Economic Analysis Summary, commodity price assumptions and Discounted Cash Flow (DCF) results are shown in Table 1.

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

Santo Tomas Project PEA Overview (cont'd...)

Table 1: Santo Tomas August 2024 PEA Economic Summary.

General		Units	LOM Total / Avg.	
Copper Price		US\$/lb	4.00	
Molybdenum Price		US\$/lb	15.00	
Gold Price		US\$/oz	1,900	
Silver Price		US\$/oz	24.00	
Mine Life		Years	22.6	
Total Mill Feed		Kt	825,475	
Production		Units	LOM Total / Avg.	
Mill Feed Grade – Cu		%	0.33	
Mill Feed Grade – Mo		%	0.008	
Mill Feed Grade – Au		g/t	0.028	
Mill Feed Grade – Ag		g/t	2.08	
Total Metal Content – Cu		M lb	5,916	
Total Metal Content – Mo		M lb	138.7	
Total Metal Content – Au		Koz	753.4	
Total Metal Content – Ag		Koz	55,200	
Recovery Rate – Cu		%	83.8%	
Recovery Rate – Mo		%	59.1%	
Recovery Rate – Au		%	56.8%	
Recovery Rate – Ag		%	53.7%	
Total Production – Cu		M lb	4,960	
Total Production – Mo		M lb	82.0	
Total Production – Au		Koz	427.9	
Total Production – Ag		Koz	29,636	
Annual Production – Cu		M lb/y	219.2	
Average Annual Production – Mo		M lb/y	3.6	
Average Annual Production – Au		Koz/y	18.9	
Average Annual Production – Ag		Koz/y	1,309.6	
Operating Costs		Units	LOM Total / Avg.	
Mining Cost *		US\$/t mined	2.04	
Mining Cost *		US\$/t milled	4.78	
Mining Leasing Cost		US\$/t milled	0.06	
Processing Cost		US\$/t milled	4.04	
G&A Cost		US\$/t milled	0.65	
Total Operating Costs*		US\$/t milled	9.57	
C1 Cash Costs**		US\$/lb Cu	1.54	
C3 Cash Costs (AISC)***		US\$/lb Cu	2.00	
Capital Costs		Units	LOM Total / Avg.	
Initial Capital****		US\$M	1,103.5	
Expansion Capital		US\$M	687.2	
Sustaining Capital*****		US\$M	1,047.0	
Closure Costs		US\$M	209.2	
Financials		Units	Pre-Tax	Post-Tax
NPV _{8%}		US\$M	2,640.5	1,456.6
IRR		%	30.3	21.8
Payback		Years	2.9	3.9

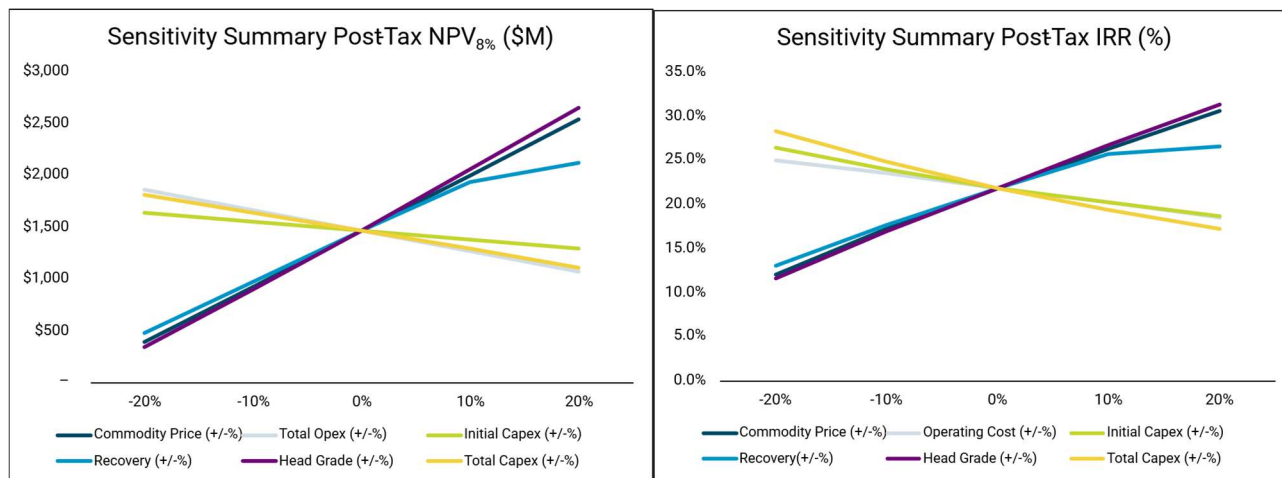
MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

PEA Economic Sensitivities

Project economics and cash flows are most sensitive to changes in the price of copper (Figure 1). Mined grade and recovery sensitivity is high and future studies will seek to optimize these parameters. However, the highest potential and most likely change in economics results from future changes in copper pricing.

Figure 1: Post-Tax NPV and IRR Sensitivity Plots



PEA Mineral Resources

The PEA MRE prepared by SRK Consulting (U.S.), Inc. in accordance with the Canadian Institute of Mining, Metallurgy, and Petroleum (“CIM”) Definition Standards (the “CIM Standards”) incorporated by reference in National Instrument 43-101 (“NI 43-101”), with an effective date of October 11, 2023.

The mineral resource estimation process includes updated structural, lithologic, and mineralization models, though the PEA MRE has not materially changed from the previous study, effective October 2023

The resource estimation methodology involved the following procedures:

- Database compilation and verification,
- Construction of wireframe models for the major structures, lithotypes, and controls on mineralization,
- Definition of resource domains using a combination of lithotypes, structure, and mineralization grade shells,
- Data conditioning (compositing and capping) for statistical and geostatistical analyses,
- Determination of spatial continuity through variography within the estimation domains,
- Block modeling and grade interpolation for all key economic variables (Cu, Mo, Ag, Au, and Sulfur [S]) and secondary variables (arsenic [As], calcium [Ca], potassium [K], lead [Pb], and zinc [Zn]),
- Block model validation,
- Resource classification,
- Assessment of “reasonable prospects for eventual economic extraction” (“RPEEE”) using a constraining economic pit shell and selection of an effective cut-off grade (“CoG”), and
- Preparation of the updated mineral resource statement.

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

PEA Mineral Resources (cont'd...)

SRK undertook the geological modeling and mineral resource estimate using Seequent Leapfrog Geo and Leapfrog Edge, respectively. The procedure involved construction of wireframe models for structural geology controls, key geological and mineralization domains, data conditioning (compositing and capping) for statistical analysis, variography, block modeling and grade interpolation followed by block model validation. Grade was estimated using a combination of ordinary kriging and inverse distance weighting cubed estimates for copper, molybdenum, gold, and silver. Sulfur grades are estimated using inverse distance weighting squared (“IDW2”) and bulk density is estimated using a combination of simple kriging and IDW2. Grade estimation was based on block dimensions of 50 m x 50 m x 10 m for the PEA model (unchanged from the previous 2023 study). The block size reflects current data spacing across the Project while considering a likely open pit mining method. Classification of mineral resources considers the geological complexity (structure, lithology, alteration, and mineralization), spatial continuity of mineralization, data quality, and spatial distribution of drilling conducted at the Project.

The PEA MRE is supported by 64,138 m of drilling in 158 holes. The drilling data represents a combination of holes completed by Oroco from 2021 to 2023 and historical drill holes but excludes drilling at Brasiles Zone and one geotechnical hole.

The PEA MRE includes the two primary mineralization zones identified at Santo Tomas: North Zone and South Zone. These zones display similar mineralization styles but are physically separated by localized post-mineralization faults and material currently defined as waste due to a lack of drilling. Consistent with the previous study, the MRE is not constrained by the location of the Huites Reservoir. Mineral resources are reported above an effective cut-off grade (CoG) of 0.15% Cu and constrained by an economic pit shell (see Table 2).

Table 2. Mineral Resource Statement for the Santo Tomás Porphyry Copper Project, PEA August 2024.

Category	Zone	Tonnes Mt	Average Grade					In-situ Metal ³				
			CuEq ¹⁰	Cu	Mo	Au	Ag	CuEq ¹⁰	Cu ¹¹	Mo ₁₁	Au ¹¹	Ag ¹¹
			(%)	(%)	(%)	(g/t)	(g/t)	(M lb)	(M lb)	(M lb)	(koz)	(koz)
Indicated	North Zone pit - sulphide	540.6	0.37	0.33	0.008	0.028	2.1	4,465	3,976	95.4	483.4	36,524
	Total Indicated	540.6	0.37	0.33	0.008	0.028	2.1	4,465	3,976	95.4	483.4	36,524
Inferred	North Zone pit - sulphide	90.0	0.34	0.31	0.005	0.021	1.7	679	620	10.2	61.4	4,949
	North Zone pit - oxide	4.4	0.31	0.31	0.002	0.053	1.6	29	29	0.2	7.4	228
	South Zone pit - sulphide	399.2	0.36	0.32	0.008	0.023	2.0	3,132	2,789	71.2	294.4	26,200
	South Zone pit - oxide	36.7	0.27	0.27	0.004	0.020	1.6	218	218	2.8	23.8	1,851
	Total Inferred	530.3	0.35	0.31	0.007	0.023	1.9	4,058	3,657	84.4	387.1	33,229

Notes:

- Mineral resources are not mineral reserves and do not have demonstrated economic viability.
- Abbreviations used in the table above include Mt = million metric tonnes, % = percent, g/t = grams per metric tonne, M lb. = million pound, and Koz = thousand troy ounces.
- All figures are rounded to reflect the relative accuracy of the estimates. Totals in Table 2 may not sum or recalculate from related values in the table due to rounding of values in the table, reflecting fewer significant digits than were carried in the original calculations.
- Metal assays are capped where appropriate. At this stage of the project, it is the Company’s opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.
- All dollar amounts are presented in US dollars.
- Bulk density is estimated on a block basis using specific gravity data collected on diamond drill core.
- Economic pit constrained resource with reasonable prospects of eventual economic extraction (“RPEEE”) were based on a copper price of \$4.00/lb., molybdenum price of \$13.50/lb., a gold price of \$1,700/oz, and a silver price of \$22.50/oz. Metal recovery factors of 83.7% for copper, 66% for molybdenum, 53% for gold and 53% for silver have been applied. Selling costs are \$0.56/lb. copper, \$1.69/lb. molybdenum, \$191.71/oz gold and \$2.94/oz silver. Slope angles varied by pit sector and range from 40 degrees to 49 degrees.
- The in-situ economic copper (CoG) was calculated resulting in a 0.15% Cu CoG.

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

PEA Mineral Resources (cont'd...)

9. CoG assumptions include: a copper price of \$4.00/lb., molybdenum price of \$13.50/lb., gold price of \$1,700/oz, and silver price of \$22.50/oz. Suitable benchmarked technical and economic parameters for open pit mining, including a 98% mining recovery and costs of mining at \$2.40/t, processing at \$4.79/t, G&A at \$0.67/t, with Private Royalties at 1.5% for molybdenum, gold, silver, and copper, have been applied in consideration of the RPEEE. Recoveries are applied as per Note 7.
10. Equivalent Copper (CuEq) percent is calculated with the formula $CuEq\% = ((Cu\text{ grade} * Cu\text{ recovery [83.7\% sulphide or 75.0\% oxide]} * Cu\text{ price}) + (Mo\text{ grade} * Mo\text{ recovery [59\%]} * Mo\text{ price}) + (Au\text{ grade} * Au\text{ recovery [53\%]} * Au\text{ price}) + (Ag\text{ grade} * Ag\text{ recovery [53\%]} * Ag\text{ price})) / (Cu\text{ price} * Cu\text{ recovery [83.7\% sulphide or 75.0\% oxide]})$. It assumed that the Santo Tomás Project will produce a conventional (flotation) copper concentrate product based on metal recoveries at 83.7% Cu (sulphide) or 75% Cu (oxide), 59% Mo, 53% Au, and 53% Ag based on initial preliminary metallurgical test work.
11. Reported contained individual metals in Table 4 represent in-situ metal, calculated on a 100% recovery basis, except for CuEq% (see Note 10).

PEA Mine Design

The proposed mining method is the well-known open pit truck and shovel operation with 10-meter bench intervals. Haul trucks will be used for hauling mineralized material to the crushing plant and long-term stockpile facilities. Waste rock will be hauled to the waste rock storage facility (WRSF).

Mining operations will use two fleets, with a transition from predominantly small-scale equipment early in the mine life to predominantly large-scale mining equipment later in the mine life. The small-scale equipment fleet will include 200 mm diameter blast hole drills, 16.5 m³ hydraulic shovels, 13 m³ front-end loaders, and 72 t capacity haul trucks. The large-scale equipment fleet will include 250 mm diameter blast hole drills, 34 m³ hydraulic shovels, 21.4 m³ front-end loaders, and 240 t capacity dual fuel haul trucks. For the dual fuel haul trucks, which will have a lower operating cost than trucks that operate on diesel fuel only, it has been assumed that 50% of the consumed fuel will be diesel fuel and 50% will be LNG.

The rationale for deploying a predominantly small-scale equipment fleet in the early years of the project is that the open pits were designed to initially use multiple smaller pit phases to reduce waste stripping and allow faster access to mill feed material. These smaller phases have narrower access roads that require the use of small-scale haul trucks (72 t capacity). Later in the mine life, the pit phases are typically larger and will allow for the use of large-scale haul trucks (240 t capacity). Over the life of the project, including the pre-production waste mining year, it is expected that some 80% of the ex-pit tonnes will be mined with the large-scale equipment fleet.

The Santo Tomas deposit is divided into two pits. The North Zone pit is approximately 1,800 m long (N-S) and 1,000 m wide (E-W) with a pit depth of 650 m and the South Zone pit is 2,150 m long and 1,080 m wide with a pit depth of 660 m.

Other important facilities supporting the Project and the mining process are the mineral process plant, the tailings storage facility (TSF), the crusher pad located close to the pit exit and the north and south Waste Rock Storage Facilities (WRSF).

The mining sequence consists of 20 phases (10 in the North Pit and 10 in the South Pit), which vary in minimum mining width according to the type of equipment to be used. Early years focus on mining the North Pit, while transitioning to larger equipment to be used once the South Pit has opened up to wider benches. The use of smaller mining equipment will be key throughout the mine life to access the starting benches of new phases, as they are required.

The Project has a mine life of 23 years, which includes 1 year of pre-stripping. The mine production plan contains 825.5M tonnes of mineralized sulphide material with an average grade of 0.37% CuEq to be processed at the mill. An additional 73.4M tonnes of mineralized oxide material with an average grade of 0.19% Cu will be hauled to the south WRSF, where there is enough space to segregate it from waste rock and other sulphides. The current mine plan treats oxide material as waste. However, consolidating this material in a specific area of the WRSF will maintain the optionality to process this material in the future. The total amount of waste material (including mineralized oxide) is 1.1B tonnes, resulting in a strip ratio of 1.38 over the life of the mine.

Mining operations will be carried out by the owner on a 24-hour per day, 365 days per year schedule. Total mined tonnes (mineralized material and waste) will start at 27.2M tonnes mined during the pre-stripping year and eventually ramp up to a maximum of 116 Mtpa.

A mineralized material mill feed resource within the ultimate pit design (by classification and grades) for this PEA has been defined and is shown in Table 3. The ultimate pit design constrained mill feed consists of 377 Mt of Indicated and 448 Mt of

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

PEA Mine Design (cont'd...)

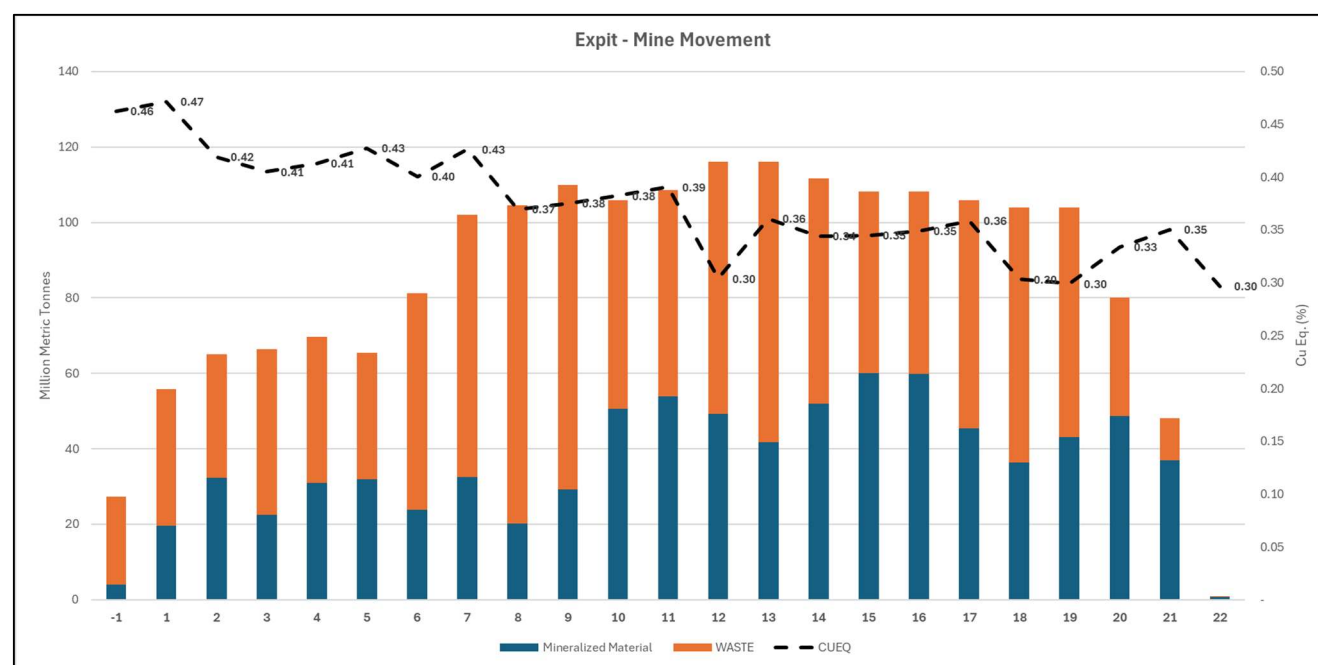
inferred material. The South Zone resource is currently all classified as Inferred. Additional future drilling will focus on moving this material into an Indicated classification.

Table 3: Pit Constrained Resource: SRK

Mill Feed						Waste Material	Strip Ratio	Total Material
Tonnes (Mt)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	CuEq (%)	Tonnes (Mt)	Waste/Mill	Tonnes (Mt)
825.5	0.325	0.008	0.028	2.080	0.365	1,139.4	1.38	1,964.9

Mill feed tonnages and corresponding resource classification are shown in Figures 2 and 3.

Figure 2: Preliminary Economic Assessment Mine Plan and Schedule

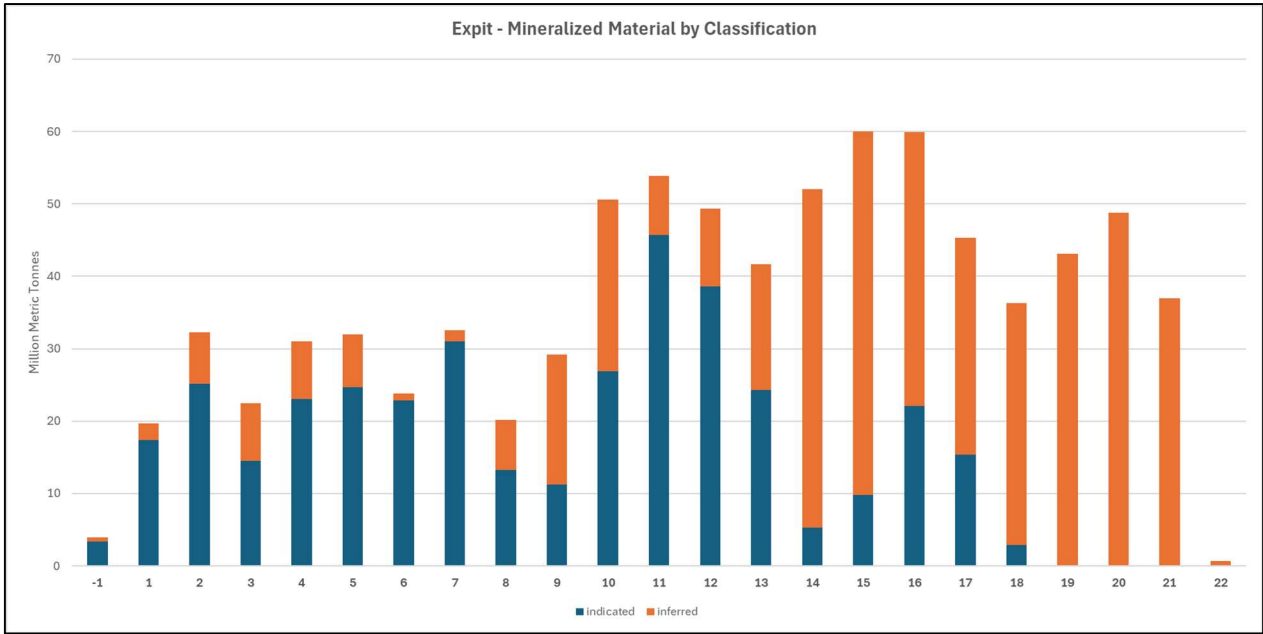


MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

PEA Mine Design (cont'd...)

Figure 3: Classification of Material for Processing



Process Design & Plant Infrastructure

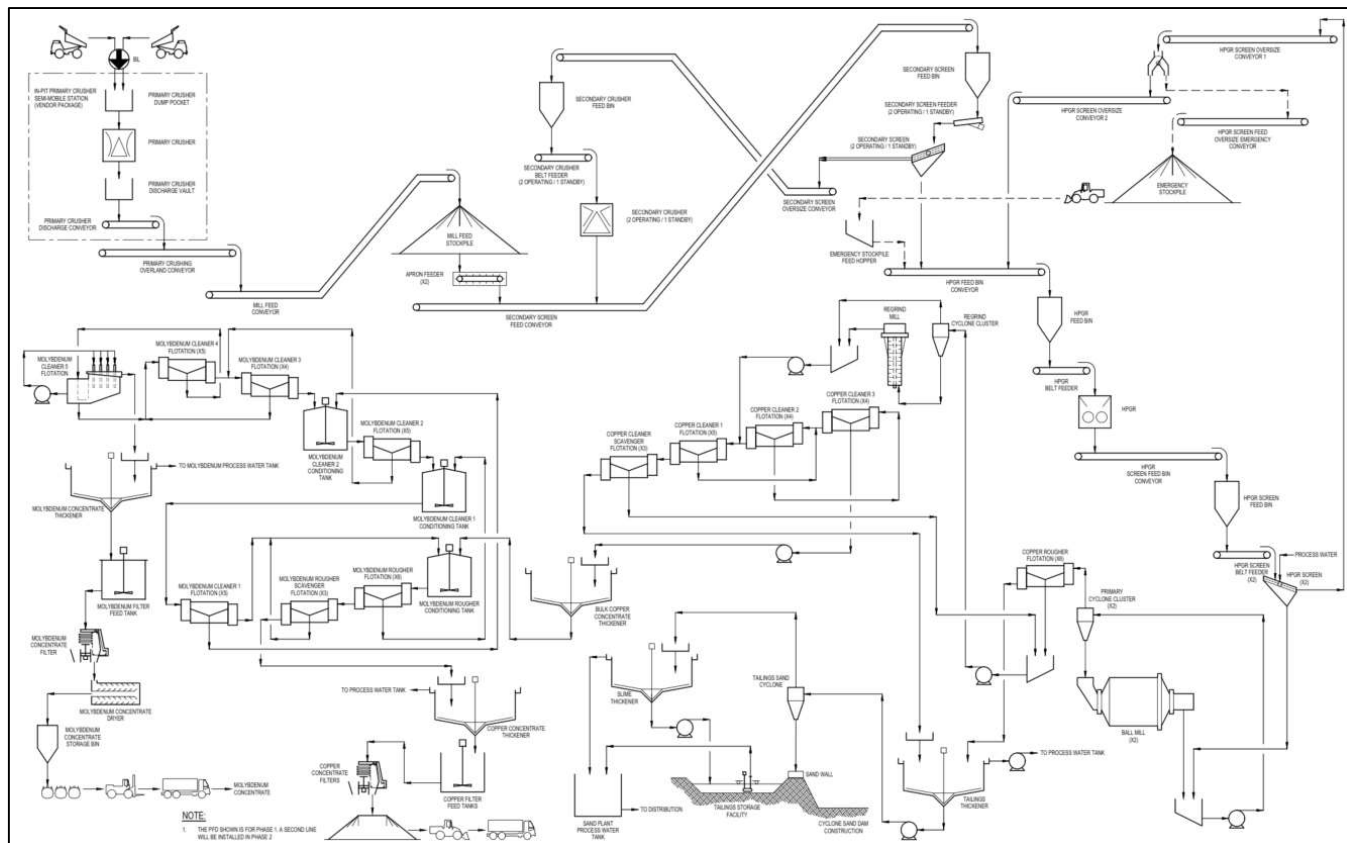
The Q2 2022 metallurgical test work program demonstrated the ability to produce a marketable copper concentrate using a conventional flotation process flowsheet. Levels of molybdenum in bulk concentrates were sufficient to produce a marketable molybdenum concentrate using conventional Cu-Mo separation flotation techniques. For purposes of the PEA, logarithmic regression analysis was performed on the flotation test work results to develop metallurgical process recoveries as a function of head grade. Based on these formulas, Ausenco forecasts the following mean recoveries for copper, molybdenum, silver, and gold at 83.8%, 59.1%, 56.8%, and 53.7%, respectively. Recoveries are head grade feed dependent are not fixed. Recoveries used in pit constrained mill feed will differ slightly from these results. Results from comminution test work on nine variability samples returned elevated hardness properties for some of the mineralized materials (e.g. Axb & ball mill work index of 30 and 18.3 kWh/tonne, respectively). Given these measurements and high throughputs, High Pressure Grinding Rolls (“HPGR”) crushing was considered over conventional SAG milling. Figure 4 illustrates the overall process flowsheet developed for the Project.

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

PEA Mine Design (cont'd...)

Figure 4: Process Flowsheet

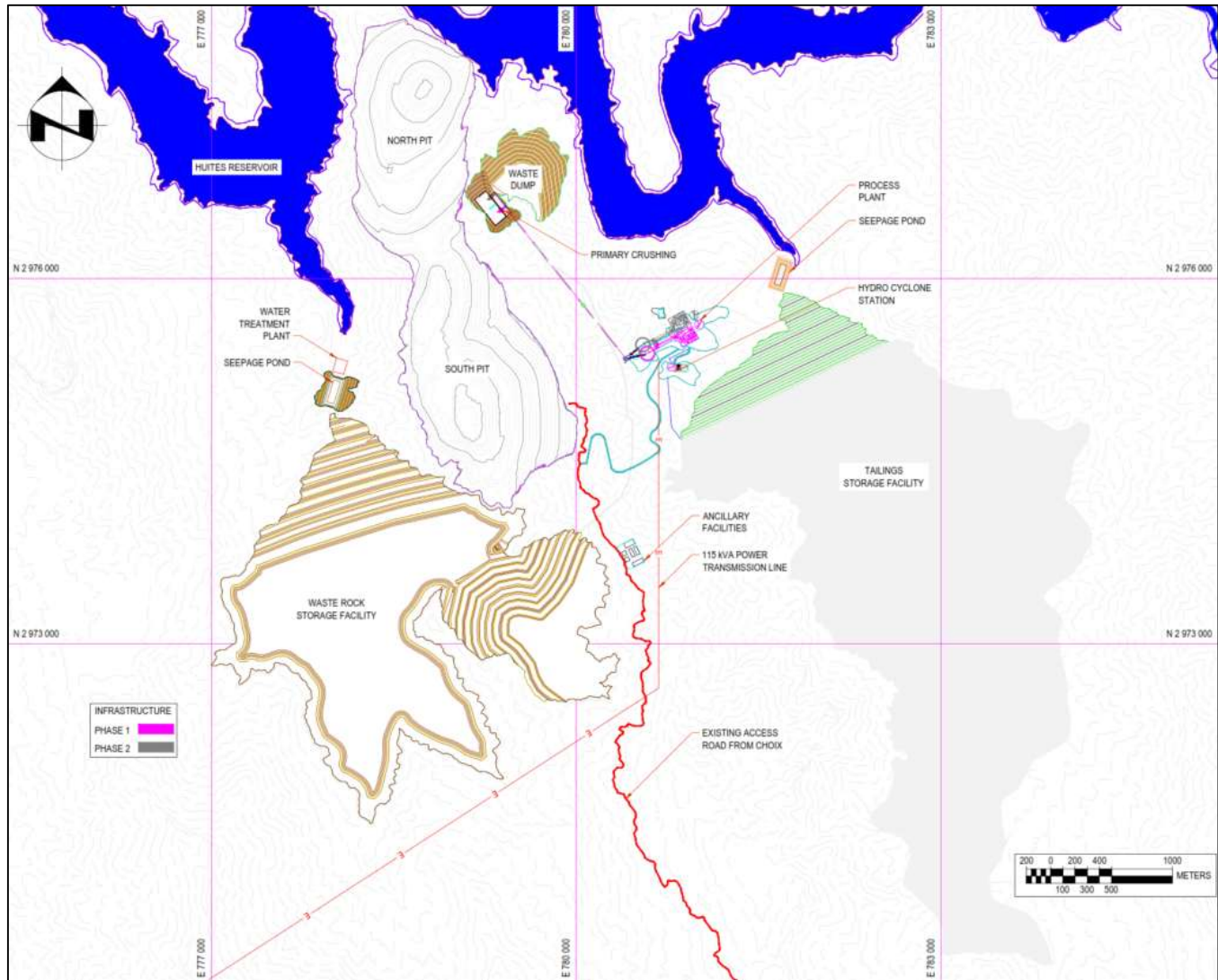


MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

PEA Mine Design (cont'd...)

Figure 5: Mine Infrastructure, Pits, Process Plant Layout, Tailings and Waste Rock Storage Facilities



For Phase I, the Project includes on-site infrastructure such as earthworks development, crushing and process plant facilities and ancillary buildings such as warehouses and workshops, on-site roads, water management systems, and site electrical power facilities. Off-site infrastructure for Phase I includes a site access road, plant roads, groundwater supply, power supply (power transmission line), two WRSFs, the TSF, and surface water management structures. For Phase II, on-site infrastructure will include earthworks development, a second crushing and processing line along with associated facilities and buildings, water management systems, and site electrical power facilities. No upgrades are contemplated for the off-site infrastructure during Phase II.

Power supply is now contemplating a self-generation approach utilizing natural gas-powered generators located at the Waha – Topolobampo natural gas line, 30km to the west of the project.

Access to the Project site is by way of a 160 kilometer (km) paved highway and a two-lane road from the Pacific Ocean Port of Topolobampo, through the city of Los Mochis to the northern town of Choix. Phase I of the Project is envisioned to access the Santo Tomás site via a newly created road that will be a derivation of an existing access road that passes through Cajón de Cancio and Rancho La Soledad. No changes are contemplated for the access road during Phase II of the Project.

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

PEA Mine Design (cont'd...)

The Project includes all the necessary infrastructure to support the mining and processing operations, all infrastructure buildings will be built as per applicable codes and regulations. Buildings include workshops for mine and maintenance, administrative and operation offices, warehouses for mine and process plant, process plant control room and assay laboratory, and other minor facilities. The permanent accommodation camp will be a modular building with capacity for 160 individual dormitories for Phase I, expanded to accommodate 230 individual dormitories during Phase II. Sewage will be treated via a wastewater treatment plant sized to meet the demand. A pre-engineered building for security and medical facilities is also part of the Project infrastructure. Water management structures will include diversion channels, collection ditches and ponds.

Concentrates are trucked using the sealed containerized method to the Port of Topolobampo situated on the Gulf of California for transport to overseas smelters. The containerized method removes the capital expense of a concentrate storage facility at the port and loss of concentrate to the environment. The proximity of rail infrastructure to the Project could offer an alternative mode of concentrate transport.

Some infrastructure design includes expansion capacity design features (e.g. overland conveyor, powerline and water supply) during the initial phase so as to not interfere with production during the expansion phase.

The following details the modifications proposed for the updated infrastructure design for the August 2024 PEA:

The primary crushing facility is now located closer to both pits and is situated immediately southeast of the North Pit boundary with ramp access from both North and South Pits. This new location reduces the hauling distance to the dump pocket by over a kilometer and allows for a shorter haul to dispose of initial waste rock at the smaller (30 MT) of the two WRSFs which will be built up over Phase I of the Project. This WRSF is immediately adjacent to the primary crushing pad. Furthermore, the primary crushing facility has been replaced with an in-pit crushing, semi-mobile station, which comes fully equipped with a feed hopper, gyratory crusher, a discharge hopper, truck ramps, semi-mobile support structure for the gyratory crusher and direct drive, a bridge crane, rock breaker, and discharge conveyor. Mill feed discharged from the primary crusher will be conveyed through a 1.5 km tunnel which daylight close to the mill feed stockpile via a single 1.7 km conveyor that will be sized to accommodate the Phase II throughput at the start of the Project. Space has been allotted for a pad extension and the installation of a second identical primary crushing station at the time of expansion (Phase II).

Geology and Mineralization

Porphyry Cu (Mo-Au-Ag) mineralization on the Santo Tomas property is closely associated with intrusives linked to the Late Cretaceous to Paleocene (90 to 40 Ma) Laramide orogeny. Santo Tomas and most of the known porphyry copper deposits in Mexico lie along a 1,500 km-long, NNW trending belt sub-parallel to the west coast, extending from the southwestern United States through to the state of Guerrero in Mexico.

In the Santo Tomas area, Mesozoic-aged country rocks comprising limestone, minor sandstones, conglomerates, shales, and a thick succession of andesitic volcanics were intruded by a range of Laramide age intrusions related to the Late Cretaceous Sinaloa-Sonora Batholith. Multiple phases are recognized ranging from dioritic to monzonitic in composition.

Mineralization is strongly structurally controlled by the Santo Tomas fault and fracture zone, which provided a pathway to quartz monzonite dikes, associated hydrothermal alteration, hydrothermal breccias, and sulfide mineralization. Sulfide minerals are dominated by chalcopyrite, pyrite and molybdenite with minor bornite, covellite, and chalcocite. Sulfides occur as fracture fillings, veinlets, and fine disseminations together with potassium feldspar, quartz, calcite, chlorite, and locally, tourmaline. Chalcopyrite is the main copper mineral with minor copper oxides near surface.

Mineralization has been identified outside the current economic pit shell. The PEA highlights the potential to define additional mineral resources on the property. There is identified exploration potential for additional mineralization in the southeastern and southwestern portions of the South Zone based on observations from drilling and surface outcrops in the area.

Community and Environment

Oroco maintains a social plan for the Project that provides a framework for its community outreach efforts focused on education, ongoing employment, indigenous engagement and community mapping. In Q2 2026 Oroco initiated use of the LYNX a software platform to capture and record community interactions and activities. Historical data was captured and the

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

Community and Environment (cont'd...)

project now has an ongoing formal system to monitor, document and ensure that community concerns and suggestions are addressed.

Oroco strives to maintain the support of the community, local municipal leaders and state regulators and governments in Sinaloa and Chihuahua. Oroco reports drilling progress, environmental baseline study progress, employment statistics related to the Project and Community relations activities on a monthly basis to Federal regulators in Mexico City.

Environmental base line sampling was initiated in 2026 in support of future permit applications. Flora and fauna studies are underway using semi permanent motion activated cameras. Flora studies were conducted on over 35 plots covering the range of climatic and vegetation regions around the project. Base line water sampling was initiated in drainages around the zone of mineralization and areas of known impact from historical mining operations. Water sampling will continue on a semi-annual basis, as water flow in several drainages is ephemeral depending on the time of year. The data will be integrated into permit application, with a minimum of 1 year of data required.

Project Enhancement Opportunities

Several further opportunities to improve the Project have been identified during the PEA Study. These include but are not limited to:

- Test work evaluating the application of sulfide leaching on lower grade chalcopyrite resources currently assigned to waste was undertaken on low grade material. Laboratory results indicated that the two composites were high acid consumers and it was concluded that the sulfide leach approach was not applicable to the project. While this is a negative result it does suggest that acid generation is likely minimal in the waste rock storage facilities
- Additional comminution studies and variability testing to better constrain recoveries across the full range of expected mill feed grades based on rock and alteration types.
- Investigate coarse particle flotation to reduce comminution costs and improve factors of safety on TSF design.
- Drill hydrogeological test wells at the north end of the North Pit to better define pit inflow and pit dewatering costs.
- Drill selected geotechnical holes to optimize pit slope angles and reduce mining of waste.
- An on-site, detailed comminution-testing program is underway. The data will complement the geometallurgical characterisation of the deposit and allow crushing, grinding, throughput and energy estimates on a block-by-block scale, within the mineral resource estimate. Over two thousand samples have been processed to date.

A geological-geochemical-geometallurgical conceptual model will inform the ongoing development and refinement of geochemical and mine rock management plan for the site. The predicted occurrence of large volumes of net neutralizing mine waste materials to be mined in early years will be confirmed, as the buffering characteristics of these waste materials can be effectively utilized as part of the overall waste rock management strategy. Additional geochemical assessment of the acid rock drainage / metal leaching risk for the Project was initiated in 2026 to provide additional test work and sampling coverage, and to confirm preliminary PEA study findings.

Geometallurgical Core Characterization

Oroco is utilizing **Geopyörä** drill-core testing technology to develop more comprehensive and spatially representative geotechnical and comminution data across the Santo Tomás deposit. Testing of both historical Phase 1 drill core and core from the current Phase 2 program will provide systematic measurements of rock hardness, breakage characteristics and grindability, allowing these properties to be incorporated spatially into the PFS block model.

This work will improve predictive mill throughput estimates and the understanding of energy consumption variability over the life of mine and inform an updated PFS mine schedule based on an updated Mineral Resource Estimate. The data will allow prioritization of mill feed by rock type and grade to maximize payable metal production at the lowest cost as early as possible in the mining operations. The results will reduce initial capital risk by better sizing process plant elements, in addition to reducing uncertainties associated with life-of-mine metal production and financial performance.

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

Geometallurgical Core Characterization (cont'd...)

Concurrent and historical point load testing correlates well with the Geopyörä data and supports the thesis that South Zone mill feed will require reduced comminution energy relative to the estimate presented in the August 2024 PEA.

Cautionary Notes to Investors

PEA

The reader is cautioned that the PEA is preliminary in nature, and that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

Mineral Resource and Reserve Estimates

In accordance with applicable Canadian securities laws, all Mineral Resource estimates of the Company disclosed or referenced in this news release have been prepared in accordance with the disclosure standards of NI 43-101 and have been classified in accordance with the CIM Standards. **Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.** *The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues. In particular, the quantity and grade of reported inferred mineral resources are uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as an indicated or measured mineral resource. It is uncertain in all cases whether further exploration will result in upgrading the inferred mineral resources to an indicated or measured mineral resource category.*

Qualified Persons

The PEA for the Project summarized in this Management Discussion and Analysis was prepared by Ausenco with input from SRK, and has been incorporated in the technical report prepared in accordance with NI 43-101 which is available under the Company's SEDAR+ profile at www.sedarplus.ca and on the Company's website at www.orocoresourcecorp.com. The affiliation and areas of responsibility for each of the Qualified Persons involved in preparing the PEA, upon which the technical report was based, were as follows:

Qualified Person	Professional Designation	Position	Employer	Independent of Oroco Resource Corporation
James Arthur Norine	P.E.	Vice President, Southwest USA	Ausenco Engineering USA South Inc.	Yes
James Millard	M. Sc., P. Geo.	Director, Strategic Projects	Ausenco Sustainability ULC	Yes
Peter Mehrfert	P. Eng.	Principal Process Engineer	Ausenco Engineering Canada ULC	Yes
Scott C. Elfen	P.E.	Global Lead Geotechnical Services	Ausenco Engineering Canada ULC	Yes
Andy Thomas	M. Eng., P.Eng.	Principal Rock Mechanics Engineer	SRK Consulting (Canada), Inc.	Yes
Fernando Rodrigues	BSc, MBA, MAusIMM, MMSAQP	Practice Leader, Principal Consultant	SRK Consulting (U.S.), Inc.	Yes
Ron Uken	PhD, PrSciNat	Principal Structural Geologist	SRK Consulting (Canada), Inc.	Yes

MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

Qualified Persons (cont'd...)

Qualified Person	Professional Designation	Position	Employer	Independent of Oroco Resource Corporation
Scott Burkett	RM-SME B.Sc. Geology	Principal Consultant (Resource Geology)	SRK Consulting (U.S.), Inc.	Yes

The Company incurred \$8,236,955 in exploration expenditures on the Santo Tomas Properties during the year ended May 31, 2026.

Vainilla Project, Sinaloa State, Mexico

Oroco Resource Corp has entered into an option agreement to acquire the Vainilla mineral concession, subject to final approval of the TSX Venture Exchange. Three internal claims covering the Mazomique mine area (Cuauhtémoc and El Rosario concessions) and a portion of the El Platano Breccia Pipe (La Alicia concession) are not included in the option.

Vainilla Property Overview

The Vainilla property is located approximately 17km SSW of Santo Tomas and 8km east of the town of Choix. The claim covers 2,973.7 hectares.

The title covers an area hosting copper bearing breccia pipes, magnetite and magnetite-copper-gold skarns, along with structurally controlled Ag-Au and base metal mineralization. An area to the SE of the Mazomique Magnetite mine displays highly anomalous molybdenum hosted in breccia pipes within intrusive outcrops. The occurrences are spatially related to monzonitic intrusives and in some cases, mineralization on carbonate batholith contacts. (Fig 6.)

The El Platano Breccia Pipe, which extends from the La Alicia concession onto the Vainilla concession, was explored historically via several adits and drifts at different elevations. The breccia pipe is hosted in andesitic volcanics and lies in the center of a propylitic alteration halo 600 by 250 meters wide, and elongate NNE-SSW. The pipe itself as mapped to date covers some 250 by 150m and is elongate NW to SE. Samples of copper mineralized breccia fragments were sampled from dumps, spoil piles and outcrops.

Regional Geological Context

The Vainilla Claim area and surrounding alteration zones to the east appears to represent a third porphyry target along a trend that includes Bahuerachi to the NNE of Santo Tomas, with Santo Tomas located in the middle and Vainilla to the SSE.

Work Completed to Date

The Company has completed a preliminary field reconnaissance, with chip sampling and mapping over the EL Platano Cu-Breccia Pipe, La Cristina mine area, peripheral mineralized outcrops around the 3rd party owned Cuauhtémoc mine area and the area to the south east of the mine with molybdenum bearing, intrusive hosted breccias. Significant sampling results are shown on figure 6. Results for the sampling, reconnaissance and mapping are provided in greater detail in the Company's news releases filed on SEDAR+ at www.sedarplus.ca on July 30, 2026.

Subsequent to the geological fieldwork, an airborne drone digital terrain survey followed by a drone magnetometry survey were completed with 707 line kilometers flown over 3,500 hectares

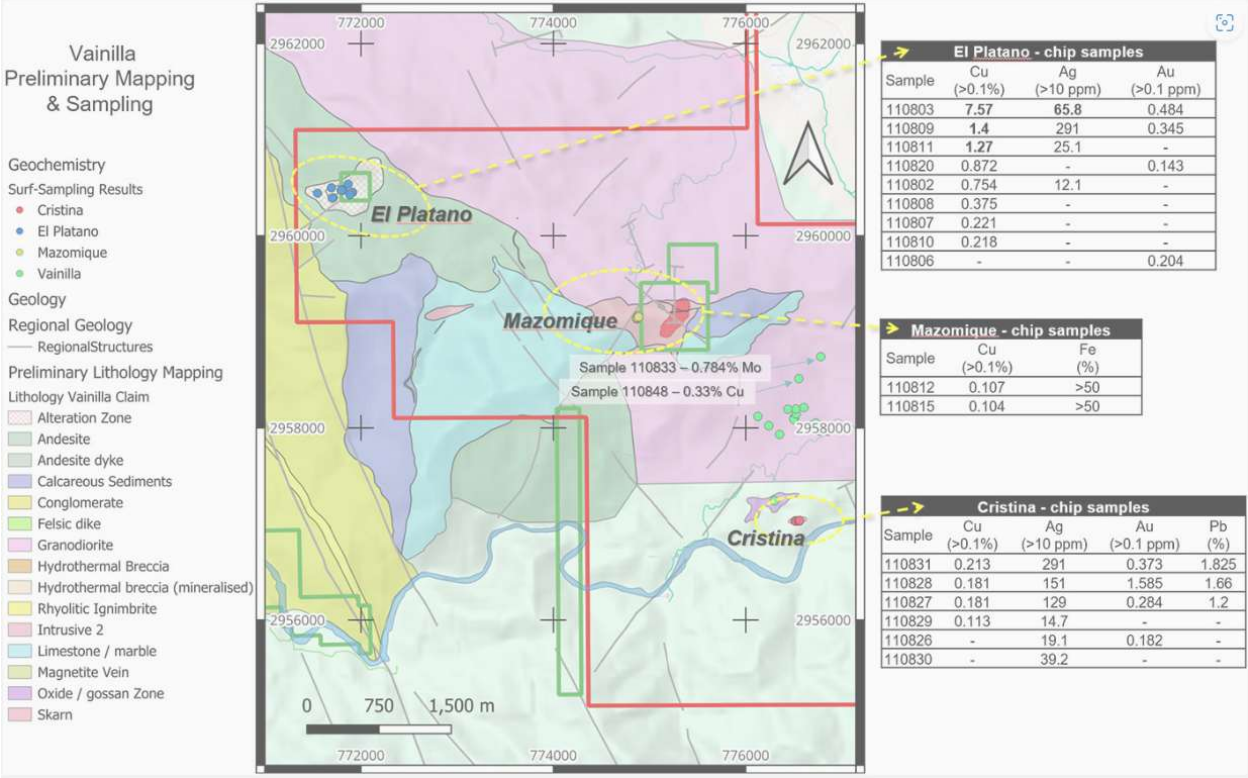
The Company is currently reviewing the geophysical data collected to date in combination with mapping and sampling completed. Further detailed mapping will cover priority areas of geological and geophysical interest.

MINERAL PROPERTIES (cont'd...)

Vainilla Project, Sinaloa State, Mexico (cont'd...)

Work Completed to Date (cont'd...)

Figure 6. General Geology of the Vainilla Claim



Proposed Work Program

Planned work includes induced polarization studies over the property are planned to aid in defining and prioritizing first pass drilling targets. Rehabilitation and mapping of ~150 m of adits at El Platano are planned to help develop a more detailed 3D geological model of the El Platano target. Preparation of drill-permit applications is underway, with environmental surveys currently in process, with submission planned for Q3 2027. Further work depends on results, funding, property access and required approvals.

Xochipala Property, Guerrero State, Mexico

The Xochipala Property, comprised of the Celia Gene (100 ha) and the contiguous Celia Generosa (93 ha) concessions, is located in the Municipality of Eduardo Neri, Guerrero, Mexico at the southern end of the Guerrero Gold Belt.

The Xochipala Property lies approximately four kilometres southeast of the Los Filos mine, just one kilometre from the town of Xochipala and 30 kilometres by good paved road from the state capital of Chilpancingo. The area is well served by a network of local roads. The district is served with hydroelectric power from the Caracol Dam.

The Company incurred \$48,733 in exploration expenditures on the Xochipala Property during the year ended May 31, 2026 and continues to assess the appropriate next stage of exploration.

Salvador Property, Guerrero State, Mexico

The Salvador Property is a 100-hectare mining concession 100% owned by Minera Xochipala which lies approximately 25 kilometers to the west of the Xochipala Property and approximately 30 kilometers west of Chilpancingo, Guerrero. The Salvador property also hosts skarn mineralization associated with felsic intrusions similar to mineralization in the known ore deposits in the area.

MINERAL PROPERTIES (cont'd...)

Vainilla Project, Sinaloa State, Mexico (cont'd...)

Salvador Property, Guerrero State, Mexico (cont'd...)

The Company did not conduct exploration on the Salvador Property during the year ended May 31, 2026.

CERRO PRIETO ROYALTY

Pursuant to the sale of the Company's interest in the Cerro Prieto Property to Goldgroup Mining Inc. ("Goldgroup") in fiscal 2013, Goldgroup agreed to pay to the Company a production royalty (the "Production Royalty"). The Production Royalty, payable for each month in which the monthly average of the daily PM London gold fix is in excess of US\$1,250 per ounce, is calculated at the rate of 20% of the dollar value of that excess for each ounce of gold produced from the property during that month, to a maximum royalty of US\$90 per ounce. This Production Royalty was payable for each ounce of the first 90,000 ounces of gold produced from the Property, which was fulfilled during August 2022.

During the year ended May 31, 2026, the Company received \$1,053,205 (2025 - \$nil) in royalty income.

RESULTS OF OPERATIONS

For the year ended May 31, 2026, the Company recorded a loss from continuing operations of \$6,854,917 (2025 - \$3,636,550) or \$0.02 per share (2025 - \$0.01). The Company has no income producing assets. The Company is considered to be in the acquisition and exploration stage.

The Company is focused on the exploration of mineral concessions which make up the Santo Tomas porphyry copper project in Sinaloa State, Mexico.

For the year ended May 31, 2026, the Company recorded operating expenses of \$6,431,221 (2025 - \$3,636,550), which included consulting fees of \$1,040,223 (2025 - \$263,513), management and directors fees of \$744,577 (2025 - \$709,194), professional fees of \$704,841 (2025 - \$477,200), and share-based payment of \$2,135,385 (2025 - \$840,192).

SELECTED ANNUAL INFORMATION

The following information is derived from the financial statements of the Company for each of the years ended May 31, 2026, May 31, 2025, and May 31, 2024

	May 31, 2026	May 31, 2025	May 31, 2024
Royalty revenue	\$nil	\$nil	\$nil
Net loss	\$(6,854,917)	\$(3,636,550)	\$(3,364,529)
Loss and comprehensive loss for the year	\$(6,855,560)	\$(3,132,538)	\$(3,372,931)
Basic and diluted loss per share	\$(0.02)	\$(0.01)	\$(0.02)
Total assets	\$110,122,992	\$89,407,122	\$84,773,086
Total liabilities	\$2,941,148	\$1,990,066	\$3,157,343
Total non-current liabilities	\$143,141	\$192,258	\$13,443

For the year ended May 31, 2026, the loss for the year included operating expenses of \$6,854,917 (2025 - \$3,636,550). The increase in expenses can be mainly attributed to an increase of \$776,710 in consulting fees, \$255,873 in foreign currency loss, \$227,641 in professional fees, and \$1,295,193 in share-based compensation. The current year saw an increase in overall costs as the Company continued activities at the Santo Tomas Project. Included in the loss and comprehensive loss for the year is a decrease in the gain from the sale of marketable securities of \$31,242 and decrease in the gain from the unrealized gain (loss) on fair value of marketable securities of \$473,413.

SELECTED QUARTERLY RESULTS

Quarter	May 31, 2026	February 28, 2026	November 30, 2025	August 31, 2025
Operating (loss)	\$(2,238,949)	\$(2,324,200)	\$(877,590)	\$(990,482)
Other items	\$843,941	\$(1,399,218)	\$131,581	\$nil
Net income (loss) for the period	\$(1,395,008)	\$(3,723,418)	\$(746,009)	\$(990,482)
Income (loss) per share	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.00)
Total assets	\$110,122,992	\$111,054,383	\$91,014,188	\$89,052,799
Total liabilities	\$2,941,148	\$3,559,014	\$2,583,182	\$2,171,392

Quarter	May 31, 2025	February 29, 2025	November 30, 2024	August 31, 2024
Operating (loss)	\$(1,034,312)	\$(571,580)	\$(780,080)	\$(1,250,578)
Other items	\$nil	\$nil	\$nil	\$nil
Net income (loss) for the period	\$(1,034,312)	\$(571,580)	\$(780,080)	\$(1,250,578)
Income (loss) per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.01)
Total assets	\$89,407,122	\$89,471,286	\$87,929,533	\$87,934,511
Total liabilities	\$1,990,066	\$2,124,012	\$1,725,090	\$1,181,137

The operating losses for the quarters ended May 31, 2026 and February 28, 2026 have remained consistent, with the main difference from prior quarters being consulting fees, professional fees, and share-based payment. As with the quarter ended November 30, 2025, consulting fees saw an increase related to fees paid for work on a strategic option study of the Santo Tomas Project. The quarter ended November 30, 2025 saw a decrease in share-based compensation, as fewer options were granted than in previous quarters. Stock options were granted during the quarter ended February 28, 2026, resulting in an increase of expense for the last two quarters of fiscal 2026. There were no options granted in fiscal 2025. Professional fees increased in the quarter ended February 28, 2026 as a result of the work done on the prospectus. The quarterly results for the quarter ended August 31, 2025 included the fair value of shares issued for work on the aforementioned strategic option study. Starting in the second quarter of fiscal 2026, net income (loss) changed due to the inclusion in other items of the change in fair value of warrant derivative. The fourth quarter of fiscal 2026 also included interest income, as the Company invested its excess cash in interest bearing accounts. The quarterly results for the quarter ended May 31, 2025 have seen an increase over the prior two quarters as this quarter includes an accrual for the year end audit and as well as increased costs incurred with the filing and maintenance of the Company base shelf prospectus. Starting in mid fiscal 2025, total liabilities contain the lease liability for the office. Amortization and interest on the lease are recorded in office and miscellaneous, which accounts for an increase in the operating loss. The lower operating loss from August 31, 2024 to the quarter ended November 30, 2025 is mainly attributable to a significantly lower amount of share-based compensation being recorded. The increase in total assets is primarily due to expenditures on the Santo Tomas property, which is consistent with prior quarters, and on the preparation of the Company's 2024 PEA and MRE.

ANALYSIS OF FINANCINGS

The following table sets out prior disclosure by the Company of its intended use of proceeds, other than working capital related costs, from financings, the Company's actual achievements and an explanation of any variation.

Disclosed Use of Proceeds (other than working capital)	Company Achievements	Reasons for Variation
January 14, 2026 To fund commencement of Pre-Feasibility Study drilling at the Santo Tomás copper project, advance baseline environmental and permitting work, and for general corporate working capital.	The Company has commenced a Pre-Feasibility Study drilling program.	No significant variation
November 14, 2025 To advance the Santo Tomas Project towards its planned Pre-Feasibility Study and for general corporate purposes	The Company continued its work advancing the permitting processes, community relations, and financing opportunities.	No significant variation

ANALYSIS OF FINANCINGS (cont'd...)

February 28, 2025 The advancement of the Santo Tomás Project located in Sinaloa State, Mexico, as well as working capital, corporate marketing and other general corporate purposes	The Company continues its activities on the Santo Tomas Project with its current focus on permitting for the project and increasing public awareness of the Company and the Santo Tomas Project.	No significant variation
June 7, 2024 The advancement of the Santo Tomás Project located in Sinaloa State, Mexico, as well as working capital and other general corporate purposes	The Company continues its activities on the Santo Tomas Project with its current focus on preparing for the next stage exploration work as set out in the Company's revised Preliminary Economic Assessment filed on August 26, 2024.	No significant variation.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2026, the Company had working capital of \$11,665,424 as compared with a working capital deficiency of \$129,561 at the year ended May 31, 2025.

During the year ended May 31, 2026, the Company sold 207,825 (2025 - 352,300) shares of Goldgroup for proceeds of \$200,974 (2025 - \$322,026).

During the year ended May 31, 2026, the Company issued 70,681,335 (2025 - 23,265,350) common shares pursuant to private placements, for proceeds of \$25,863,029 (2025 - \$8,626,563). During the year ended May 31, 2026, the Company issued 1,233,000 (2025 - nil) common shares pursuant to the exercise of warrants, for proceeds of \$583,200 (2025 - \$nil).

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements that would potentially affect current or future operations, or the financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

During the year ended May 31, 2026, the Company entered into transactions with related parties as follows:

- (a) paid or accrued management and director's fees totalling \$236,000 to a company controlled by Craig Dalziel, Executive Chairman of the Company, for management and other services, and to Mr. Dalziel directly for Mr. Dalziel's services as director of the Company;
- (b) paid or accrued management and director's fees totalling \$169,937 to a company controlled by Richard Lock, CEO of the Company, for management, and to Mr. Lock directly for Mr. Lock's services as director of the Company,
- (c) paid or accrued management and director's fees totalling \$190,000 to a company controlled by Ian Graham, a director of the Company and to Mr. Graham directly for Mr. Graham's services as director of the Company,
- (d) paid or accrued professional and consulting fees totalling \$171,000 to David Rose, Corporate Secretary of the Company, for legal and management consulting services provided to the Company;
- (e) paid or accrued consulting and director's fees totalling \$81,000 to a company controlled by Steve Vanry, Chief Financial Officer of the Company, and to Mr. Vanry directly, for his services as Chief Financial Officer and director;
- (f) paid or accrued director's fees totalling \$10,000 to Robert Friesen for Mr. Friesen's services as a director;
- (g) paid or accrued director's fees totalling \$10,000 to Stephen Leahy for Mr. Leahy's services as a director;
- (h) paid or accrued director's fees totalling \$9,000 to Ian Rice for Mr. Rice's services as a director;
- (i) paid or accrued director's fees totalling \$6,333 to Faysal Rodriguez for Mr. Rodriguez's services as a director;
- (j) recorded share-based payments of \$233,089 to a company controlled by Mr. Dalziel;
- (k) recorded share-based payments of \$116,545 to Mr. Graham;
- (l) recorded share-based payments of \$85,466 to Mr. Rose;
- (m) recorded share-based payments of \$85,466 to Mr. Vanry;
- (n) recorded share-based payments of \$62,157 to Mr. Friesen;
- (o) recorded share-based payments of \$62,157 to Mr. Leahy;
- (p) recorded share-based payments of \$31,079 to Mr. Rice;
- (q) recorded share-based payments of \$82,181 to Mr. Lock; and
- (r) recorded share-based payments of \$155,393 to Mr. Rodriguez.

TRANSACTIONS WITH RELATED PARTIES (cont'd...)

As at May 31, 2026, \$356,705 was owing to officers and directors for directors, management, consulting, legal and accounting fees. These charges were measured by the exchange amount, which is the amount agreed upon by the related parties. The amounts owing are unsecured, non-interest bearing and have no fixed repayment terms. The above transactions were incurred in the normal course of operations and are recorded at the exchange amount, being the amount agreed upon by the transacting parties.

CONTRACTUAL OBLIGATIONS

The Company has no material capital lease agreements and no material long term obligations other than those described above or in the description of mineral properties.

RISKS AND UNCERTAINTIES

The following factors are those which are the most applicable to the Company. The discussion which follows is not inclusive of all potential risks. Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all of the risks inherent in the mineral exploration and mining business, the Company strives to manage these risks, to the greatest extent possible, to ensure that its assets are protected.

The Company has a history of losses and may not be able to generate sufficient revenue to be profitable or to generate positive cash flow on a sustained basis.

The Company has no history of revenue or earnings from operations. The Company is an exploration stage company and no cash flow or operating revenues are anticipated until one of the Company's projects comes into production, which may or may not occur. As such, the Company has had negative cash flow since the date of its incorporation and is subject to many risks common to such enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. The Company expects to continue to expend substantial financial and other resources on exploration and development of the Santo Tomas Project. These investments may not result in revenue or growth in the business. If the Company cannot eventually earn revenue at a rate that exceeds the costs associated with its business, it will not be able to achieve or sustain profitability or generate positive cash flow on a sustained basis and its revenue growth rate may decline. There is no assurance that an investor will be successful in achieving a return on an investment in the common shares of the Company and the likelihood of success must be considered in light of its early stage of development. If the Company fails to eventually earn revenue, its business, results of operations, financial condition and prospects could be materially adversely affected.

The Company may be unable to raise the capital necessary for it to execute its strategy on favourable terms or at all.

The Company will require additional financing to advance beyond the currently planned exploration programs at the Santo Tomas in order to develop Santo Tomas and achieve commercial production. Additional funds may not be available when the Company needs them, on terms that are acceptable, or at all. If adequate funds are not available to the Company on a timely basis, it may be unable to proceed with future exploration and development of Santo Tomas or with other exploration, development or acquisition of property interests to carry out its business plan, as desired, which could materially affect the Company's business, results of operations, financial condition and prospects.

The mining industry is very competitive.

The Company competes with other exploration and production companies, many of which are better capitalized, have greater financial resources, operational experience and technical capabilities, or are further advanced in their development or are significantly larger and have access to greater mineral resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If the Company is unsuccessful in acquiring additional mineral properties or qualified personnel, it may not be able to grow at the rate it desires, or at all.

The Company's competitors may be able to devote greater resources to the expansion and efficiency of their operations or respond more quickly to new laws and regulations or emerging technologies than the Company. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

RISKS AND UNCERTAINTIES (cont'd...)

The Company may not be able to complete acquisitions it pursues and any completed acquisitions or business arrangements may ultimately not benefit its business.

As part of the Company's business strategy, it has sought and will continue to seek new mining and development opportunities in the mining industry. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

There is no assurance that the Company's exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or develop new resources.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, apart from the mineral resources on Santo Tomas, the Company does not have any properties with mineral resources. The economics of developing copper, gold, silver and other mineral properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the prices of copper, gold, silver or other minerals produced, the Company may determine that it is impractical to commence or continue exploration and development. Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for base and precious metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals, and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability.

Mineral resources estimates are based on interpretations and assumptions that may not be accurate.

There are numerous uncertainties inherent in estimating quantities of mineral resources and grades of mineralization, including many factors beyond the Company's control. In making determinations about whether to advance a project to development, mineral resources and grades of mineralization must be considered as estimates only. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling which may prove to be unreliable. Mineral resources or other mineralization estimates may not be accurate.

Any material changes in mineral resources estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital. Estimates of mineral resources have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for copper, gold, silver and other precious metals may render portions of the Company's resources uneconomic.

Time and Cost Estimates

Actual time and costs may vary significantly from estimates for a variety of reasons, both within and beyond the control of the Company. Failure to achieve time estimates and significant increases in costs may adversely affect the Company's ability to continue exploration, develop the Company's projects and ultimately generate sufficient cash flows. There is no assurance that the Company's estimates of time and costs will be achievable.

RISKS AND UNCERTAINTIES (cont'd...)

The Company may be involved in disputes related to its contractual interests in certain properties

The Company is a party to agreements pursuant to which it may earn interests in certain properties. Title to such properties may be held in the names of parties other than the Company. Any of such properties may become the subject of an agreement which conflicts with the agreement pursuant to which the Company may earn its interest, in which case the Company may incur expenses in resolving any dispute relating to its interest in such property and such a dispute could result in the delay, indefinite postponement of further exploration and development of properties or the possible loss of such properties.

The Company's future success depends on its relationships with the communities in which it operates.

The Company's relationships with the communities in which the Company operates are critical to ensuring the future success of existing operations and the construction and development of future projects. There is an increasing level of public interest worldwide relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations ("NGOs"), some of which oppose globalization and resource development, are often vocal critics and attempt to interfere with the mining industry and its practices. Adverse publicity generated by such NGOs or others related to extractive industries generally, or their operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact the Company's relationship with the communities in which it operates. While the Company believes that it operates in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

The Company may not be able to acquire surface rights to its mineral concessions.

A mineral concession in Mexico does not confer any ownership of surface rights. The majority of the Company's mineral properties are located in remote and relatively uninhabited areas. There are currently no areas of interest within the Company's mineral concessions that are overlain by significant habitation or industrial users, however there are potential overlapping surface usage issues in some areas. Some surface rights are owned by local communities or "Ejidos", and some surface rights are owned by private ranching or residential interests. The Company will be required to negotiate the acquisition of surface rights in those areas where it may wish to develop mining operations. The Company's mineral interests are located on community or private land, and it is necessary to deal with the owners for access and any potential development or exploitation rights. There can be no assurance that the Company will be able to negotiate and acquire surface access rights on terms acceptable to the Company or at all.

Violence and other criminal activities in Mexico could have an adverse effect on the results and the financial condition of the Company.

Certain areas of Mexico have experienced outbreaks of localized violence, thefts, kidnappings and extortion associated with drug cartels and other criminal organizations in various regions. Any increase in the level of violence, or a concentration of violence in areas where the projects and properties of the Company are located, could have an adverse effect on the results and the financial condition of the Company.

The Company is subject to government regulation and failure to comply could have an adverse effect on the Company's operations.

The Company's operations, exploration and development activities are subject to extensive foreign federal, state and local laws and regulations governing such matters as environmental protection, management and use of toxic substances and explosives, management of natural resources, health, exploration and development of mines, production and post-closure reclamation, safety and labour, mining law reform, price controls, import and export laws, taxation, maintenance of claims, tenure, government royalties and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. The activities of the Company require licenses and permits from various governmental authorities.

RISKS AND UNCERTAINTIES (cont'd...)

The Company is subject to government regulation and failure to comply could have an adverse effect on the Company's operations. (cont'd...)

The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even those actions of parties from whom the Company acquired its mines or properties, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company retains competent and well-trained individuals and consultants in jurisdictions in which it does business; however, even with the application of considerable skill, the Company may inadvertently fail to comply with certain laws. Such events can lead to financial restatements, fines, penalties, and other material negative impacts on the Company.

The Company's operations are subject to extensive environmental, health and safety regulations.

The Company's operations are subject to extensive laws and regulations governing environmental protection and employee health and safety promulgated by governments and government agencies. Environmental regulation provides for restrictions on, and the prohibition of, spills and the release and emission of various substances related to mining industry operations which could result in environmental pollution.

Environmental laws and regulations are complex and have become more stringent over time. The Company is required to obtain governmental permits and in some instances air, water quality, waste disposal, hazardous substances and mine reclamation permits. Although the Company makes provisions for reclamation costs, it cannot be assured that these provisions will be adequate to discharge the Company's future obligations for these costs. Failure to comply with applicable environmental and health and safety laws may result in injunctions, damages, suspension or revocation of permits and imposition of penalties. Environmental regulation is evolving in a manner resulting in stricter standards and the enforcement of, and fines and penalties for, non-compliance are becoming more stringent. In addition, certain types of operations require environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees.

Climate change regulations may become more onerous over time as governments implement policies to further reduce carbon emissions, including the implementation of taxation regimes based on aggregate carbon emissions. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, the cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations, reducing the profitability of the Company's operations.

The Company's operations are subject to extensive environmental, health and safety regulations. (cont'd...)

The Company intends to, and attempts to, fully comply with all applicable environmental regulations. While the health and safety of its people and responsible environmental stewardship are top priorities for the Company, there can be no assurance that the Company has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially and adversely affect the Company's business, results of operations or financial condition.

The Company may not be successful in obtaining and renewing government permits.

In the ordinary course of business, the Company is required to obtain and renew government permits for the operation and expansion of existing operations or for the development, construction and commencement of new operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and possibly involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the permitting authority. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

RISKS AND UNCERTAINTIES (cont'd...)

Changes to Mexican Mining Law.

On April 29, 2023 (effective May 9, 2023), the Mexican Congress approved a decree amending the Mining Law and other national laws regarding mining and water concessions (the “Amendments”). The Amendments focus principally, but not exclusively, on the process of granting new concessions and their associated rights and obligations.

Principal Amendments affecting the Company’s existing concessions are: (1) reduction of the term of renewal to a one-time period of 25 years, with the right to bid for the concession thereafter if the concessionaire matches 90% of the highest bid in a public bidding process; (2) the requirement of government approval for the transfer of mineral concessions; (3) the addition of grounds for cancellation, including: (i) failure to pay mining fees for two consecutive years; (ii) failure to submit verification reports for works for two consecutive years or five non-consecutive years; (iii) failure to commence work within one year; (iv) failure to carry out work for a period of two consecutive years; (v) failure to submit a mine closure plan within the time required; and (vi) lack of a valid water concession; and (4) the elimination of mining’s preferential nature and the related right to expropriate land when required.

Notwithstanding Management’s interpretation that the above noted changes to the Mining Law are of limited impact to the Company, there is no assurance that future changes to the Mining Law may have negative impacts to the Company’s planned operations.

Legal challenges to the mining reform legislation have been initiated by several Canadian mining and exploration companies, including Oroco, which has initiated amparo legal challenges (each of MX and STC) to the mining reform legislation. The outcome of the Company’s legal challenge is unknown and ultimate court rulings may not be rendered in the Company’s favour.

The Company’s exploration activities are subject to foreign currency exchange fluctuations which could result in foreign exchange losses.

Exploration activities in Canada and Mexico are subject to foreign currency exchange fluctuations. The Company raises its funds through equity issues, which are priced in Canadian dollars, and the majority of the exploration costs of the Company are denominated in United States dollars or Mexican Pesos. The Company may suffer losses due to adverse foreign currency fluctuations.

Loss of key personnel could materially affect the Company’s operations and financial condition.

The Company depends on the business and technical expertise of a number of key personnel, including its directors and executive officers and key personnel working full-time in management and administrative capacities or as consultants. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company’s exploration and development activities expand, it will require additional key personnel. The Company does not maintain life insurance for such personnel. The loss of any key personnel, or the failure to retain such personnel, could have a material adverse effect on the Company’s future operations and financial condition.

The Company may be subject to potential conflicts of interest with its directors and/or officers.

The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest.

To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict-of-interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

RISKS AND UNCERTAINTIES (cont'd...)

Security breaches of the Company's information systems could adversely affect the Company.

The Company's operations depend, in part, upon information technology systems. The Company's information technology systems are subject to disruption, damage or failure from a number of sources, including, but not limited to, hacking, computer viruses, security breaches, natural disasters, power loss, vandalism, theft and defects in design. Any of these and other events could result in information technology systems failures, operational delays, production downtimes, destruction or corruption of data, security breaches or other manipulation or improper use of our data, systems and networks, any of which could have adverse effects on our reputation, business, results of operations, financial condition and share price. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect our systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on any forward-looking statement.

CRITICAL ACCOUNTING ESTIMATES

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

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

- Share-based payment - The fair value of stock options and compensatory warrants issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options and compensatory warrants.
- The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration, evaluation and related costs incurred, which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.
- Rehabilitation provisions - The Company's potential for rehabilitation provisions includes estimates of future costs directly attributable to remediating the liability, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties.
- Equipment - The carrying amounts of equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, using the depreciation methods and rates as indicated below. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of the remaining depreciation rate. Depreciation commences on the date the asset is available for its use as intended by management.

CHANGES IN ACCOUNTING POLICIES

New accounting policies adopted

The accounting policies adopted during the year ended May 31, 2026 are as follows:

Warrants issued in equity financing transactions

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

Financial liabilities

The classification and measurement of warrant derivative is at fair value through profit or loss.

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

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

IFRS 18, Presentation and Disclosure in Financial Statements

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

FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

Fair value hierarchy

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

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

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

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

Fair value hierarchy (cont'd...)

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

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

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

Credit Risk

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

Liquidity Risk

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

Foreign Exchange Risk

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

Interest Rate Risk

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

Management of Industry Risk

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

SUBSEQUENT EVENT

Subsequent to May 31, 2026, the Company:

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

OTHER MD&A DISCLOSURE REQUIREMENTS

Disclosure by Venture Issuer without significant revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the Financial Statements to which this MD&A relates. An analysis of the material components of the acquisition and deferred exploration costs of the Company's mineral properties is disclosed in the annual Financial Statements to which this MD&A relates.

Share Capital

As at September 25, 2026, the Company had 325,954,143 common shares, 12,985,000 incentive stock options, and 43,685,490 share purchase warrants outstanding.

Information Available on SEDAR

Additional information relating to the Company is available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors,

September 25, 2026

"Craig Dalziel"

Executive Chairman