ALGO GRANDE COPPER CORP.
(FORMERLY, KENADYR METALS CORP.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(EXPRESSED IN CANADIAN DOLLARS)

GENERAL

This Management's Discussion and Analysis ("MD&A") of Algo Grande Copper Corp. (formerly Kenadyr Metals Corp.) ("Algo Grande" or the "Company") is dated April 30, 2026, provides analysis of the Company's financial results for the year ended December 31, 2025 ("FY 2025"), compared to year ended December 31, 2024 ("FY 2024").

The following information should be read in conjunction with the Company's December 31, 2025 audited consolidated financial statements with accompanying notes and related MD&A for the year ended December 31, 2025, which were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the Company are available on SEDAR+ website at www.sedarplus.ca.

There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on this forward-looking information.

All dollar figures are expressed in Canadian dollars unless otherwise stated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may be deemed "forward-looking statements", including statements regarding developments in the Company's operations in future periods, adequacy of financial resources and future plans and objectives of Company. All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that Management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on this forward-looking information.

COMPANY OVERVIEW

Algo Grande Copper Corp, formerly Kenadyr Metals Corp. was incorporated on November 2, 2010 under the Business Company Act of the Province of British Columbia. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "ALGR".

The Company's registered and records office is located at 1055 West Georgia Street, Suite 1500, PO Box 11117, Vancouver, BC V6E 4N7 and its principal business address is located at #1507 – 1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

SELECT RECENT DEVELOPMENTS

On November 25, 2025, the Company appointed Enrico Gay as Chief Executive Officer.

On December 18, 2025, the Company secured over $3.8 million in an oversubscribed subscription receipt financing. Concurrently, the Company officially completed its TSXV reactivation, changed its name from Kenadyr Metals Corp. to Algo Grande Copper Corp., and closed the 100% acquisition of the 5,895-hectare Adelita Copper-Gold-Silver Project in Sonora, Mexico.

On January 9, 2026, the Company announced the identification of 32 high-priority exploration targets at Adelita and appointed João Rocha as Vice President of Exploration. Subsequently, on January 15, 2026, the Company engaged AI-Metals for a 12-month AI-driven data integration program to synthesize property data and refine drill targeting ahead of Phase II exploration.

On February 5, 2026, initial results from the Phase I drill program at Cerro Grande confirmed the discovery of three new skarn horizons, including intercepts of 36.00 metres above 1.0% copper. To support further expansion, the Company closed an oversubscribed $6.52 million non-brokered financing on February 27, 2026, which was upsized from an original $5 million target to fully fund Phase II drilling. Additionally, at the Annual General Meeting held on February 25, 2026, shareholders approved the appointment of Dr. Raymond Jannas to the Board of Directors, strengthening the Company's technical leadership.

On March 11, 2026, the Company reported a new skarn discovery located 3 kilometres south of Cerro Grande, featuring surface samples exceeding 3% copper. On March 19, 2026, advanced geophysical (LiDAR, drone magnetics) and geochemical (soil sampling) programs were launched to further refine Phase II drill targets.

On April 2, 2026, the Company reported the final results of its completed Phase I drill program, confirming a large, high-grade Cu-Au-Ag skarn system at Cerro Grande with stacked horizons and significant porphyry expansion potential.

GOING CONCERN

This MD&A and the Annual Financial Statements have been prepared on the basis that the Company will remain a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the Company's next fiscal year. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

During the year ended December 31, 2025, the Company incurred an operating loss of $1,458,510 and as at December 31, 2025, the Company had a deficit of $25,547,155. While the Company had working capital of $1,093,327 as at December 31, 2025, the Company expects to incur further operating losses for the foreseeable future in the development of its business and expects that it will require additional financing.

The Company's ability to continue as a going concern is dependent upon the ability to find, acquire and develop various businesses with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Therefore, this indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

As a result of the above, realization values may be substantially different from the carrying values shown and the interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

EXPLORATION AND EVALUATION ASSET

	December 31, 2025	December 31, 2024
Adelita Project - Mexico	$ 2,577,333	$ -
	$ 2,577,333	$ -

The Company completed the acquisition pursuant to the terms and conditions of (a) a share purchase agreement dated June 13, 2025 (the "Infinitum Agreement") pursuant to which Algo Grande acquired 100% of Exploraciones Margarita S.A. de C.V. ("EM"), a private Mexican company holding an 80% interest in the Adelita Project, and (b) an asset purchase agreement dated August 12, 2025 (the "Minaurum Agreement") with Minaurum Silver Inc. and Minera Minaurum Gold, S.A. de C.V. ("Minaurum"), a private Mexican company, pursuant to which Algo Grande acquired the remaining 20% interest in the Adelita Project from Minaurum.

Under the terms of the Infinitum Agreement, the Company acquired EM in exchange for:

- $100,000 in cash, of which, $35,000 was withdrawn from the existing cash of EM prior to the completion of the acquisition; and
- 1,842,719 Shares, which are subject to voluntary resale restrictions with releases occurring over a period of 20 months

Pursuant to the share purchase agreement, Infinitum was granted an anti-dilution right for a period of 12 months following the closing date. Under this provision, Infinitum was entitled to receive additional common shares to maintain a 9% equity interest in the Company, up to a maximum of 2,588,000 common shares. This right applied only to the first $3,500,000 in gross proceeds raised from subsequent equity financings.

On December 18, 2025, the Company completed a private placement that exceeded the $3,500,000 funding threshold. In connection with this financing, the Company issued 901,600 common shares to Infinitum. As the equity financing threshold has now been met, this issuance fully satisfies and extinguishes the Company's obligations under the anti-dilution provision.

Under the terms of the Minaurum Agreement, the Company acquired the remaining 20% interest in Adelita Project in exchange for:

- 313,953 shares; and
- A 1% net smelter return royalty from the sale of any ores, minerals, mineral substances, metals, or concentrates derived from the property.

All securities issued pursuant to the acquisition are subject to a statutory hold period of four (4) months plus one (1) day from the date of issuance, in accordance with applicable securities legislation.

2026 exploration work program

In 2026, the Company will initially focus on completing comprehensive LiDAR, drone magnetic, and surface geochemical surveys, alongside an AI-driven data integration program, across its 100-per-cent-owned Adelita Project in Sonora, Mexico. The program will synthesize structural, geophysical, and geochemical data to refine a district-scale skarn-porphyry model and prioritize 32 identified high-potential targets ahead of the Company's Phase II drilling program. The fully funded Phase II program, anticipated to commence in Q2 2026, will focus on step-out expansion of the vertically stacked Cu-Au-Ag skarn horizons at Cerro Grande and first-pass drilling of newly discovered regional skarn targets.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the most recent eight quarterly periods:

	F2025-Q1 March 31, 2025 ($)	F2025-Q2 June 30, 2025 ($)	F2025-Q3 September 30, 2025 ($)	F2025-Q4 December 31, 2025 ($)
Current Assets	209,206	218,547	3,417,088	3,098,752
Current Liabilities	1,077,747	541,609	4,029,567	2,005,425
Total Assets	209,206	218,547	3,417,088	5,676,085
Total Operating Loss	(89,938)	(316,883)	(373,357)	(671,868)
Net Loss	(90,527)	(320,495)	(367,817)	(679,671)
Loss per Share	(0.05)	(0.02)	(0.03)	(0.05)

	F2024-Q1 March 31, 2024 ($)	F2024-Q2 June 30, 2024 ($)	F2024-Q3 September 30, 2024 ($)	F2024-Q4 December 31, 2024 ($)
Current Assets	373,541	239,774	208,716	223,010
Current Liabilities	862,023	818,960	870,376	1,001,024
Total Assets	373,541	239,774	208,716	223,010
Total Operating Loss	(244,681)	(89,150)	(81,300)	(126,708)
Net Loss	(236,600)	(90,704)	(82,474)	(116,354)
Loss per Share	(0.12)	(0.05)	(0.04)	(0.06)

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2025

Operating loss for the three months ended December 31, 2025 was $671,868, compared to $126,708 incurred the same period in the prior year. The significant differences were as follows:

- Consulting fees of $251,744 during the three months ended December 31, 2025 compared to $40,850 during the same period in the prior year. The increase is primarily due to additional activity during the three months ended December 31, 2025.

- Exploration and evaluation expenditures of $215,782 during the three months ended December 31, 2025 compared to $nil during the same period during the prior year. The Company acquired the Adelita Project on December 18, 2025 and did not have an exploration and evaluation asset during the prior year.

- Investor relations of $41,759 during the three months ended December 31, 2025 compared to $nil during the same period in the prior year. The Company's investor relations program campaign began subsequent to the December 18, 2025 financing.

- Travel and entertainment costs of $31,084 during the three months ended December 31, 2025 compared to $nil during the same period in the prior year. Travel and meals consisted primarily of airfare incurred during the three months ended December 31, 2025 related to traveling to Mexico for the acquisition of Adelita Project. No travel expenses occurred during the year ended December 31, 2024.

As a result of the foregoing, the Company recorded a comprehensive loss for the three months ended December 31, 2025 of $702,624, as compared to a comprehensive loss of $116,354 during the same period a year prior.

SELECTED ANNUAL INFORMATION

	For the Year ended December 31, 2025 (Audited)	For the Year ended December 31, 2024 (Audited)	For the year ended December 31, 2023 (Audited)
Total revenues	Nil	Nil	Nil
Net Income (Loss)	(1,458,510)	(526,132)	862,673
Comprehensive Income (Loss)	(1,481,913)	(526,132)	707,520
Total Assets	5,676,085	223,010	1,297,742
Total Liabilities	2,005,425	1,001,024	1,549,624
Deficit	(25,547,155)	(24,088,645)	(23,562,513)

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2025

Operating expenses for the year ended December 31, 2025 were $1,452,046, compared to $541,839 incurred the same period in the prior year. The significant differences were as follows:

- Consulting expenses of $472,732 incurred during the year ended December 31, 2025 compared to the $259,461 during the same period in the prior year. The increase is primarily due to additional activity in the Company during the year.

- Exploration and evaluation expenditures of $215,782 during the year ended December 31, 2025 compared to $nil during the same period during the prior year. The Company acquired the Adelita Project on December 18, 2025 and did not have an exploration and evaluation asset during the prior year.

- Investor relations of $41,759 during the year ended December 31, 2025 compared to $nil during the same period in the prior year. The Company's investor relations program campaign began subsequent to the December 18, 2025 financing.

- Legal and professional expenses were $125,599 during the year ended December 31, 2025, compared to $57,108 incurred during the same period in the prior year. The difference is primarily due to increased activity in the Company during the year ended December 31, 2025.

- Property investigation costs of $148,854 during the year ended December 31, 2025, compared to $nil during the same period in the prior year. Property investigation costs consists of preliminary field work and due diligence on the Adelita Project prior to its acquisition.

- Travel and entertainment of $44,656 during the year ended December 31, 2025, compared to $nil during the same period in the prior year. Travel and entertainment consisted primarily of airfare during the year ended December 31, 2025 related to traveling to Mexico for the acquisition of Adelita Project.

As a result of the foregoing, the Company recorded a comprehensive loss for the year ended December 31, 2025 of $1,481,913 as compared to a comprehensive loss of $526,132 during the prior year.

LIQUIDITY AND CAPITAL RESOURCES

SHARE DATA

As at the date of this MD&A, the Corporation has 42,339,746 common shares, issued and outstanding. In addition, there are 481,945 agent warrants, 4,630,000 stock options, and 2,050,000 Restricted Share Units ("RSUs") outstanding.

On January 13, 2025, the Company consolidated its issued and outstanding common shares on a 6 to 1 basis. All references to common shares, stock options and warrants in the MD&A have been adjusted to reflect this change.

On April 25, 2025, the Company closed a non-brokered private placement of 16,666,700 common shares at price of $0.06 per share for gross proceeds of $1,000,002.

On December 18, 2025, the Company closed a non-brokered private placement of 10,198,402 common shares at price of $0.375 per share for gross proceeds of $3,824,401. An aggregate of 409,270 common shares were issued to an officer and a director of the company for gross proceeds of $153,476. $16,523 of the proceeds were outstanding as at December 31, 2025. The Company incurred an aggregate of $191,966 in cash share issuance costs and issued 405,207 finder warrants. $44,984 of the share issuance costs were in accounts payable and accrued liabilities as at December 31, 2025.

On December 18, 2025, the Company issued 3,058,272 common shares as consideration for the acquisition of the Adelita Project.

On December 18, 2025, the Company issued an aggregate of 2,870,000 stock options, expiring two years from the issuance, and valued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 2.42% per annum, an expected life of options of 2 years, an expected volatility of 120% and no expected dividends. The options vest 20% on issuance and 20% every six months after. The fair value of the options was determined to be $658,500.

On February 27, 2026, the Company closed a non-brokered private placement, issuing 10,037,020 common shares at a price of $0.65 per share for gross proceeds of $6,524,063. Included in this issuance were 77,155 common shares subscribed for by certain directors of the Company for aggregate gross proceeds of $50,151.

In connection with the private placement, the Company paid aggregate cash finder's fees of $169,605, issued 56,000 common shares for payment of finder fees and issued 355,863 finder's warrants. Each finder's warrant entitles the holder to acquire one common share at an exercise price of $0.65 for a period of three years from the date of issuance.

Additionally, the Company settled a $50,000 corporate finance fee in connection with the offering through the issuance of 76,923 common shares at a deemed price of $0.65 per share.

Subsequent to the year ended December 31, 2025, the Company issued an aggregate of 279,125 common shares for the exercise of warrants.

On April 15, 2026, the Company granted 1,760,000 stock options to certain officers, directors and consultants of the Company with an exercise price of $0.65 for a period of 3 years from the date of grant. 50% of the options vest six months from issuance and the remaining 50% options vest six months thereafter.

On April 15, 2026, the Company granted 2,050,000 Restricted Share Units (“RSUs”) to certain directors, consultants, and an officer of the Company. The RSUs vest one year from the date of grant.

CAPITAL RESOURCES

The Company defines capital as consisting of shareholder’s equity and cash. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company’s management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at December 31, 2025, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company’s approach to capital management during the year ended December 31, 2025.

LIQUIDITY

The Company’s objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Company has historically financed its operations primarily through the sale of share capital by way of private placements.

At December 31, 2025, the Company had cash of $2,289,549 and working capital of $1,093,327.

Cash used in operating activities was $1,978,240 during the year ended December 31, 2025, compared to $965,710 used in operating activities during the prior period. The increase was primarily due to increased operations during the year ended December 31, 2025.

Cash flows used in investing activities was $280,706 during the year ended December 31, 2025 compared to $18,578 provided by investing activities for the year ended December 31, 2024. The cash flows from investing activities during the year ended December 31, 2025 consisted of the cash and acquisition costs paid from the acquisition of the Adelita Project.

Cash flows from financing activities was $4,357,840 for the year ended December 31, 2025 compared to cash used in financing activities of $111,800 for the year ended December 31, 2024. The cash flows from financing activities during the year ended December 31, 2025 consists primarily of the proceeds from the private placement financings, partially offset by repayment of loans.

The development of the Company in the future will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

OUTLOOK

The Company plans to conduct further exploration at Adelita Project. Further exploration and corporate costs are expected to be funded through future equity financing.

The focus of the ongoing work on Adelita Project is to rank and prioritize targets for follow-up drilling in 2026 targeting a significant gold discovery. Interpretation of preliminary results to date indicates the key focus will be the Porphyry-Skarn System in the Sonora-Arizona Belt.

RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel and companies related by way of directors or shareholders in common.

Key Management Personnel Compensation

During the years ended December 31, 2025 and 2024, the Company paid and/or accrued the following fees to key management personnel:

		December 31, 2025		**December 31, 2024**
Enrico Gay, CEO	$	40,000	$	-
Tim McCutcheon, Director, Former CEO		190,135		192,000
Kevin Ma, Director, Former CFO		207,368		113,400
Bradley Scharfe, Director		16,429		12,500
	$	453,932	$	317,900

During the year ended December 31, 2025, Officers and Directors of the Company were granted 750,000 stock options and $39,538 of share based payments expense was recorded related to the vesting of stock options. There were no stock options granted nor share based payments expense recorded during the year ended December 31, 2024.

Enrico Gay, CEO – $21,083 of share based payments expense was recorded in fiscal 2025.

Tim McCutcheon, Director, Former CEO – $5,271 of share based payments expense was recorded in fiscal 2025.

Calibre Capital Corp. (Kevin Ma, Director, Former CFO) – $5,271 of share based payments expense was recorded in fiscal 2025.

Gord Neal, Director – $5,271 of share based payments expense was recorded in fiscal 2025.

Scharfe Holdings Inc. (Bradley Scharfe, Director) – $2,635 of share based payments expense was recorded in fiscal 2025.

Due to/from Related Parties

As at December 31, 2025, the Company has $95,525 in accounts payable and accrued liabilities due to related parties (2024 - $721,796). The payable balance is unsecured, bears no interest and is due on demand. See below for a breakdown:

		December 31, 2025		**December 31, 2024**
Tim McCutcheon, Director, Former CEO	$	53,477	$	468,758
Kevin Ma, Director, Former CFO		42,048		239,913
Bradley Scharfe, Director		-		13,125
	$	95,525	$	721,796

As at December 31, 2025, the Company has $16,523 in receivables due from the CEO (2024 $nil).

Shares issued

During the year ended December 31, 2025, Officers and Directors of the company participated in the various private placements of the Company. Officers and Directors purchased an aggregate of 1,875,937 common shares for gross proceeds of $241,476.

OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

As at December 31, 2025, the Company believes that the carrying values of accounts payable and accrued liabilities and loans payable approximate their fair values because of their nature and relatively short maturity dates or durations. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

Financial Instrument Risk Exposure

The Company's financial instruments expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support those operations. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance, in the context of its general capital management objectives as further described in Note 15 to the consolidated financial statements.

Concentration of Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company coordinates this planning and budgeting process with its financing activities through the capital management process.

As at December 31, 2025, the Company had a cash balance of $2,289,549 to settle current liabilities of $2,005,425. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk of cash balances. The Company periodically monitors cash balances and is of the opinion that it has no significant exposure at December 31, 2025 to interest rate risk through its other financial instruments.

Currency Risk

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company is exposed to foreign currency risk on fluctuations related to cash, deposits and other current assets, and accounts payable and accrued liabilities that are denominated in U.S Dollars. The Company has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. As at December 31, 2025, a 5% change in the USD-CAD and USD-MXN foreign exchange rates would affect net loss by approximately $7,000.

BUSINESS RISKS AND UNCERTAINTIES

Additional information on risks and uncertainties relating to the Company's business is provided in Filing Statement dated February 27, 2017 under the heading "Risk Factors".

CONTRACTUAL OBLIGATIONS

The Company presently has no contractual obligations pursuant to which the Company has any payments owing in the next five years other than pursuant to the Purchase Agreement and agreements entered into in the ordinary course of business.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

Areas requiring a significant degree of judgement that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

- *Going Concern*

  The assessment of the Company's ability to continue as a going concern involves critical judgement based on historical experience and expectations of the Company's ability to generate adequate financing. Significant judgements are used in the Company's assessment of its ability to continue as a going concern.

- *Impairment of exploration and evaluation asset*

  Management is required to use judgment to determine whether indicators of impairment exist for the Company's exploration and evaluation asset. The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances.

  Management continually reviews its exploration and evaluation asset for indicators of impairment, which include, but are not limited to:

  • The period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
  • Substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
  • Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or
  • Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

  If any such indicator exists, the Company must perform an impairment test to estimate the recoverable amount of the asset. As at December 31, 2025, there are no impairment indicators identified for the Company's exploration and evaluation asset.

- *Acquisition of EM*

  The Company applied judgement with respect to whether the acquisition of EM was an asset acquisition or business combination. EM did not meet the definition of a business. Pursuant to this assessment, the acquisition of EM was considered to be an asset acquisition.

MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies are summarized in Note 3 to the audited consolidated financial statements for the year ended December 31, 2025.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.