HEADWATER GOLD INC.

(An Exploration Stage Company)

FOURTH QUARTER REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED FEBRUARY 28, 2026

(Expressed in Canadian Dollars)

CAUTIONARY NOTE – FORWARD LOOKING STATEMENTS

Certain statements contained herein regarding the Company and its operations constitute "forward-looking statements". All statements that are not historical facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations of future performance, are "forward-looking statements". We caution you that such "forward looking statements" involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Such risks and uncertainties include fluctuations in precious metal prices, unpredictable results of exploration activities, uncertainties inherent in the estimation of mineral reserves and resources, if any, fluctuations in the costs of goods and services, problems associated with exploration and mining operations, changes in legal, social or political conditions in the jurisdictions where the Company operates, lack of appropriate funding and other risk factors, as discussed in the Company's filings with Canadian securities regulatory agencies. The Company expressly disclaims any obligation to update any forward-looking statements, other than as may be specifically required by applicable securities laws and regulations. Readers are cautioned not to place undue reliance on these forward-looking statements.

1.0 Preliminary Information and Overview

This Management's Discussion and Analysis (the "MD&A") of Headwater Gold Inc. (the "Company") should be read in conjunction with the audited consolidated financial statement of the Company for the years ended February 28, 2026 and 2025 and the note thereto (the "Financial Statements"). The Company's financial statements and financial data set out below have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), all of which are available at the SEDAR+ website at www.sedarplus.ca

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All information contained in the MD&A is as of June 29, 2026 unless otherwise indicated.

The Company was incorporated on January 14, 2019 under the laws of British Columbia and is a reporting issuer in British Columbia, Alberta and Ontario. The Company's common shares were approved for listing on the Canadian Securities Exchange ("CSE") and commenced trading on June 8, 2021 under the symbol "HWG". The Company also trades on the OTCQX under the symbol "HWAUF". The Company's principal business activities include the acquisition and exploration of mineral property interests in the United States.

The Company has one wholly owned subsidiary: CP Holdings Corporation.

The Company is focused on high-grade precious metal exploration in the mining-friendly western United States. The Company has access to a proprietary target generation software combined with extensive local knowledge to generate new projects. Through its wholly owned subsidiary, CP Holdings Corporation, the Company has acquired a 100% interest in a portfolio of royalty free mineral projects in Idaho, Nevada and Oregon that it has staked predominately on federal land. The Company has acquired additional mineral projects through third party agreements and property options, and certain projects are subject to underlying royalties.

Newmont Corporation ("Newmont") has acquired a 51% interest in the Spring Peak project in Nevada by completing US$15,000,000 in earn-in exploration expenditures and may acquire up to a 75% interest in the project for cumulative earn-in exploration expenditures of US$55,000,000 and the completion of a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces. Newmont also holds an option to acquire a 75% interest in the Lodestar project in Nevada for cumulative earn-in exploration expenditures of US$30,000,000 and the completion of a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces.

OceanaGold Corporation ("OceanaGold") holds options to acquire up to a 75% interest in Headwater's TJ, Jake Creek and Hot Creek projects in Nevada through staged exploration expenditures totalling up to US$65,000,000 and the completion of Pre-Feasibility Studies. Centerra Gold Inc. ("Centerra") holds an option to acquire up to a 70% interest in Headwater's Crane Creek project in Idaho through staged exploration expenditures totalling up to US$25,000,000 and the completion of a preliminary economic assessment ("PEA") report

As at February 28, 2026, the Company's material mineral resource property interests include the following:

Nevada:	Lodestar (Mineral County), Spring Peak (Mineral County), Midas North (Elko County), TJ (Elko County), Jake Creek (Humboldt County) and Hot Creek (Elko County);
Idaho:	Crane Creek (Washington County);
Other:	Dome Hill, Rock Creek and Jupiter mineral properties in Nevada; Flint and Matador mineral properties in Idaho; Katey and Mahogany mineral properties in Oregon.

See Section 3 "Exploration and Evaluation Activities" below for discussion of mineral property interests and work programs.

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca.

2.0 Highlights from the Year ended February 28, 2026 to the Date of this Report (additional details on www.sedarplus.ca)

- In May 2025, the Company announced discovery of outcropping high-grade epithermal veins at the newly identified Doug target, which is part of the Spring Peak project being explored in partnership with Newmont.
- In September 2025, Newmont completed Stage 1 of the Spring Peak project Earn-In Agreement by completing US$15,000,000 in exploration expenditures to acquire a 51% interest in the project. Newmont has elected to advance the project to Stage 2 under which it may acquire a 65% interest in the project by incurring an additional US$40,000,000 within 36 months.
- In October 2025, the Company entered into a definitive agreement with a subsidiary of OceanaGold under which OceanaGold has an option to earn up to a 75% interest in the Company's TJ, Jake Creek and Hot Creek projects in Nevada through staged exploration expenditures totalling up to US$65 million and the completion of pre-feasibility studies.
- In October 2025, the Company commenced drilling on the TJ project in partnership with OceanaGold.
- In October 2025, the Lodestar Plan of Operations was approved by the U.S. Forest Service and the Company commenced drilling activities on the Lodestar project in partnership with Newmont.
- In October 2025, the Company's exploration permit on the Spring Peak project, referred to as the Burnt Rock Plan of Operations, was selected for the United States Federal Permitting Improvement Steering Council's FAST-41 program Transparency List.
- On November 3, 2025, the Company announced the results of a gravity geophysics survey completed on both its Spring Peak project and adjoining Lodestar project in western Nevada.
- On December 3, 2025, the Company announced that it entered into a definitive earn-in agreement with a subsidiary of Centerra Gold Inc. ("Centerra") for Centerra to earn up to a 70% interest in Headwater's Crane Creek project in Idaho through staged exploration expenditures totalling up to US$25,000,000 and the completion of a preliminary economic assessment ("PEA") report.
- On December 31, 2025, the Company granted 1,825,000 incentive stock options (the "Options") to directors, officers, employees and consultants of the Company. Each Option is exercisable to purchase one common share of the Company at a price of $0.75 for a five-year term and vest immediately.
- On February 17, 2026, the Company announced graduation from the OTCQB Venture Market to the OTCQX Best Market and now trades on the OTCQX Market under the symbol "HWAUF".
- On February 18, 2026, the Company announced that CSAMT resistivity and ground gravity geophysical surveys were underway at its 100%-owned Jake Creek project in Nevada.
- On February 23, 2026, the Company announced completion of drill programs at the Lodestar and TJ projects located in Nevada.
- On March 19, 2026, the Company announced it had completed a "commercially reasonable efforts" private placement (the "Offering") of 9,914,150 common shares of the Company at an issue price of $0.58 per Common Share to raise gross proceeds of $5,750,207, including the full exercise of the Agent's option. Canaccord Genuity Corp. ("Canaccord")

acted as lead agent and sole bookrunner under the Offering. The Offering included participation from Centerra Gold Inc., who elected to maintain its 9.99% interest in the Company following its initial investment announced on September 17, 2024.

- On April 28, 2026, the Company announced results from the recent core drilling program at its TJ Project in Elko County, Nevada.
- On May 5, 2026, the Company announced that it has acquired the Jupiter Project through claim staking. The project is a 100%-owned and royalty free district-scale epithermal gold project located on Bureau of Land Management ("BLM") land in Nye County, Nevada. The project comprises 352 unpatented lode mining claims covering approximately 7,000 acres (2,800 hectares) and encompasses a large, well-preserved hydrothermal alteration system within the Walker Lane belt in Nevada. The project represents a large, underexplored epithermal system with demonstrated gold mineralization that has not previously been evaluated as a cohesive exploration target.
- On May 6, 2026, the Company announced results from the 2025-2026 drill program at its Lodestar project, located in the Aurora Mining District of Nevada.
- On June 1, 2026, the Company announced CSAMT resistivity and ground gravity geophysical surveys were underway at its TJ Project in Elko County, Nevada.
- On June 2, 2026, the Company announced the commencement of drilling at its Jake Creek Project in Nevada. The program is expected to total approximately 3,500 metres of drilling
- On June 4, 2026, the Company announced:
  - Mr. Joshua Carron has joined the Company in the role of Vice President, Exploration to be based in Reno, Nevada.
  - Granting 2,450,000 incentive stock options to directors, officers, employees and consultants of the Company. Each Option is exercisable to purchase one common share of the Company at a price of $0.47 for a five-year term and vest over periods from immediately to two years.
  - Elected to rely on Coordinated Blanket Order 51-933 and move to semi-annual financial reporting ("SAR").

3.0 Exploration and Evaluation Activities

The Company is in the mineral exploration stage and as such has no operating revenues except for management fees earned from Newmont and OceanaGold earn in properties. Mineral property interests totalled $4,380,000 as at February 28, 2026 (2025 - $3,620,000).

Total costs incurred on exploration and evaluation assets for the years ended February 28, 2026 and 2025 are summarized as follows:

	USA			
	Idaho	Nevada	Oregon	Total
Acquisition costs:				
Balance, February 29, 2024	$ 647,686	$ 471,710	$ 300,060	$ 1,419,456
Additions	122,496	1,207,597	11,183	1,341,276
Recovery from third party earn in	-	(871,292)	(2,492)	(873,784)
Impairment	(116,695)	(33,069)	(315,145)	(464,909)
Foreign exchange	39,291	12,188	6,394	57,873
Balance, February 28, 2025	692,778	787,134	-	1,479,912
Additions	120,623	1,216,848	-	1,337,471
Recovery from third party earn in	(120,684)	(753,774)	-	(874,458)
Foreign exchange	(36,844)	(23,304)	-	(60,148)
Balance, February 28, 2026	655,873	1,226,904	-	1,882,777
Exploration costs:				
Balance, February 29, 2024	511,481	479,192	2,703,005	3,693,678
Additions:				
Administration	8,359	175,395	-	183,754
Drilling	11,181	4,593,912	64,141	4,669,234
Geology	24,314	2,332,591	12,615	2,369,520
Mapping, sampling geochemistry	-	182,853	-	182,853
Safety and social performance	1,615	35,994	-	37,609
Recovery from third party earn-in	-	(6,142,147)	(43,324)	(6,185,471)
Impairment	(106,161)	(91,848)	(2,804,734)	(3,002,743)
Foreign exchange	29,946	94,114	68,297	192,357
Balance, February 28, 2025	480,735	1,660,056	-	2,140,791
Additions:				
Administration	11,042	207,391	-	218,433
Drilling	11,331	4,189,388	-	4,200,719
Geology	58,862	2,029,999	-	2,088,861
Mapping, sampling geochemistry	-	206,804	-	206,804
Safety and social performance	118	15,443	-	15,561
Recovery from third party earn-in	-	(6,229,260)	-	(6,229,260)
Foreign exchange	(26,268)	(122,993)	-	(149,261)
Balance, February 28, 2026	535,820	1,956,828	-	2,492,648
Net book value:				
Balance, February 28, 2025	$ 1,173,513	$ 2,447,190	$ -	$ 3,620,703
Balance, February 28, 2026	$ 1,191,693	$ 3,183,732	$	$ 4,375,425

3.1 Earn-In Transactions with Newmont Corporation

Pursuant to a definitive option and earn-in agreement with a wholly-owned subsidiary of Newmont dated August 15, 2022, Newmont has the option to earn up to a 75% interest in the Company's Spring Peak project in Nevada for a cash payment of US $438,660, cumulative earn-in exploration expenditures of US $55 million and the completion of Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces. As of the date of this report, Newmont has acquired a 51% interest in the project through expenditures of US$15,000,000.

Pursuant to an additional option and earn-in agreement with Newmont dated May 8, 2023, Newmont has the option to acquire up to a 75% interest in the Company's Lodestar project in Nevada for a cash payment of US $77,759, cumulative earn-in exploration expenditures of up to US $30 million, and the completion of a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces.

As at February 28, 2026, Newmont has advanced US$19.87 million in cash to fund the minimum commitment earn-in expenditures for the Spring Peak and Lodestar projects and for which US$20.14 million in expenditures have been incurred for those two projects.

3.2 Earn-In Transactions with OceanaGold Corporation

Pursuant to a definitive agreement with a subsidiary of OceanaGold dated October 14, 2025, OceanaGold has the option to earn up to a 75% interest in the Company's TJ, Jake Creek and Hot Creek projects in Nevada through staged exploration expenditures totalling up to US$65,000,000 and the completion of Pre-Feasibility Studies.

Under Stage 1, OceanaGold may earn a 51% interest in each Project by sole funding expenditures of US$10,000,000 per Project for each of TJ and Jake Creek and US$5,000,000 for Hot Creek within 48 months of the Execution Date. Stage 1 includes a firm commitment to fund a minimum of US$1,000,000 in exploration expenditures on both TJ and Jake Creek and US$500,000 at Hot Creek within the first two years.

Under Stage 2, OceanaGold may earn an additional 14% interest (to 65%) in each Project by sole funding additional expenditures of US$15,000,000 per Project for each of TJ and Jake Creek and US$10,000,000 for Hot Creek within 48 months following the completion of Stage 1.

Under Stage 3, OceanaGold may earn an additional 10% interest (to 75%) in each Project by completing a Pre-Feasibility Study for the respective Project and granting a 1% NSR royalty to Headwater, within 24 months following completion of Stage 2.

Pursuant to the definitive agreement on October 14, 2025, OceanaGold agreed to the following:

i) a non-refundable payment of US$250,000 to the Company that was used to fund pre-drilling expenses on the Projects (received), which will be included toward the initial program and expenditure commitments.

ii) US$100,000 to the Company upon execution of the agreement and an additional US$100,000 will be paid on the first anniversary of the agreement if OceanaGold elects to continue into the second year on at least one Project.

3.3 Earn-In Transactions with Centerra Gold Inc

Pursuant to a definitive agreement with a subsidiary of Centerra dated December 2025, Centerra has the option to earn up to a 70% interest in the Company's Crane Creek project in Idaho through staged exploration expenditures totalling up to US$25,000,000 and the completion of Pre-Feasibility Studies.

Under Stage 1, Centerra may elect to earn a 51% interest in each Project by sole funding expenditures of US$10,000,000 within 48 months of the Execution Date. Stage 1 includes a firm commitment to fund a minimum of US$2,500,000 in exploration expenditures within the first three years.

Under Stage 2, Centerra may elect to earn an additional 9% interest (to 60%) by sole funding additional expenditures of US$15,000,000 within 48 months following the completion of Stage 1. Headwater will be ceded a 2% NSR royalty on royalty-free claims which are 100% owned by Headwater and a 1% NSR royalty on land subject to existing underlying royalties.

Under Stage 3, Centerra may earn an additional 10% interest (to 70%) in each Project by completing a Pre-Feasibility Study for the respective Project, which is required to include a minimum 1 million ounce gold or gold-equivalent resource, within 24 months following the completion of Stage 2.

Pursuant to the December 2025 definitive agreement, Centerra agreed to the following:

i) US$87,000 paid to the Company upon execution of the agreement (received) and an additional US$50,000 will be paid on the first anniversary of the agreement if Centerra elects to continue into the second year on at least one Project.

3.4 Spring Peak (Mineral County, Nevada)

The 2024 exploration program at Spring Peak included a multi-rig drill program totaling 6,874 metres over 18 holes, gravity geophysics, CSAMT geophysics and helicopter magnetics and radiometrics. These methods were used to map subsurface structures at a district scale and identify potential mineralized zones. The Company also staked an additional 506 new claims (~7,835 hectares).

The 2025 exploration program at Spring Peak was limited in scope due to permitting delays but in October 2025, the exploration permit on the Spring Peak project, referred to as the Burnt Rock Plan of Operations, was selected for the United States Federal Permitting Improvement Steering Council's FAST-41 program Transparency List. FAST-41 is a federal initiative designed to streamline approvals for vital infrastructure, ensuring that designated mining projects receive an efficient review and authorization process. The Plan of Operations includes the potential construction of up to 266 drill sites, 29 miles of new access roads and a comprehensive reclamation plan for all proposed exploration activity disturbance.

As at February 28, 2026, Newmont has advanced US $17.48 million and incurred US $17.48 million in earn-in expenditures on the Spring Peak project.

3.5 Lodestar (Mineral County, Nevada)

The 2024 exploration program at Lodestar included the staking of an additional 77 new claims (~1,620 hectares) along the northeastern margin of the preexisting land package. The Company also completed gravity geophysics, CSAMT geophysics, and helicopter magnetics and radiometrics.

The 2025 exploration program at Lodestar included 2,950 metres of drilling over four core holes and five reverse circulation holes to test high-grade epithermal vein targets identified from geophysics and surface exploration.

As at February 28, 2026, Newmont has advanced US$2.39 million and incurred US $2.66 million in earn-in expenditures on the Lodestar project.

3.6 TJ (Elko County, Nevada)

The 2024 exploration program at TJ included a drill program of five RC holes totalling 1,030 metres. All drill holes encountered widespread silicification and epithermal veining as well as broad intervals of anomalous gold mineralization, suggesting the presence of a robust and fully preserved low sulfidation epithermal system with potential for high-grade veins at depth.

The 2025 exploration program at TJ included a drill program of five core holes in two target areas totaling 1,350 metres to test high-grade epithermal vein targets identified by Headwater's 2024 RC scout drilling program.

As at February 28, 2026, OceanaGold has advanced US $1.29 million (2025 - US $Nil) and incurred US $1.15 million (2025 - US $Nil) in earn-in expenditures on the TJ project.

3.7 Whiskey (Mineral County, Nevada)

Between 2024 and 2025, the Company completed a reconnaissance rock sampling program and has completed property-wide gravity, airborne magnetic and radiometric geophysical surveys. The next steps at Whiskey include upgrading the geological map, integrating new geophysical and geochemical datasets and prioritizing drill targets for initial testing of high-grade zones.

3.8 Crane Creek (Washington Country, Idaho)

In September 2025, the Company announced the completion of airborne magnetic and radiometric surveys and a ground gravity survey on its 100%-controlled Crane Creek gold project. The Company has also received drill permits from the state of Idaho and BLM authorizing drilling activities on the project.

3.9 Qualified Person

The technical information contained in this report has been reviewed and approved by Joshua Carron, P.Geo, a "Qualified Person" ("QP") as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Mr. Carron is not independent by reason of being the Company's Vice President of Exploration.

4.0 Selected Financial Information

Management is responsible for, and the Board approved, the Financial Statements. Except as noted, the Company followed the significant accounting policies presented in Note 3 - Material Accounting Policies, contained in the Annual Financial Statements consistently throughout all periods summarized in this MD&A.

The Company operates in one segment – the exploration of mineral property interests. The Company has two geographic segments – the exploration activities occur in the USA, while head office, finance, marketing and administration activities occur in Canada.

4.1 Selected Annual Information

The following tables and discussion provide selected financial information from, and should be read in conjunction with, the Financial Statements:

	Years ended		
	February 28, 2026	February 28, 2025	February 29, 2024
Total revenues	$ -	$ -	$ -
Net (loss) income:			
Total	$ (1,988,153)	$ (4,179,419)	$ 210,680
Basic per share	$ (0.03)	$ (0.06)	$ -
Diluted per share	$ (0.03)	$ (0.06)	$ -
Total assets	$ 8,286,455	$ 11,283,934	$ 10,693,583
Total long-term liabilities	$ 110,124	$ 91,322	$ 69,729
Dividends per share	$ -	$ -	$ -

Because the Company is in the exploration stage, it did not earn any production revenues or cash flows from operations and will not for the foreseeable future, except for the 10% management fee income which the Company earns from Newmont for its exploration expenditures since August 2022. The comparative income (loss) and comprehensive income (loss) in each period illustrate the level and nature of exploration activity undertaken at the Company's mineral property interests which may vary based on results received, weather conditions, market factors and available financings.

During the year ended February 28, 2026, the Company realized a net loss of $1.99 million. The main contributory factor was the share-based payments of $1.05 million. Operating expenses were higher in fiscal 2026 from general exploration activities to identify property of merit, remuneration paid to personnel and share based payments from the granting of stock options. Total assets of $8.30 million at February 28, 2026 were lower than in prior years (2025 - $11.28 million and 2024 - $10.69 million) from cash calls received from Newmont and OceanaGold for the earn in projects in spite of the impairment to mineral projects. Total liabilities of $1.44 million for fiscal 2026 were lower than prior fiscal years (2025 - $4.73 million and 2024 - $2.30 million) from lower remaining cash calls commitments (2026 - $496,308, 2025 - $4.23 million; and 2024 - $1.63 million) received from Newmont.

During the year ended February 28, 2025, the Company realized a net loss of $4.18 million. The main contributory factor was the impairment of $3.47 million for exploration and evaluation assets from non renewal of mineral claims and lack of any further exploration activities. Operating expenses were higher in fiscal 2025 from general exploration activities to identify property of merit, remuneration paid to personnel and share based payments from the granting of stock options. Management fee income declined in fiscal 2025 relative to fiscal 2024 but was higher than fiscal 2023 (2025 - $708,284 and 2024 - $1.66 million and 2023 - $479,665) given termination of two mineral projects by Newmont and reduced exploration activities on Newmont projects. Total assets of $11.28 million at February 28, 2025 were higher than in prior years (2024 - $10.69 million and 2023 - $8.77 million) from cash calls received from Newmont for the earn in projects in spite of the impairment to mineral projects. Total liabilities of $4.73 million for fiscal 2025 were higher than prior fiscal years (2024 - $2.30 million and 2023 - $815,160) from higher remaining cash calls commitments (2025 - $4.23 million; 2024 - $1.63 million and 2023 - $183,011) received from Newmont.

During the year ended February 29, 2024, the Company realized a net income of $210,680. The main contributory factor to the net income is the recognition of management fee income earned from its exploration activities on mineral projects which are subject to earn in agreements with Newmont. The Company earns a 10% operator's fee in developing, implementing and managing exploration programs. Management fee income of $1.66 million were realized for fiscal 2024 given there were five earn in projects with Newmont. Exploration and evaluation assets of $5.11 million in fiscal 2024 were higher from the drilling program conducted for the Katey property during the year which is a non Newmont mineral project (2025 - $3.62 million and 2024 - $3.66 million).

4.2 Selected Statement of Comprehensive Loss data

The Company's operating expenses are summarised as follows:

	Years ended	
	February 28, 2026	February 28, 2025
Expenses:		
Accounting and audit	$ 118,377	$ 91,215
Accretion of lease liability	33,187	27,224
Consulting	110,416	-
Depreciation	210,036	220,380
General exploration	541,781	277,721
Legal	88,617	1,829
Office and sundry	218,048	179,987
Regulatory	66,947	49,904
Salaries, management, directors and benefits	451,792	438,381
Share-based payments	1,054,878	310,896
Shareholder relations	326,832	232,174
Other income (expenses):		
Management fee income	698,304	708,284
Rental income	342,781	317,677
Finance and interest income	46,201	50,022
Foreign exchange gain	5,915	-
Unrealized gain on investments	139,557	41,961
Impairment of mineral exploration projects	-	(3,467,652)

Discussion of results

Year ended February 28, 2026

The Company incurred net loss of $1.99 million for the year ended February 28, 2026 which is lower than the net loss of $4.18 million for the comparative year in fiscal 2025. Total net losses were lower in the current year primarily due to no impairment of mineral exploration projects in the current year.

Total expenses for the year ended February 28, 2026 were $3,220,911 which is higher than the $1,829,711 for fiscal, 2025. Total expenses were higher in the current year due to services rendered from consultants and general exploration expenditures.

Accounting and audit fees of $118,377 were incurred for the year ended February 28, 2026 which is higher than the prior comparative year (2025 - $91,215) due to engagement of external accounting services on a per diem basis in 2025. Accounting services which are related directly to exploration activities are allotted to the mineral projects. In 2026, the Company hired an in-house accounting employee to perform such services.

Accretion of lease liability of $33,187 was recognized in the year ended February 28, 2026 which is nominally higher than in the comparative fiscal year (2025 - $27,224). The Company's new corporate office lease was effective May 1, 2024 and extends until April 20, 2027, and includes expanded office space with increases in lease rates. Accretion expense would initially increase from the new lease and can be expected to decrease as the maturity dates of the leases near and as installment payments reduce the principal amounts of the leases, thereby reducing accretion expense. Leases for exploration office, warehouse and vehicle are nearing their respective expiry dates in 2025 which would further reduce accretion expenses.

Depreciation expense of $210,036 for the year ended February 28, 2026 is lower than the comparative year in the prior fiscal year (2025 - $220,380). Depreciation expense is expected to decrease for field equipment and office furniture and equipment which use declining balance basis. The recognition of right of use asset from the renewed office lease in May 2024, which is amortized evenly during the term of the office lease, would offset any decreases in the current quarter. Equipment purchases in the current and prior quarters would also contribute to increases in depreciation in the current quarter.

General exploration expenses were $541,781 for the year of fiscal 2026 which is higher than the comparative year of fiscal 2025 (2025 - $277,721). General exploration expenses include project generation costs as the Company continues its efforts to seek projects of merit and expand its portfolio of mineral property interests whether by staking new claims or entering into mineral property option agreements. Such efforts culminated in the staking of two new epithermal gold projects (Rock Creek and Hot Creek) and acquiring mineral interests in Jake Creek, Whiskey and Jupiter projects in fiscal 2025. Previously, the Company had five projects with Newmont which has now been reduced to two projects in 2025 which placed greater efforts on seeking additional projects. Such efforts have attracted interests from OceanaGold which resulted in a definitive agreement for three of the Company's mineral projects in July 2025 as well as a 9.9% interest of the Company by Centerra Gold Inc. in September 2024.

Legal fees were $88,617 for the year of fiscal 2026 (2025 - $1,829). Legal fees incurred in fiscal 2026 was due to the earn-in transactions with OceanaGold and Centerra. Legal fees were mainly for continuous disclosure support in fiscal 2025. The corporate secretary who is an employee of the Company actively assists with regulatory compliance efforts which keeps external legal services to a minimal level.

Office and sundry expenses of $218,048 were higher in fiscal 2026 than in fiscal 2025 (2025 - $179,987). Office expenses include insurance, office supplies and sundry, telephone, rent and IT support. Monthly rent charges increased from the expansion of office facilities in May 2024 and office lease renewal at higher market lease rates. In general, office and sundry tend to remain fixed with nominal fluctuations.

Regulatory expenses of $66,947 in fiscal 2026 are higher than the in fiscal 2025 (2025 – $49,904). Regulatory expenses include filing fees, listing fees on the CSE and OTCQX, transfer agent, AGM, news dissemination and other expenses incurred to comply with the Company's continuing disclosure obligations. Listing fees and transfer agent expenses were higher than in the prior fiscal year.

Renumerations of $451,792 paid to employees, management and directors were higher in fiscal 2025 (2025 - $438,381) and reflect amounts earned by individuals employed directly by the Company that are not attributable to exploration activities.

Conversely, technical personnel costs are allotted to exploration activities for each mineral project. In January 2025, the Company hired an in-house dedicated accounting personnel rather than from external third party service providers.

Share-based payments of $1,054,878 in fiscal 2026 were significantly higher than in fiscal 2025 (2025 - $310,896). On April 10, 2024, stock options totaling 150,000 were granted and were subject to six month vesting provisions resulting in share based payments being allotted over the vesting year. In fiscal 2026, 2,900,000 stock options were granted and fully vested on grant date resulting in the full fair value being recognized on grant date, thereby contributing to higher share based payments in the current year.

Shareholder relations expenses of $326,832 in fiscal 2026 were higher than in fiscal 2025 (2025 - $232,174). Shareholders relations expenses include advertising and marketing, market making, attendance at trade shows and conferences, and road shows. In the current year, capital markets continued to be subdued for junior exploration companies causing the Company to reduce shareholder relations activities despite strengthening commodity prices. The Company implemented exploration activities on its non partner funded mineral property interests which necessitated reduction in discretionary expenses in order to effectively manage reducing working capital given no source of operating revenues or operating cash flows.

Management fee income is the 10% operator's fee which the Company earns from Newmont and OceanaGold on its Newmont and OceanaGold earn in mineral projects. The management fee income of $698,304 in fiscal 2026 was lower than the income of $708,284 for the comparative fiscal 2025 which reflects the reduced level of expenditures incurred by the Company in current year and recovered from Newmont cash calls for the Newmont earn in mineral projects. The 10% operator's fee is determined by the amount of exploration expenditures. Newmont terminated the Mahogany and Midas North earn-in agreements in August 2024. The Lodestar drill program remains pending permit approval although the permitting process is advancing.

Rental income for both comparative years (2026 - $342,781 and 2025 - $317,677) are for the rental recoveries for office and warehouse facilities and equipment from Newmont as used in exploration activities and from related parties on a cost recovery basis. Rental recoveries tend to be fixed pre-determined arrangements and are similar from year to year. Rental income was higher in the current quarter due to higher office rent charges and recoveries effective May 2024 as the Company renewed its office lease at market rates and expanded its office facilities.

Finance and interest income of $46,201 was lower in the current year than in the prior comparative year (2025 - $50,022). The income is earned from interest bearing investments and bank accounts which is from excess cash held by the Company. The closing of the private placement for $1.54 million in September 2024 allowed for investment in interest bearing instruments, resulting in higher interest earned in subsequent years although interest rates may be reduced.

Foreign exchange gains and losses are attributed to foreign exchange transactions which are subject to daily fluctuations.

Unrealized gain on investments of $139,557 for fiscal 2026 was higher than the prior year (2025 – $41,961) as the value of its investment has shown an increase in mark to market share price.

Impairment of mineral exploration projects of $Nil for the current year of fiscal 2026 was significantly lower than the prior year (2025 – $3.47 million) as the Company had no impairment during the current year.

Three months ended February 28, 2026

The Company incurred net loss of $1,147,486 for the three months ended February 28, 2026 which is lower than the net loss of $790,027 for the comparative period in fiscal 2025. Total net loss was higher in the current period primarily due to significantly higher expenses in the current period.

Total expenses for the three months ended February 28, 2026 were $1,513,196 which is higher than the $471,708 for the three months ended February 28, 2025. Total expenses were higher in the current period due to share-based payments granted in the three months ended February 28, 2026.

Accounting and audit fees recovery of $11,923 were incurred for the three months ended February 28, 2026 which is lower than the prior comparative period (2025 - $65,616) due to accounting correction related to the accounting accrual. Accounting services which are related directly to exploration activities are allotted to the mineral projects.

Accretion of lease liability of $20,282 was recognized in the three months ended February 28, 2026 which is higher than in the comparative quarter of the prior fiscal period (2025 - $6,100). The Company's new corporate office lease was effective May 1, 2024 and extends until April 20, 2027, and includes expanded office space with increases in lease rates. Leases for exploration office, warehouse and vehicle are nearing their respective expiry dates in 2025 which reduced accretion expenses.

Depreciation expense of $7,911 for the three months ended February 28, 2026 compared to the comparative period in the prior fiscal year (2025 - $58,607). Depreciation expense is expected to decrease for field equipment and office furniture and equipment which use declining balance basis. The recognition of right of use asset from the renewed office lease in May 2024, which is amortized evenly during the term of the office lease, would offset any decreases in the current quarter. Equipment purchases in the current and prior quarters would also contribute to increases in depreciation in the current quarter.

General exploration expenses were $132,157 for the three months period of fiscal 2026 which is higher than the comparative period of fiscal 2025 (2025 - $82,245). General exploration expenses include project generation costs as the Company continues its efforts to seek projects of merit and expand its portfolio of mineral property interests whether by staking new claims or entering into mineral property option agreements. Such efforts culminated in the staking of two new epithermal gold projects (Rock Creek and Hot Creek) and acquiring mineral interests in Jake Creek, Whiskey and Jupiter projects in fiscal 2025. Previously, the Company had five projects with Newmont which has now been reduced to two projects in 2025 which placed greater efforts on seeking additional projects. Such efforts have attracted interests from OceanaGold which resulted in a definitive agreement for three of the Company's mineral projects in July 2025 as well as a 9.9% interest of the Company by Centerra Gold Inc. in September 2024.

Legal fees were $71,294 for the current quarter of fiscal 2026 (2025 – recovery of $257). Legal fees incurred in fiscal 2026 was due to the earn-in transactions with OceanaGold and Centerra. Legal fees were mainly for continuous disclosure support in fiscal 2025. The corporate secretary who is an employee of the Company actively assists with regulatory compliance efforts which keeps external legal services to a minimal level.

Office and sundry expenses of $54,540 were lower in second quarter of fiscal 2026 than in prior comparative quarter (2025 - $55,870). Office expenses include insurance, office supplies and sundry, telephone, rent and IT support. Monthly rent charges increased from the expansion of office facilities in May 2024 and office lease renewal at higher market lease rates. In general, office and sundry tend to remain fixed with nominal fluctuations.

Regulatory expenses of $16,403 for the current quarter of fiscal 2026 are higher than the fourth quarter of fiscal 2025 (2025 – $13,479). Regulatory expenses include filing fees, listing fees on the CSE and OTCQX, transfer agent, AGM, news dissemination, and other expenses incurred to comply with the Company's continuing disclosure obligations.

Renumerations of $157,163 paid to employees, management and directors in the current quarter had nominal difference compared to the comparative period (2025 - $143,701) and reflect amounts earned by individuals employed directly by the Company that are not attributable to exploration activities.

Share-based payments of $923,400 in the three months of February 28, 2026 were higher than in the three months period of fiscal 2025 (2025 - $Nil). In fiscal 2026, 2,900,000 stock options were granted and fully vested on grant date resulting in the full fair value being recognized on grant date, thereby contributing to higher share based payments in the current quarter. No stock options was granted or vested in the prior quarter.

Shareholder relations expenses of $87,767 in the current quarter of fiscal 2026 were higher than the prior quarter in fiscal 2025 (2025 - $46,347). Shareholders relations expenses include advertising and marketing, market making, attendance at trade shows and conferences, and road shows. In the current period, capital markets continued to be subdued for junior exploration companies causing the Company to reduce shareholder relations activities despite strengthening commodity prices. The Company implemented exploration activities on its own mineral property interests which necessitated reduction in discretionary expenses in order to effectively manage reducing working capital given no source of operating revenues or operating cash flows.

Management fee income is the 10% operator's fee which the Company earns from Newmont on its Newmont earn in mineral projects. The management fee income of $190,771 in the current quarter of fiscal 2026 was significantly higher than the income of $57,995 for the comparative quarter in fiscal 2025 which reflects the increased level of expenditures incurred by the Company in current period and recovered from OceanaGold cash calls for the OceanaGold earn in mineral projects. The 10% operator's fee is determined by the amount of exploration expenditures.

Rental income for both comparative periods (2026 - $86,791 and 2025 - $57,995) are for the rental recoveries for office and warehouse facilities and equipment from Newmont as used in exploration activities and from related parties on a cost recovery basis. Rental recoveries tend to be fixed pre-determined arrangements and ware similar from period to period. Rental income was higher in the current quarter due to higher office rent charges and recoveries effective May 2024 as the Company renewed its office lease at market rates and expanded its office facilities.

Finance and interest income of $6,378 was higher in the current quarter than in the prior comparative quarter (2025 - $2,226). The income is earned from interest bearing investments and bank accounts which is from excess cash held by the Company.

Foreign exchange gains and losses are attributed to foreign exchange transactions which are subject to daily fluctuations.

Unrealized gain on investments of $76,568 for the current quarter of fiscal 2026 was lower than the prior quarter (2025 – $3,269,120) as the value of its investment has shown an increase in mark to market share price.

4.3 Segment information

The Company undertakes corporate head office and administrative, regulatory activities and shareholder relations in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in Nevada, Idaho and Oregon, USA. Accordingly, the Company's operations are in one operating segment and two geographic segments.

The Company is in the exploration stage and accordingly, has no reportable segment production or operating revenues except for the 10% management fee earned from exploration programs with Newmont and OceanaGold. Net (loss) income is distributed by geographic segment per the table below, for the years ended February 28, 2026 and 2025:

	Years ended	
	February 28, 2026	February 28, 2025
Canada	$ (1,937,946)	$ (899,312)
USA	(50,207)	(3,280,107)
	$ (1,988,153)	$ (4,179,419)

For the year ended February 28, 2026, the Company incurred a net loss of $1,988,153 from a combination of higher operating expenses and lower management fee income from Newmont and OceanaGold earn in projects.

Mineral property interests, cash and refundable security deposits are held in USA and Canada with the USA receiving funds from cash call pursuant to earn in agreements with Newmont. The Company's assets are distributed by geographic segment, as per the tables below:

	February 28,2026			February 28,2025		
	Canada	USA	Total	Canada	USA	Total
Current assets	$ 1,339,790	$ 2,065,323	$ 3,405,113	$ 1,954,047	$ 5,264,255	$ 7,218,302
Right-of-use-assets	80,963	159,966	240,929	150,360	63,500	213,860
Property & equipment	-	45,289	45,289	15,557	63,913	79,470
E&E assets	-	4,375,425	4,375,425	-	3,620,703	3,620,703
Deposits	-	219,449	219,449	-	151,599	151,599
Total assets	1,420,753	6,865,452	8,286,455	2,119,964	9,163,970	11,283,934
Total liabilities	259,496	1,179,947	1,439,443	259,768	4,468,220	4,727,988

E&E assets increased by $754,722 at February 28, 2026 from exploration activities for Crane Creek, Midas North, TJ, Rock Creek, Whiskey, Jupiter and Jake Creek property interests.

Total liabilities decreased from $4,727,988 at February 28, 2025 to $1,439,443 at February 28, 2026 as further E&E expenditures were incurred for the Spring Peak and Lodestar properties during the quarter which were paid from remaining cash calls received from Newmont.

4.4 Summary of Quarterly Results and Fourth Quarter of 2026 Fiscal Year

The following table sets out selected quarterly financial information.

	Feb 28, 2026	Nov 30, 2025	Aug 31, 2025	May 31, 2025
Total revenue	$ -	$ -	$ -	$ -
Net income (loss) for the period	(1,147,486)	(137,469)	(373,854)	(329,344)
Earnings (loss) per share:				
Basic	-	-	-	-
Diluted	-	-	-	-
Total assets	8,286,455	10,507,035	10,113,985	10,260,641
Total long-term liabilities	110,124	170,465	99,736	73,014
Dividends per share	-	-	-	-

	Feb 28, 2025	Nov 30, 2024	Aug 31, 2024	May 31, 2024
Total revenue	$ -	$ -	$ -	$ -
Net income (loss) for the period	(790,027)	286,932	(3,536,975)	(139,349)
Earnings (loss) per share:				
Basic	-	-	(0.06)	-
Diluted	-	-	(0.06)	-
Total assets	11,283,934	12,554,074	10,044,068	11,063,143
Total long-term liabilities	91,322	108,946	137,811	179,658
Dividends per share	-	-	-	-

Because the Company is in the exploration stage, it did not earn any producing revenues nor realized any operating cash inflows except for management fee income from the earn in mineral properties whereby the Company earns a 10% management fee from exploration expenditures. The Company's expenditures and cash requirements may fluctuate and lack a degree of comparability from period to period as a result of a number of factors including seasonal fluctuations, the write-off of capitalized amounts, tax recoveries and other factors that may affect the Company's activities. In addition, the non-cash flow related impacts from foreign exchange and vesting of share-based payments may give rise to variability in results from one period to the next comparable period.

The Company's primary source of funding is through the issuance of share capital; accordingly, the Company's activity level and the size and scope of planned exploration projects may also fluctuate depending upon the availability of equity financing with favourable terms.

For fiscal 2026 and 2025, the Company earns a 10% operator's fee from exploration expenditures from Newmont and OceanaGold earn in mineral property interests. Management fee income contributed to lower quarterly net losses or to the realization of quarterly net income. Rental income is realized for the rental recoveries for office and warehouse facilities and equipment from Newmont as used in exploration activities and from related parties on a cost recovery basis.

In the second quarter of fiscal 2025, an impairment of $3.22 million related to non renewal of mineral claims was recognized.

Total assets of $8,286,455 as at February 28, 2026 was lower than at February 28, 2025 (2025 - $11,283,934) from the translational effects of the Company's US subsidiary which operates in US$ as the US$ depreciated against the CAD$ during the year. Also amortization of right of use assets and property and equipment would further contribute to the decrease.

Fourth Quarter of Fiscal 2026

The Company's comprehensive loss for the year ended February 28, 2026 reflects depreciation, general exploration, wages and salaries; professional fees, shareholder relations, general office and administrative costs, and regulatory costs to administer the Company which are generally incurred on an ongoing basis, net of a foreign exchange gain or losses arising on the relative appreciation or depreciation of the Canadian dollar compared to the US dollar during the period. The net loss for the quarter ended February 28, 2026 was comparatively higher due to higher operating costs combined with lower management fee income from Newmont and OceanaGold earn in projects.

Management fee income from Newmont earn in mineral projects was lower in fiscal 2026 than the quarterly management fee income in fiscal 2025 due to the reduced exploration activities.

Other liabilities tend to fluctuate depending on the timing of the receipts from Newmont cash calls which are based on calendar quarters and exploration expenditures incurred.

4.5 Financial Position

The following select financial data is derived from the Financial Statements.

	February 28, 2026	February 28, 2025
Total current assets	$ 3,405,363	$ 7,218,302
Total assets	8,286,455	11,283,934
Total current liabilities	1,329,319	4,636,666
Total liabilities	1,439,443	4,727,988
Total shareholders equity	6,847,012	6,555,946

As at February 28, 2026, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a net loss of $1.99 million for the year ended February 28, 2026 (2025 – $4.18 million), and, as of that date, the Company had an accumulated deficit of $9,287,265 (2025 - $7,299,112). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The Company had a working capital of $2,076,044 at February 28, 2026 (2025 - $2,581,636). The Company has a commitment to spend $496,308 (2025 - $4,230,208) in funds advanced by Newmont and OceanaGold on earn-in expenditures based upon quarterly cash calls with Newmont and OceanaGold.

Assets

Cash and cash equivalents including restricted cash totalled $2,994,615 at February 28, 2026 (2025 - $6,990,309). Of the $2,994,615, the Company has a commitment to spend $496,308 in exploration expenditures for Newmont and OceanaGold earn in projects. Restricted cash also includes $20,005 in a term deposit held at a financial institution as security against a company credit card. Cash can be expected to be depleted to cover operating expenses given the Company does not generate cash flows from operating activities except for management fees realized from Newmont earn in projects. The Company's sources and uses of cash are discussed in Section 4.6 "Cash Flows" below.

Short-term investments at February 28, 2026 consist of marketable securities with a fair value of $211,250 (2025 - $71,825) which is higher than the comparative period due to the net increase in share price of its investment. One of the investments was written off to $nil value in the second quarter of fiscal 2025.

Amounts and other receivable of $42,682 at February 28, 2026 (2025 - $85,216) consist of GST input tax credits, interest receivable and office expense recoveries. Included in this amount is $23,398 (2025 - $30,242) in amounts receivable from companies with common directors for rent and office overhead expense recoveries.

Prepaid expenses and deposits of $156,816 at February 28, 2026 (2025 - $70,952) include rental deposits, insurance, OTCQX annual fee, investor communications and other regular operating expenses which will be allotted to the period in which they are applicable.

Right-of-use assets net of depreciation was $240,929 at February 28, 2026 (2025 - $213,860). The Company has entered into leases for the rental of offices, warehouse and a vehicle for periods expiring up to October 31, 2025. In August 2025, the Company renewed the existing warehouse lease that was due to expire in June 2025 to an expiry up to July 2026. In October 2025, the Company exercised to buy out option of the vehicle lease and additionally extended the US office lease up to October 2028.

Deposits of $219,449 at February 28, 2026 (2025 - $151,599) include US $105,000 in advances to a Surety Agent as collateral against US $698,917 in bonding that was placed by the Surety Agent with the Nevada Bureau of Land Management, Oregon Bureau of Land Management, and USDA Forest Service and the Oregon State Office ("Government Agencies"), and $34,551 directly with the Government Agencies. The Company has established a surety bonding arrangement with the Surety Agent under which 50%+ of the Company's reclamation bonding obligations will be replaced by deposits made by the Surety Agent. A finance fee of 2.5% will be charged on the balance of the amounts advanced and deposited by the Surety Agent. The bonds will provide state-wide coverage for operations conducted by the Company on its mining claims in Nevada and Oregon. The bond deposit is returnable to the Company only after the government agencies are satisfied that there is no outstanding reclamation liability associated with the land or after the bond is replaced by another bond.

Property and equipment of $45,289 at February 28, 2026 (2025 - $79,470) consists of field equipment, computer equipment, office furniture and equipment and leasehold improvements. Nominal office furniture was acquired of the Company's expand office facilities during the quarters in fiscal 2025. Additional equipment was purchased in the first quarter of fiscal 2026.

Exploration and evaluation assets of $4,375,425 at February 28, 2026 (2025 - $3,620,703) consist of acquisition and exploration expenditures on the Company's mineral properties and are discussed in Section 3 "Exploration and Evaluation Activities". Expenditures for Newmont earn in mineral properties are fully funded from Newmont. In September 2025, the Company received a non-refundable payment of US$250,000 from OceanaGold that was used to fund pre-drilling expenses on the TJ, Jake Creek and Hot Creek projects in Nevada.

Liabilities

Trade and other payables were $700,582 at February 28, 2026 (2025 - $265,053). Trade and other payables are unsecured and are usually paid within 30 days of recognition. Operating payables fluctuate based upon the exploration activities during the quarterly periods. Fluctuations in trade and other payables are affected by exploration programs and timing of expenditures billings and payments.

In connection with the Company's leases, the Company recognized lease liabilities that were measured at the present value of the remaining lease payments discounted using incremental borrowing rates of 7.14% to 20% for the terms of the leases. The amounts of the lease liabilities were $242,553 at February 28, 2026 (2025 - $232,727). For the year ended February 28,2026, accretion expense on the lease liabilities was $33,187 (2025 - $27,224) which was reduced as certain leases were nearing their respective expiry. Certain lease terms were extended in fiscal 2026.

Other liabilities consist of $496,308 at February 28, 2026 (2025 - $4,230,208) in net cash calls received from Newmont and OceanaGold that the Company is committed to spend on qualifying earn-in expenditures. Cash calls are submitted by the Company to Newmont and OceanaGold on a quarterly basis based upon approved budgets.

4.6 Cash Flows

The Company is still in the exploration stage and as such does not earn any revenue from production. Total cash used by operating activities was $437,410 for the year ended February 28, 2026 (2025 – $416,024). The Company incurred net loss of $1.99 million in the current year whereas a higher net loss of $4.18 million was incurred in the prior comparative year.

Total cash flows used by investing activities was $4,493,544 for the year ended February 28, 2026 in contrast to the cash provided from investing activities for $653,807 for prior comparative year in fiscal 2025. In the current year there were $3.77 million cash calls from OceanaGold and Newmont, whereas $10.16 million was received from Newmont in the prior comparative period which would contribute to reduced cash flows in the current period. In fiscal 2026, exploration expenditures of $900,186 were incurred for non Newmont projects (2025 - $1.61 million) and $5.16 million (2025 - $7.88 million) were incurred for Newmont and OceanaGold mineral properties in which the latter expenditures were financed by Newmont and OceanaGold cash calls.

Total cash flows provided by financing activities was $1,278,441 for the year ended February 28, 2026 (2025 – $1,476,899). Lease payments for warehouse and office facilities and field equipment would reduce cash flow for financing activities.

For the year ended February 28, 2026, there was a decrease in cash flow of $3,995,694 whereas in the prior comparative period in fiscal 2025 cash flow increased by $1,995,986.

5.0 Going Concern, Liquidity, Capital Management, and Contractual Obligations

5.1 Going Concern and Liquidity

The properties in which the Company currently holds an interest are in the exploration stage. The Company has not generated revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future. The Company does earn a 10% management fee from exploration expenditures for its Newmont and OceanaGold earn in mineral property interests. Exploration programs for Lodestar and Spring Peak, and previously Agate Point, Mahogany and Midas North are fully funded by Newmont. Exploration programs for TJ, Jake Creek and Hot Creek are fully funded by OceanaGold. As at February 28, 2026, the Company had a working capital of $2,076,044 (2025 – $2,581,636).

The Company's financial liabilities of payables and accrued liabilities are generally payable within a 90-day period.

The Financial Statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future; and 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. The Company's continuation as a going concern depends on its ability to successfully raise financing through the issuance of debt or equity.

5.2 Capital Management

The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash. To facilitate the management of its capital requirements, management prepare annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned exploration, development, permitting activities, and committed administrative costs, to ensure that adequate levels of working capital are maintained. The Company believes that this approach is reasonable, given its relative size and stage.

There may be circumstances where, for sound business reasons, funds may be re-allocated at the Company's discretion. While the Company remains focused on the continued exploration and advancement of the Company's mineral property interests, management may (i) conclude to curtail certain operations; or (ii) should management enter into agreements in the future on new properties it may be necessary to make cash payments and complete work expenditure commitments under those agreements, which would change planned expenditures.

5.3 Contractual Obligations

In addition to normal course operating contracts and agreements relating largely to exploration activities and for the retention of exploration personnel, the Company is also party to agreements to acquire mineral properties that are disclosed in the Financial Statements and in this MD&A.

As at February 28, 2026, the Company has a commitment to incur exploration expenditures of $496,308 which represents remaining Newmont and OceanaGold cash calls for which expenditures have not been spent (2025 - $4.23 million).

As at February 28, 2026, the Company has the following cash commitment obligations regarding its leases for warehouse, office and equipment:

	Payments due by period (CAD$)					Payments due by period (US$)				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Office lease	$ 96,354	$ 82,521	$ 13,833	$ -	$ -	$ 118,595	$ 44,853	$ 73,742	$ -	$ -
Warehouse lease	-	-	-	-	-	13,888	13,888	-	-	-
Total, February 28, 2026	$ 96,354	$ 82,521	$ 13,833	$ -	$ -	$ 132,483	$ 58,741	$ 73,742	$ -	$ -

6.0 Financial Instruments

The Company's financial instruments include cash, restricted cash, term deposits, short term investments, amounts and other receivables, deposits, trade and other payables, and other liabilities. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

Marketable securities are measured using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk and market risk which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

(a) 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 Canadian and USA financial institutions.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable, which may include amounts receivable from certain related parties, and records an expected credit loss based on its best estimate of potentially uncollectible amounts. Management believes that the credit risk with respect to these financial instruments is remote.

The financial instruments that potentially subject the Company to credit risk comprise investments, cash and cash equivalents and certain amounts receivable, the carrying value of which represents the Company's maximum exposure to credit risk.

As at February 28, 2026, the Company has no financial assets that are past due or impaired due to credit risk defaults.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financings. As at February 28, 2026, the Company had a working capital (current assets less current liabilities) of $2,076,044 (2025 – $2,581,636).

Section 5.3 provides for contractual obligations related to leases for the Company's office, warehouse and vehicle as at February 28, 2026.

Trade and other payables are due in less than 90 days.

(c) Market risk:

The significant market risk exposures to which the Company is exposed are foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

Certain of the Company's mineral property interests and operations are in the USA which are incurred in US dollars. Fluctuations in the US dollar would affect the Company's consolidated statements of comprehensive income (loss) as the reporting currency is the Canadian dollar, and fluctuations in the US dollar would impact its cumulative translation adjustment as its Financial Statements are presented in Canadian dollars.

	Stated in Canadian Dollars (Held in US Dollars)	
	February 28, 2026	February 28, 2025
Cash	$ 1,872,516	$ 5,182,087
Marketable securities	211,250	71,825
Receivables	19,375	10,344
Accounts payable and accrued liabilities	(582,152)	(164,069)
Lease liabilities	(151,321)	(73,944)
Other liabilities	(496,308)	(4,230,208)
Net financial assets (liabilities)	$ 873,510	$ 796,035

Based upon the above net exposure as at February 28, 2026 and assuming all other variables remain constant, a 5% (2025 - 5%) depreciation or appreciation of the U.S. dollar relative to the Canadian dollar could result in a decrease (increase) of approximately $44,000 (2025 - $39,800) in the cumulative translation adjustment in the Company's shareholders' equity.

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest excess cash at rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. The Company's investments in guaranteed investment certificates bear a fixed rate and are cashable at any time prior to maturity date. Interest rate risk is not significant to the Company as it has no interest bearing debt at year-end.

(iii) Other price risk:

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Company's other price risk includes equity price risk, whereby investment in marketable securities are held for trading financial assets with fluctuations in quoted market prices recorded at FVTPL.

As certain of the Company's marketable securities are carried at market value and are directly affected by fluctuations in value of the underlying securities, the Company considers its financial performance and cash flows could be materially affected by such changes in the future value of the Company's marketable securities.

7.0 Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

8.0 Critical Accounting Policies and Estimates

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the reported amounts of assets, liabilities, and expenses. A detailed presentation of all of the Company's significant accounting policies and the estimates derived therefrom, along with discussion as to judgments and estimates made by management which might impact the financial information, and a summary of new accounting pronouncements, please refer to our disclosures in the Financial Statements at Note 3.

9.0 Transactions Between Related Parties

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management is disclosed in the table below.

Except as disclosed elsewhere in the Financial Statements, the Company had the following general and administrative costs with related parties:

	Years ended		Net balance receivable (payable)	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Key management compensation:				
Executive salaries and benefits [(1)]	$ 603,082	$ 495,147	$ (27,462)	$ (33,609)
Directors fees	138,000	134,750	(4,200)	(4,200)
Share-based payments	706,686	244,803	-	-
	1,447,768	874,700	(31,662)	(37,809)
Net office, sundry, rent and salary allocations reimbursed from (to) companies sharing certain common directors	$ (76,405)	$ 94,548	$ (350)	30,242

(1) Includes key management compensation which is included in employee and director remuneration, mineral property interests, and corporate development.

The above transactions are incurred in the normal course of business.

10.0 Outstanding Securities

As at June 29, 2026, there were 86,736,253 common shares issued and outstanding.

As at June 29, 2026, the following stock options were outstanding.

Expiry Date	Exercise Prices	Stock Options Outstanding	Stock Options Exercisable
July 2, 2026	$0.36	950,000	950,000
October 28, 2027	$0.27	385,000	385,000
March 16, 2028	$0.38	300,000	300,000
April 10, 2029	$0.27	150,000	150,000
July 22, 2029	$0.20	1,500,000	1,500,000
May 8, 2030	$0.18	1,025,000	1,025,000
December 31, 2030	$0.75	1,825,000	1,825,000
June 4, 2031	$0.47	2,450,000	1,675,000
		8,585,000	7,810,000

As at June 29, 2026 the following share purchase warrants were outstanding.

Expiry Date	Exercise Prices	Warrants Outstanding
August 28, 2028	$0.50	3,333,333
March 19, 2028	$0.70	382,288
		3,715,621

11.0 Undisclosed Transactions

Other than disclosed in this MD&A and its continuous disclosure filings, the Company does not have any undisclosed material transactions.

12.0 Changes in Accounting Polices Including Initial Adoption

Please refer to the Financial Statements on www.sedarplus.ca for more information.

13.0 Board of Directors and Officers

13. 1 Current Board of Directors and Officers

The directors of the Company are Graeme Currie, Tero Kosonen, Caleb Stroup, Alistair Waddell, Wendell Zerb and Fraser MacCorquodale.

The officers of the Company are Alistair Waddell (Executive Chairman), Caleb Stroup (President and Chief Executive Officer), David Cross (Chief Financial Officer), Joshua Carron (Vice President – Exploration) and Sandra Wong (Corporate Secretary).

13. 2 Change in Management

On September 18, 2025, the Company appointed Mr. David Cross, CPA to serve as Chief Financial Officer. Mr. Cross is a Chartered Professional Accountant who brings 28 years of accounting experience, primarily in the mining and mineral exploration sector. Mr. Cross is a co-founder of Cross Davis & Company, a CPA firm that has focused on providing accounting and management services to publicly listed companies since 2010.

The Company would like to thank Mr. Philip Yee who previously served in the role of CFO for his contributions and wish him well in his other business ventures.

On February 28, 2026, Dr. Gregory Dering resigned who previously served in the role of Vice President of Exploration. The Company would like to thank Dr Dering for his contributions and wish him well in his future ventures.

On June 1, 2026, Joshua Carron was appointed as the Vice President of Exploration.

14. Management's Responsibility for Financial Reporting

The Financial Statements and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the Financial Statements are presented fairly, in all material respects.

Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the Financial Statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the Financial Statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and two of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process (if any), auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the Financial Statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the Financial Statements for regulatory filing. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

HEADWATER GOLD INC.

Caleb Stroup
President and Chief Executive Officer