REGENCY SILVER CORP.
(the "Company")

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2026

The following Management's Discussion and Analysis, prepared as of August 31, 2026, should be read together with the condensed interim consolidated financial statements for the six months ended June 30, 2026, and the related notes attached thereto. Accordingly, the condensed interim consolidated financial statements and MD&A include the results of operations and cash flows for the six months ended June 30, 2026, and the reader must be aware that historical results are not necessarily indicative of future performance. All amounts are reported in Canadian dollars.

Unless otherwise stated, financial results are being reported in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management's Discussion and Analysis contains the term cash flow from operations, which should not be considered an alternative to, or more meaningful than, cash flows from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. The Company's determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between profit or loss and cash flows from operating activities can be found in the statement of cash flows.

Certain statements contained in this management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of the Company's prospects, political and economic conditions, commodity prices and other factors.

Description of Business

Regency Silver Corp. (the "Company') was incorporated on March 23, 2017, pursuant to the provisions of the *Business Corporations Act* (British Columbia). The Company's business objective is the identification, evaluation, acquisition and exploration of mineral properties. The head office and the registered office of the Company is located at Suite 501 – 543 Granville Street, Vancouver, British Columbia, Canada, V6C 1X8. The Company has two wholly owned subsidiaries, Regency Silver S.A. de C.V. which was incorporated pursuant to the laws of Mexico on October 26, 2017, and Regency Mining SAC which was incorporated pursuant to the laws of Peru on April 10, 2018. The Company is trading on the TSX Venture Exchange under the ticker symbol "RSMX". On August 26, 2025, the Company consolidated its stock on a two for one basis. This stock consolidation has been retroactively applied throughout this MD&A.

Exploration and Evaluation Assets

A continuity of the Company's exploration and evaluation assets is as follows:

	Dios Padre
	$
Balance, December 31, 2024	**6,886,829**
Assaying	14,280
Camp costs	215,743
Consulting and professional fees	21,695
Drilling	597,322
Equipment	29,802
Geologist fees	14,375
Property taxes and payments	119,899
Wages and salaries	312,295
IVA paid	105,527
Balance, December 31, 2025	**8,317,767**
Assaying	-
Camp costs	586,626
Consulting and professional fees	41,782
Drilling	2,148,032
Equipment	40,172
Geologist fees	234,797
Other payments	10,583
Property taxes and payments	413,713
Wages and salaries	118,262
IVA paid	-
Balance, June 30, 2026	**11,911,734**

Dios Padre Property, Mexico

The Company's subsidiary, Regency Mexico, has exercised its option and acquired the Dios Padre mineral property in 2022. Regency Mexico entered into an Option to Purchase and Promise to Assignment Agreement dated November 27, 2017 ("Option Agreement"), subsequently amended, with Minera Pena Blanca, S.A. de C.V. ("Minera Pena"), pursuant to which Regency Mexico was granted an option to purchase 100% title to the mineral concessions comprising the Dios Padre mineral property located in Yecora, Sonora, Mexico in consideration of:

1. the payment of US$145,000 plus IVA value-added tax as follows:

- US$25,000 on the date of signing (paid);
- US$30,000 on or before November 27, 2018 (paid);
- US$30,000 on or before November 27, 2019 (paid);
- US$30,000 on or before November 27, 2020 (paid); and
- US$30,000 on or before November 27, 2021 (paid).

2. incurring aggregate exploration expenditures of not less than US$1,000,000 as follows:

- US$250,000 on or before November 27, 2018; (incurred)
- US$500,000 on or before November 27, 2021 (incurred);

- US$250,000 on or before April 30, 2022 (waived – see disclosure below).

Pursuant to the Option Agreement, Minera Pena will retain a 3% net smelter return royalty, 2% of which can be purchased by the Company for US$1.5 million. Minera Pena may be obligated to pay an underlying 2.5% net smelter return royalty in favour of a third party. In the event the underlying royalty is valid, Regency may not be able to reduce the NSR to 1%. The Dios Padre Property may be subject to advance minimum royalty payments of US$100,000 due January 1st of each year, payable by Minera Pena to third parties.

On October 7, 2022, the Company entered into an option exercise agreement pursuant to which Minera Pena agreed to waive the last exploration expenditure of US$250,000 required to exercise the option for a 100% interest in the Dios Padre property. Consideration for the early exercise was the issuance of 150,000 common shares in the capital of the Company (the "Common Shares") at a price of $0.85 per share. The Common Shares were subject to a four month hold period from the date of issue in accordance with applicable securities legislation.

As at December 31, 2025, legal title to the Dios Padre mineral concessions has not yet been registered in the name of Regency Mexico. The Company retains the contractual rights and obligations associated with the Dios Padre property after the exercise of the Option Agreement in 2022. The Company is in the process of completing the required legal and administrative steps to finalize the transfer and registration of title with the relevant Mexican authorities.

As at December 31, 2025, the Company also holds deposits totaling $112,252 related to camp and drilling expenditures, which are to be utilized in the upcoming fiscal year.

Ejido La Trinidad Agreement

To acquire necessary surface access and use, Regency Mexico executed a four-year agreement with the Ejido "La Trinidad" on November 29, 2017, requiring the Company to make annual payments of US$6,000 and minor improvement costs. During the year ended December 31, 2021, the Ejido La Trinidad Agreement expired, and no further amendments were made. A payment of US$7,500 was made during the year ended December 31, 2022 to the Ejido La Trinidad for annual surface access and use for 2022. On June 18, 2022, the agreement was amended such that the Company is required to make annual payments of US$7,500 per year for three years, and on August 29, 2025, the agreement was amended again to increase the annual payments to US$8,000 per year for three years.

San Dimas, Mexico

The Company entered into a term sheet option agreement dated December 27, 2023 (the "Option Agreement") to option a 100% undivided interest in the El Milagro, El Milagro II, El Milagro III and Dorada claims (the "San Dimas Claims") located in the State of Sinaloa, Mexico.

In order to exercise the option, the Company must pay US$100,000 with US$50,000 due on receipt of Exchange acceptance and $50,000 due on or before July 1, 2024, and issue a total of 500,000 common shares (issued in February 2024). The Company must also pay a US$1,000,000 bonus upon a NI 43-101 resource being published, which estimates the San Dimas Claims contain a minimum of 70 million silver equivalent ounces or 1 million gold ounces in the measure or indicated categories. The shares are subject to a four-month hold period.

The Company has not exercised its option to acquire the San Dimas Claims as management does not yet have a substantive work plan and accordingly costs incurred to date have been expensed as project investigation costs.

La India, Mexico

The Company entered into an exploration and exploitation agreement with an option to acquire a mining concession ("Option Agreement") for a 100% undivided interest in the La India Property (the "Property") for a term of sixty months. Pursuant to the Option Agreement, the Company is required to make an initial payment of US$60,000 (CAD 83,478), additional option payments totaling US$580,000 (CAD 806,954) over a five-year period and pay estimated taxes of US$145,000 (CAD 201,739). Additionally, if a NI 43-101 resource is later published estimating at least one million ounces of gold or silver equivalent within the concession, the Company will be required to make a one-time payment of US$1,000,000 (CAD 1,391,300), net of prior option payments and taxes. The Property is subject to a 2% net smelter return royalty, of which 1% may be purchased by the Company for US$1,000,000 (CAD 1,391,300).

Going Concern

The condensed interim consolidated financial statements are presented on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. There are conditions and events that form a material uncertainty which may cast significant doubt on the validity of this assumption. As at June 30, 2026, the Company incurred a loss of $2,324,661 and an accumulated deficit of $17,727,362. The Company has no source of revenue and does not generate cash flows from operations and has therefore relied principally on the issuance of equity securities to finance its operation activities to the extent that such instruments are issuable under terms acceptable to the Company. If future financing is unavailable, the Company may not be able to fund operations and develop its exploration properties, in which case the realizable values of its assets may decline materially from current estimates. These factors form a material uncertainty that may cast significant doubt as to the ability of the Company to continue as a going concern. The condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities.

Selected Annual Information

The following table provides a summary of the Company's financial operations for the three most recently completed financial years:

	2025	2024	2023
	$	$	$
Net loss for the year	(2,584,138)	(2,337,570)	(3,186,092)
Basic and diluted loss per share	(0.04)	(0.05)	(0.08)
Total assets	12,288,375	7,044,788	6,739,061
Total long-term liabilities	-	-	-

The Company's net loss for 2025 increased slightly compared to 2024 which is consistent with expectations given the Company successfully closed two financings. The loss consisted primarily of consulting of $462,377 (2024 - $549,357), marketing of $248,839 (2024 - $324,210), and share-based payments of $724,227 (2024 - $320,540). Total assets increased year-over-year as a result of the Company closing two private placements during the year, the funds of which were used to further the Company's exploration program on Dios Padre.

The Company's net loss for 2024 decreased compared to prior years which is consistent with expectations given cash constraints. The loss consisted primarily of marketing of $324,210 (2023 - $822,839),

consulting of $549,357 (2023 - $665,283), and share-based payments of $320,540 (2023 - $558,313). Total assets increased year-over-year as a result of the Company closing private placements during the year, the funds of which were used to further the Company's exploration program on Dios Padre.

This information has been prepared in accordance with IFRS and is presented in Canadian dollars, which is the functional currency of the Company. For more detailed information, please refer to the Company's financial statements.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

For the three months ended:	June 30, 2026 $	March 31, 2026 $	December 31, 2025 $	September 30, 2025 $
Total assets:	14,537,735	12,212,798	12,288,375	9,141,542
Working capital (deficiency)	1,814,576	4,061,111	3,137,003	988,953
Loss for the period	(1,211,207)	(1,113,454)	(1,220,899)	(913,185)
Loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

For the three months ended:	June 30, 2025 $	March 31, 2025 $	December 31, 2024 $	September 30, 2024 $
Total assets:	7,240,833	7,198,497	7,044,788	6,981,450
Working capital (deficiency)	(934,923)	(565,554)	(632,204)	(509,056)
Loss for the period	(256,619)	(193,435)	(715,929)	(309,485)
Loss per share	$ (0.01)	$ (0.00)	$ (0.03)	$ (0.00)

The quarterly trend in total assets and working capital is primarily driven by movements in cash balance related to the Company's financing activities and spending on corporate costs and exploration programs. The quarterly trend in loss for the period and loss per share is primarily driven by the Company's corporate costs. The Company's total assets have remained consistent and within expectations as the Company continued to spend on its mineral properties and closed private placements. The Company's net loss increased during the quarter ended December 31, 2025 due to granting of stock options. During the three months ended September 30, 2024, and June 30, 2024, the Company's net loss decreased due to cost saving measures implemented by management. During the three months ended December 31, 2024, the Company's net loss increased due to the write-off of prepaid expenses. Working capital increased during the three months ended December 31, 2025, as the Company closed a private placement during the period.

Fourth Quarter Information

Not required for this MD&A.

Liquidity, Capital Resources and Going Concern

The Company does not generate sufficient cash from operations. The Company finances its activities by raising equity capital from private placements. The Company may encounter difficulty sourcing future financing.

The Company had cash of $1,680,130 at June 30, 2026 (December 31, 2025 - $3,517,828) and the Company had working capital of $1,814,576 at June 30, 2026 (December 31, 2025 – 3,137,003).

The Company has no commitments for capital expenditures other than those already disclosed under *"Exploration and Evaluation Assets"*.

The Company defines the capital that it manages as its equity.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. Please also refer to *"Going Concern"* for further discussion on the availability of capital resources.

Results of Operations

Net Loss

Six Months Ended June 30, 2026

The Company's net loss increased from $450,054 during the six months ended June 30, 2025, to $2,324,661 during the current period. The primary reason for the increase is due to share-based payments of $412,043 (June 30, 2025 - $Nil), and consulting fees of $1,125,095 (June 30, 2025 - $163,500).

Six Months Ended June 30, 2025

The Company's net loss decreased from $1,312,156 during the six months ended June 30, 2024, to $450,054 during the during the period. The primary reason for the decrease is due to marketing costs of $27,127 (June 30, 2024 - $262,274), property investigation costs of $Nil (June 30, 2024 - $165,000), and share-based payments of $Nil (June 30, 2024 - $275,901). Other notable variances that account for the loss include consulting fees of $163,500 (June 30, 2024 - $217,557), and office expenses of $51,734 (June 30, 2024 - $139,132).

Exploration and Evaluation Assets

The Company's primary area of focus is its Dios Padre project in Mexico. During the period, the Company incurred $3,487,330 (June 30, 2025 - $191,400) on Dios Padre. Notable items included in amounts spent during the period include the following:

- Drilling of $2,148,032 (June 30, 2025 - $Nil);
- Camp costs of $586,626 (June 30, 2025 - $65,373); and
- Property taxes and payments of $413,713 (June 30, 2025 - $17,048).

Please refer to the table in "*Exploration and Evaluation Assets"* for further information on amounts spent and project status on the Company's mineral property interests.

Cash Flows

As at June 30, 2026, the Company had cash outflows of $2,314,019 from operating activities compared to $408,651 as at June 30, 2025.

In addition to the Company's accumulated deficit and working capital position, the Company has not generated revenues and does not anticipate generating revenues in the near future to meet its operating and administrative expenses. These circumstances may cast significant doubt on the validity of the going concern assumption.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of investigating new potential properties and exploration work on those potential properties, the Company will require additional financing through debt or equity issuances or other available means.

Although the Company has previously been successful 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. Factors that could affect the availability of financing include the progress and exploration results of the mineral properties, the state of international debt, equity and metals markets, and investor perceptions and expectations.

The Company's condensed interim consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

Cash used in operating activities is primarily driven by professional, management, marketing, and consulting fees.

Cash from financing activities has been generated via issuances of common shares and notes payable.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as at the date of this MD&A.

Investor Relations

Investor relations functions are undertaken by the Company's CEO and Executive Chairman, Bruce Bragagnolo.

Proposed Transactions

There are no proposed transactions.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's senior management, who are considered to be key management personnel by the Company. Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities.

Key management personnel include the members of the Board of Directors and officers of the Company who have the authority and responsibility for planning, directing and controlling the activities of the Company. Amounts paid and accrued to directors, former directors and officers, for management fees and bonuses for prior periods, are as follows:

	For the Six Months Ended	
	June 30, 2026	June 30, 2025
Management and director compensation:		
Management fees		
Bruce Bragagnolo	$ 480,000	$ 54,000
Gijsbert Groenewegen	-	17,500
Mathew Lee	35,000	24,000
Total management fees	515,000	95,500
Consulting fees		
Rajinder Chowdry	4,000	-
Alejandro Sucre	4,000	-
Michael Thomson	10,500	18,000
Michael Tucker	41,000	60,000
Patrick Elliott	6,000	-
Total consulting fees	65,500	78,000
Share-based compensation		
Bruce Bragagnolo	40,396	-
Mathew Lee	20,198	-
Rajinder Chowdry	40,396	-
Frank Cordova	40,396	-
Alejandro Sucre	40,396	-
Michael Tucker	40,396	-
Total share-based compensation	222,180	-
Total related party compensation	$ 802,680	$ 173,500

Included in accounts payable and accrued liabilities is $38,920 (December 31, 2025 - $99,710) owed to the directors and officers of the Company. These amounts are unsecured and non-interest bearing with no specific terms of repayment.

Included in prepaid expenses is $Nil (December 31, 2025 - $37,519) in travel and operating expense advances paid to officers and directors of the Company.

During the six months ended June 30, 2026, the Company paid directors and officers of the Company $383,900 in bonuses and back pay for services rendered (June 30, 2025 - $Nil).

Share Capital Highlights

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Since incorporation, the Company's capital resources have been limited. The Company has had to rely upon the sale of equity securities for the cash required for property acquisition payments, office and miscellaneous expenses and accounting, audit and legal fees, among other expenses.

During the six months ended June 30, 2026, the Company issued a total of 17,763,500 common shares as follows:

- During the period from January to February 2026, the Company issued a total of 773,000 common shares pursuant to the exercise of warrants at exercise prices ranging from $0.10 to $0.26 per common share.

- The Company issued 16,990,000 units of the Company (the "Units") at a price of $0.25 per Unit for aggregate gross proceeds of $4,247,500. Of this amount, $204,400 is receivable. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.35 per share for a period of two years from the date of issuance. In connection with this closing, the Company paid aggregate cash advisory and finders fees of $142,032.

During the year ended December 31, 2025, the Company issued a total of 66,470,999 common shares as follows:

- On August 28, 2025, the Company issued 40,000,000 units at a price of $0.10 per unit for gross proceeds of $4,000,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of $0.20 per share for a period of two years from the date of issuance.

  In connection with this closing, the Company paid cash finder's fees of $400,000 and issued 3,200,000 broker warrants units. Each broker warrant unit will entitle the holder to purchase one common share and one-half additional warrant of the Company at a price of $0.10 per unit for a period of two years from the date of issuance. Each additional warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.20 per common share. The broker's warrants were valued at $469,241using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 2.63%; volatility – 114%; expected dividend yield – 0.0%; expected option life in years – 2.

  The Company also issued 2,000,000 corporate finance fee units for services. Each corporate finance unit consists of one common share of the Company and one-half corporate finance warrant. Each corporate finance warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.20 per common share for two years. The fair value of the corporate finance fee shares were measured to be $310,250 and the corporate finance warrants were valued at $147,062 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 2.63%; volatility – 114%; expected dividend yield – 0.0%; expected option life in years – 2.

- On December 19, 2025, the Company issued 23,305,714 units at a price of $0.175 per unit for gross proceeds of $4,078,500. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of $0.26 per share for a period of three years from the date of issuance. The fair value of the warrants under the residual value method was measured to be $815,700.

  In connection with this closing, the Company paid cash finder's fees of $471,280 and issued 1,864,457 broker warrants units. Each broker warrant unit will entitle the holder to purchase one common share and one additional broker warrant of the Company at a price of $0.175 per unit for a period of three years from the date of issuance. Each additional warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.26 per common share. The broker's warrants were valued at $322,920 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 2.77%; volatility – 114%; expected dividend yield – 0.0%; expected option life in years – 3.

The Company also issued 1,165,285 corporate finance fee units for services. Each corporate finance unit consists of one common share of the Company and one warrant. Each corporate finance warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.26 per common share for three years. The fair value of the corporate finance shares were measured to be $163,140 and the corporate finance warrants were valued at $191,089 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 2.77%; volatility – 114%; expected dividend yield – 0.0%; expected option life in years – 3.

In connection to the private placements, the Company paid other professional and regulatory share issuance cost of $158,419.

Subsequent Events

There were no subsequent events.

Outstanding Share Information

As of the date of this MD&A, the Company had 138,026,099 common shares, 14,795,000 options, and 62,631,639 warrants outstanding.

Changes in Accounting Policies and Initial Adoption

The Company did not adopt any new accounting polices during the period.

Critical Accounting Estimates

The critical accounting estimates used by the Company are described in the condensed interim consolidated financial statements for the six months ended June 30, 2026.

Financial Instruments and Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is high credit quality financial institutions as determined by rating agencies. Receivables are due from a government agency.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to exchange risk as its mineral property interests are located in Mexico and Peru and certain transactions are conducted in the Mexican Peso and US dollar respectively. The Company is exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in Mexican Peso ("MXN"):

	June 30, 2026	December 31, 2025
Balance in MXN:	$	$
Cash	133,455	399,400
Accounts payable	(5,571,378)	(2,095,316)
Net exposure	(5,437,923)	(1,695,916)
Balance in Canadian dollars:	(442,321)	(129,263)

A 10% change in the Mexican Peso to the Canadian dollar exchange rate would not have a significant impact on the Company's net loss for the six months ended June 30, 2026 (December 31, 2025 – $12,926).

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's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk by careful management of its working capital. As at June 30, 2026, the Company has working capital of $1,814,576 to settle liabilities totaling $800,095 and requires additional financing to fund current operations. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There is no assurance of continued access to significant equity funding. The Company requires additional funding to continue with its ongoing operations and exploration commitments and accordingly is exposed to liquidity risks.

Fair value measurement

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 that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The Company records its cash at FVTPL and accounts payable and note payable at amortized cost. Cash is measured using level 1 inputs.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	June 30, 2026		December 31, 2025	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	$	$	$	$
FVTPL assets (i)	1,680,130	1,680,130	3,517,828	3,517,828
Amortized cost liabilities (ii)	762,203	762,203	670,513	670,513

(i) Cash
(ii) Accounts payable

The Company's financial assets measured at fair value on a recurring basis are presented on the Company's condensed interim consolidated statements of financial position as of June 30, 2026 are as follows:

Financial Assets	Balance as at June 30, 2026 $	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	1,680,130	1,680,130	-	-
Total	1,680,130	1,680,130	-	-

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company and its Board of Directors will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged.

Risk Factors

The common shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in the Company's Prospectus, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the Company's common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment.

The possible sale of common shares released from escrow on each release date could negatively affect the market price of the Company's common shares and also result in an excess of sellers of common shares to buyers of common shares and seriously affect the liquidity of the common shares.

No Ongoing Operations and No Production History

The Company is a mineral exploration company and has no operations or revenue.

Limited Operating History

The Company has no history of earnings. There are no known commercial quantities of mineral reserves on the Company's properties. There is no assurance that the Company will ever discover any economic quantities of mineral reserves.

Negative Operating Cash Flow

Since inception, the Company has had negative operating cash flow. The Company has incurred losses since its founding. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the exploration programs on the properties and administrative costs. The Company cannot predict when it will reach positive operating cash flow.

Requirement for Further Financing

The Company has limited financial resources and may need to raise additional funds to carry out exploration of its properties. There is no assurance the Company will be able to raise additional funds or will be able to raise additional funds on terms acceptable to the Company. If the Company's exploration programs are successful and favourable exploration results are obtained, the properties may be developed into commercial production. The Company may require additional funds to place the properties into production. The only sources of future funds presently available to the Company are the sale of equity capital, debt, or offering of interests in its properties to be earned by another party or parties by carrying out development work. There is no assurance that any such funds will be available to the Company or be available on terms acceptable to the Company. If funds are available, there is no assurance that such funds will be sufficient to bring the Company's properties to commercial production. Failure to obtain additional financing on a timely basis could have a material adverse effect on the Company and could cause the Company to forfeit its interest in its properties and reduce or terminate its operations. There is no assurance the Company will be able to raise additional funds.

Exploration

At present, there are no bodies of ore, known or inferred, on the properties and there are no known bodies of commercially recoverable ore on the properties. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore on the properties.

Development

The business of exploration for precious metals involves a high degree of risk. Few exploration properties are ultimately developed into producing properties. The Company's properties are at the early exploration stage.

Title to Properties

The Company does not own the mineral rights pertaining to all of its properties, rather it, through its Mexican Subsidiary, holds an option to acquire the mineral rights and title to such properties. Upon such

options being exercised, title to such properties will be held through the Issuer's foreign subsidiaries. There is no guarantee the Company will be able to raise sufficient funding in the future to explore and develop its properties so as to maintain its interests therein. If the Company loses or abandons its interest in the properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated its title to the properties, for which it holds exploration licenses or exploration license applications, and the Company is satisfied with its review of the title to the properties, the Company cannot give an assurance that title to the properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law often are complex. The Company does not carry title insurance on the properties. A successful claim that the Company does not have title could cause the Company to lose its rights to the properties, perhaps without compensation for its prior expenditures relating to the properties.

The Dios Padre property may be subject to an underlying 2.5% net smelter return royalty in favour of third parties. The Company is reviewing the status of the underlying royalty to determine its validity and impact on the royalty in favour of Minera Pena Blanca. In the event the underlying royalty is valid, the Company may not be able to exercise its right to purchase 2% of the royalty in favour of Minera Pena Blanca. The Dios Padre Property may also be subject to advance minimum royalty payments of US$100,000 due January 1st of each year, payable by Minera Pena to the third parties.

Surface Rights

The Company does not own the surface rights to the properties. The Company understands that it is necessary, as a practical matter, to negotiate surface access, and the Company is continuing to do so. However, there is a risk that local communities or affected groups may take actions to delay, impede or otherwise terminate the contemplated activities of the Company. There can be no guarantee that the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out significant exploration and development activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, which assistance may not be provided or, if provided, may not be effective. If the development of a mine on the properties becomes justifiable it will be necessary to acquire surface rights for mining, plant, tailings and mine waste disposal. There can be no assurance that the Company will be successful in acquiring any such rights.

Management

The success of the Company is largely dependent upon the performance of its management. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. There is no assurance that the Company can maintain the service of its management or other qualified personnel required to operate its business.

Requirement for Permits and Licenses

The Company has obtained certain licenses and permits from applicable authorities and is pending receipt of approval of certain licenses and permits. Further, the Company will be applying for all necessary licenses and permits under applicable laws and regulations to carry on the exploration activities which it is currently planning in respect of the properties, and the Company believes it will comply in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to changes in regulations and in various operational circumstances. A substantial number of additional permits and licenses will be required should the Company proceed beyond exploration. There can be no guarantee that the Company will be able to obtain such licenses and permits.

Environmental Risks and other Regulatory Requirements

The current or future operations of the Company, including the exploration activities and commencement of production on the properties, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. There can be no assurance that all permits which the Company may require for its facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulations would not have a material adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing the operations and activities of mineral companies, or more stringent enforcement thereof, could have a material adverse impact on the Company and cause increases in capital expenditure or exploration and development costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Uninsurable Risks

Exploration of mineral properties involves numerous risks, including unexpected or unusual geological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against environmental risks.

Competition

Significant and increasing competition exists for mineral opportunities in Mexico. There are a number of large established mineral exploration companies with substantial capabilities and greater financial and technical resources than the Company.

The Company may be unable to acquire additional mineral properties or acquire such properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company's exploration programs will yield any reserves or result in any commercial mineral operations.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Conflicts of Interest

Directors of the Company may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource development. As a result, there may be situations that involve a

conflict of interest for such directors. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the *Business Corporations Act* (British Columbia) and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

No Cash Dividends

The Company has not declared any cash dividends to date. The Company intends to retain any future earnings to finance its business operations and any future growth. Therefore, the Company does not anticipate declaring any cash dividends in the foreseeable future.

Ore Reserves and Reserve Estimates

The Company's business relies upon the ability to determine whether a given property has commercial quantities of recoverable minerals. No assurance can be given that any discovered mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience.

Fluctuating Mineral Prices

The mining industry is heavily dependent upon the market price of the metals or minerals being mined or explored for. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond the Company's control may affect the marketability of any minerals discovered. The prices of base and precious metals have experienced volatile and significant price movements over short periods of time and are affected by numerous factors beyond the Company's control. The market price of metals and minerals is volatile and cannot be controlled by the Company. Metal prices have fluctuated widely, particularly in recent years. Factors beyond the control of the Company may affect the marketability of minerals or concentrates produced, including quality issues, impurities, deleterious elements, government regulations, royalties, allowable production and regulations regarding the importing and exporting of minerals, the effect of which cannot be accurately predicted.

Share Price Volatility

The Company has applied to list its common shares on the Exchange. In the event of such listing, external factors outside of the Company's control, such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward mining sector stocks, may have a significant impact on the market price of the common shares. Global stock markets, including the Exchange, have experienced extreme price and volume fluctuations from time to time. The same applies to companies in the mining sector. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

Increased Costs of Being Publicly Traded

As the Company will have publicly-traded securities, significant legal, accounting and filing fees will be incurred that are not presently being incurred. Securities legislation and the rules and policies of the Exchange require publicly listed companies to, among other things, adopt corporate governance policies and related practices and to continuously prepare and disclose material information, all of which will significantly increase legal, financial and securities regulatory compliance costs.

Foreign Exchange Risk

Please refer to "Financial Instruments and Risks" discussed above.

Approval

The board of directors of the Company approved the disclosure contained in this MD&A on August 31, 2026. A copy of this MD&A will be provided to anyone who requests it.