

ROCHESTER RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED FEBRUARY 28, 2026

This discussion and analysis of financial position and results of operation is prepared as at April 29, 2026 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the nine months ended February 28, 2026 of Rochester Resources Ltd. ("Rochester" or the "Company"). The following disclosure and associated financial statements are presented in accordance with IFRS Accounting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the securities markets for junior resource companies may render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedarplus.ca and readers are urged to review these materials.

Company Overview and Going Concern

The Company is a junior natural resource company engaged in the exploration and development of the Mina Real and San Francisco Projects located in Mexico. The Company holds 100% undivided interests in the Mina Real and San Francisco Properties.

As at February 28, 2026, the Company had a working capital deficit of \$38,633,440 however excluding amounts due to directors and affiliates, the working capital deficit is \$15,403,690. The Company has been unable to make all concession payments when due and, as at February 28, 2026, has unpaid government concession payments and related carrying charges totalling \$7,276,681 (included in accounts payable and accrued liabilities). The Company is also in the process of resolving a dispute resulting from government audits and, as a result has relied on advances from its Chairman and CEO, as described in "Related Party Disclosures". The Company's ongoing operations are dependent on extracting mineralized material from the Mina Real and San Francisco properties and therefore, on the Company's ability to preserve its interest in the underlying mineral property interests. In the immediate term the Company's ability to continue as a going concern is dependent on the market prices of gold and silver, its ability to continue improving its operations to generate positive operating cash flow on a consistent basis, the continued financial support of its directors, shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. The Company has taken steps to improve operating results (see "Property Update"). See also "Contingent Liabilities and Commitments".

The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan and trades on the TSX Venture Exchange ("TSXV") under the symbol "RCT", the Frankfurt Stock Exchange Open Market under the trading Symbol

“R5IA” and on the Pink OTC Markets under the symbol “RCTFF”. The Company’s head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Property Update

The Company holds a 100% interest in Mina Real Mexico SA de CV which holds the Mina Real and San Francisco gold and silver properties located in the state of Nayarit, Mexico, east of the state capital city of Tepic. The Mina Real Property consists of 11 mining concessions and one mineral claim encompassing a total area of 21,367.42 hectares. The San Francisco Property consists of twelve mining concessions encompassing 18,125.05 hectares.

The terrain on the properties is rugged and steep with deeply incised valleys. Elevations range from 800 to 1,600 meters above sea level. The climate is sub-tropical and characterized by a dry and a wet season.

At present there is no Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) or National Instrument (“NI”) 43-101 compliant Resources or Reserves for the Mina Real Property or the San Francisco Property.

In 2007, the Mina Real processing plant began treating mineralized material from the Estanzuela Unit, with additional material from the San Francisco Unit since 2014. As of the date of this MD&A substantially all material is coming from the San Francisco Unit. The plant employs a conventional cyanidation process, including crushing, grinding, and chemical treatment. Historically, the mineralized material processed has contained high levels of manganese, which has negatively impacted silver production. The plant modifications to increase silver production, are positively impacting silver recovery. See also “Operations - Plant Area Upgrades”.

The Company has conducted mining operations without defined mineral resources and the production decision was not based on a feasibility study of mineral reserves that has demonstrated technical or economic viability.

Operations

A mining study to establish the technical feasibility and economic viability of the Mina Real Property has not been completed nor does the project host a mineral resource. As a result there is increased uncertainty and risk of economic and technical failure.

Mill operating statistics for the three months ended February 28, 2026 (“Q3”), the three months ended November 30, 2025 (“Q2”), the three months ended August 31, 2025 (“Q1”) the nine months (accumulated) ended February 28, 2026 (the “2026 Period”) and the nine months (accumulated) ended February 29, 2025 (the “2025 Period”) are provided in the table below:

RESULTS	Q3 (Dec 1/25 - Feb 28/26)	Q2 (Sep 1/25 - Nov 30/25)	Q1 (Jun 1/25 - Aug 31/25)	2026 Period (Jun 1/25 - Feb 28/26)	2025 Period (Jun 1/24 - Feb 29/25)
Tonnes Processed	11,522 tonnes	8,748 tonnes	10,008 tonnes	30,278 tonnes	31,664 Tonnes
Gold Grade	1.36 g/t	1.61 g/t	1.55 g/t	1.49 g/t	1.53 g/t
Silver Grade	198.65 g/t	265.20 g/t	264.34 g/t	239.59 g/t	221.84 g/t
Gold Recovery	99.88 %	99.47 %	99.51 %	99.71 %	96.34 %
Silver Recovery	69.90 %	68.05 %	63.10 %	66.83 %	50.48 %
Gold Produced	503 ounces	452 ounces	496 ounces	1,451 ounces	1,497 Ounces
Gold Sold	495.28 ounces	444.97 ounces	489.91 ounces	1,429.16 ounces	1,474.753 Ounces
Silver Produced	51,435 ounces	50,758 ounces	53,675 ounces	155,868 ounces	113,201 Ounces
Silver Sold	49,892 ounces	49,235 ounces	52,065 ounces	151,192 ounces	109,805 Ounces
Gold Equivalent Produced	1,380.57 ounces	1,059.54 ounces	1,091.74 ounces	3,532 ounces	2,839 Ounces
Developed Meters	840 meters	514 meters	509 meters	1,863 meters	973 Meters
Samples Taken	3,601 samples	3,439 samples	3,188 samples	10,228 samples	8,866 Samples
Diamond Drilling Meters	0 meters	0 meters	0 meters	0 meters	852 meters
Access Road Kilometers	0 kilometers	0 kilometers	0 kilometers	0 kilometers	0 kilometers

Q3 Compared to Q2

Production of gold during Q3 was 11.28% higher than Q2 (503 ounces compared to 452 ounces) and silver production during Q3 was 0.01% higher than Q2 (51,435 ounces compared to 50,758 ounces) resulting in the gold equivalent produced during Q3 was 30.28% higher than Q2 (1,381 ounces compared to 1,060 ounces). The increases during Q3 are the result of a 2,774 tonne increase in tonnes processed during Q3 compared to Q2 (11,522 compared to 8,748).

The increase in tonnes processed was the result of the replacement of the 6' X 5' mill completed in late December 2025.

In October 2025, repair work was started on the 6' X 5' mill. From an initial investigation, it became evident that repair of the mill would take far longer than acquisition of a replacement mill. The Company sourced and acquired a used 6' X 6' mill. This replacement ball mill was transported to the site, rebuilt and installed. The installation began the first week of December 2025. The replacement ball mill was commissioned and began operating in late December 2025 and has been operating according to specifications. The Company is currently working to repair the 6' X 5' mill and bring it back on-line. Once the work is completed the Company will phase out its small ball mill. Other modifications and upgrades continue to be made throughout the mill area.

During Q3, due to the upgrading of equipment, the recovery and production of both gold and silver were higher, though partially offset by lower grades of both silver and gold in the material processed. The grades and recoveries of both gold and silver fluctuate dependent upon the source of the mineralized material processed.

2026 Period Compared to 2025 Period

The gold equivalent produced during the 2026 period was 3,532 ounces as compared to 2,839 ounces during the 2025 period an increase of 693 ounces. The increase is a result of higher recoveries of both gold and silver during the 2026 period partially offset by a 1,386 tonne decrease in materials processed due to outage of the 6' X 5' mill from early October 2025 to late December 2025.

Plant Area Upgrades

Historically, mineralized material processed has contained high levels of manganese, which has negatively impacted silver recovery and, therefore, production. In the first quarter of calendar 2024, the Company identified a process utilizing certain reagents that could improve recoveries of silver and gold. Pilot testing was conducted, which confirmed that recoveries could be increased. In October 2024, the Company began making the necessary plant modifications to increase recoveries.

The complete plant modifications are projected to cost approximately US \$3,000,000. The implementation will occur in stages, and by the end of quarter 1 of fiscal 2026, the initial phase, costing approximately US \$1,532,000 had been completed. This initial funding was provided by Company Chairman, Eduardo Luna, as to US \$960,000, alongside DNN Investments Ltd. ("DNN"), a company affiliated with Company CEO, Nick DeMare, as to \$572,235. The balance of the funding needed to complete the plant modifications fully will come from operations, and the changes will be phased in; however, additional funding may be required.

As of August 31, 2025, the first phase of work was completed, and the plant modifications made are fully functioning. During the 2026 period, silver recoveries averaged 66.83% and gold recoveries were 99.71%. These recoveries compare to 50.48% for silver and 96.34 % for gold, before the use of the new process.

The plant modification debt bears interest at 24%. This interest rate was approved by the independent directors on February 14, 2025. The detailed debt repayment terms remain to be finalized and, initially, will be made on an ad hoc basis determined by available cash flow. During the 2026 period, a total of US \$328,033 was repaid by the Company.

Drifting

The allocation for drifting amongst areas during each of Q3, Q2, Q1, the 2026 period and the 2025 period is as follows:

	Q3		Q2		Q1		2026 Period		2025 Period	
Area	Meters	%	Meters	%	Meters	%	Meters	%	Meters	%
Tajos Cuates	0	0%	0	0%	0	0%	0	0%	0	0%
Florida NW	189	23%	0	0%	0	0%	189	10%	0	0%
Florida SE Project	0	0%	0	0%	0	0%	0	0%	0	0%
Florida IV	0	0%	40	8%	18	3%	58	3%	0	0%
San Francisco Project	651	77%	474	92%	491	97%	1,616	87%	973	100%
TOTAL DRIFTING	840	100%	514	100%	509	100%	1,863	100%	973	100%

Distribution of the development during each of Q3, Q2, Q1, the 2026 period and the 2025 period, by activity, is as follows:

	Q3		Q2		Q1		2026 Period		2025 Period	
Type of Drifting	Meters	%	Meters	%	Meters	%	Meters	%	Meters	%
Exploration	354	42%	244	47%	261	51%	859	46%	363	37%
Stope Preparation	367	44%	119	23%	120	24%	606	33%	488	50%
CAPEX Drifting	119	14%	151	30%	128	25%	398	21%	122	13%
TOTAL DRIFTING	840	100%	514	100%	509	100%	1,863	100%	973	100%

Exploration and Development Activities

The Company has ongoing exploration and development programs at the Mina Real and San Francisco Properties to identify additional mineralized material that would provide mill feed for operations. Most recently, the Company has hired an additional mining contractor whose area of focus is to work on Mina Real properties. The objective is to increase the tonnes processed. The new contractor is establishing operations, and increases in tonnage processed are beginning to increase. During the quarter ended November 30, 2025 510 tonnes came from the Mina Real properties, however during the quarter ended February 28, 2026 the mill processed 2,391 tonnes from the Mina Real properties.

In addition, 1,200 meters of underground diamond drilling (DDD) is planned at the San Francisco mine to confirm existence of mineralized material below an elevation of 1,400 meters above sea level, which corresponds to 150 meters below the currently producing blocks of the Choluta and Agua Negra zones. This activity was initially planned for Q2 of fiscal 2026 but work has been deferred. Prior to initiating this underground drilling program the Company needs to upgrade the electrical grid to ensure the required power is available, currently anticipated to be in June 2026.

The Company is benefiting from current prices of gold and silver and needs to ensure sufficient tonnage of mineralized material is delivered to the mill and processed. To date the improvement in operating results is mainly due to commodity price increases but progress continues to be made and many necessary plant modifications and repairs are being made. The Company expects operating results to continue to improve.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2026			Fiscal 2025				Fiscal 2024
Three Month Period Ending	Feb 28/26 \$	Nov 30/25 \$	Aug 31/25 \$	May 31/25 \$	Feb 28/25 \$	Nov 30/24 \$	Aug 31/24 \$	May 31/24 \$
Operations:								
Revenues	8,419,953	5,444,855	4,736,087	3,563,199	3,134,337	3,197,053	3,394,231	3,272,538
Cost of sales	(5,835,639)	(4,649,604)	(4,020,168)	(3,416,387)	(3,386,215)	(3,658,963)	(3,436,328)	(3,677,868)
Depletion and amortization	(237,182)	(147,590)	(98,998)	(138,222)	(123,226)	(125,032)	(119,790)	(117,815)
Provision for site restoration	(42,681)	(41,491)	(40,020)	(29,474)	(29,216)	(28,857)	(30,951)	(33,063)
(Expenses) income, excluding impairment	(1,159,157)	(1,473,514)	(1,316,566)	(216,959)	(1,583,793)	(627,667)	1,793,297	(645,902)
Impairment of exploration and evaluation assets	(118,184)	(42,935)	(103,462)	(203,884)	(103,378)	(39,847)	(103,030)	(401,355)
Comprehensive income (loss)	971,745	(910,279)	(843,127)	(441,727)	(2,091,491)	(1,283,313)	1,497,429	(1,603,465)
Basic and diluted income (loss) per share	0.02	(0.02)	(0.02)	(0.01)	(0.04)	(0.03)	0.03	(0.02)
Statement of Financial Position:								
Working capital (deficit)	(38,633,440)	(39,594,080)	(38,681,974)	(37,609,399)	(13,188,525)	(13,564,803)	(12,441,470)	(14,048,480)
Total assets	14,090,580	11,308,411	9,891,547	8,355,401	7,133,626	6,461,088	5,017,945	5,640,393
Total non-current liabilities	(2,261,224)	(2,270,286)	(2,227,275)	(2,178,463)	(25,011,512)	(22,263,621)	(21,550,810)	(21,500,105)

Results of Operations

Fluctuation in the Company's comprehensive loss/income for each quarter is influenced mainly by the Company's income (or loss) from operations. Income from operations is affected by the amount of materials processed, the grade of the materials processed and the ability to recovery both silver and gold from the material in addition to fluctuating

commodity prices. The Company's expenses and cash requirements will fluctuate from quarter to quarter depending on the level of activity and, therefore, lack some degree of comparability.

Three Months Ended February 28, 2026 ("Q3/26") Compared to Three Months February 28, 2025 ("Q3/25")

During Q3/26 the Company reported a comprehensive income of \$971,745 compared to comprehensive loss of \$2,091,491 for Q3/25, a fluctuation of, \$3,063,236. The fluctuation was mainly due to:

- (i) an operating income of \$2,304,451 during Q3/26 compared to operating loss of \$404,320 in Q3/25; and
- (ii) a \$373,287 fluctuation in foreign exchange, from a foreign exchange loss of \$885,473 in Q3/25 to a foreign exchange loss of \$512,186 in Q3/26.

Nine Months Ended February 28, 2026 Compared to Nine Months Ended February 28, 2025

During the nine months ended February 28, 2026 (the "2026 period") the Company recorded comprehensive loss of \$781,661 compared to comprehensive loss of \$1,877,375 for the nine months ended February 28, 2025 (the "2025 period"), a decrease in loss of \$1,095,714. The decrease was attributed to a fluctuation in foreign exchange from a gain of \$1,234,224 in the 2025 period to a loss of \$1,915,830 in the 2026 period due to the significant fluctuation of the Canadian Dollar to the Mexican Peso and United States dollars. The Company's net liabilities are predominantly denominated in Mexican Pesos and United States dollars. The foreign exchange fluctuation was offset by the recognition of operating income of \$3,487,522 in the 2026 period compared to an operating loss of \$1,212,957 in the 2025 period.

Production

During the 2026 period the Company sold 3,182 gold equivalent ounces and realized revenues of \$5,846 per gold equivalent ounce as compared to the sale of 2,776 gold equivalent ounces and realized revenues of \$3,503 per gold equivalent ounce during the 2025 period.

The Company's cost of operations per gold equivalent ounce sold during the 2026 period was \$4,750 as compared to \$3,940 during the 2025 period.

Direct operating cost of sales for the 2026 and 2025 period comprise the following:

	2026 \$	2025 \$
Mine costs	6,092,273	3,878,773
Mill costs	4,061,515	2,921,240
Service department costs	4,351,623	3,681,493
	<u>14,505,411</u>	<u>10,481,506</u>

General and administrative expenses of \$883,392 were reported for the 2026 period compared to \$708,845 during the 2025 period, an increase of \$174,547. A summary of expenses is as follows:

	2026 \$	2025 \$
Accounting and administrative	40,850	44,420
Audit	79,250	77,000
Director and officer compensation	253,002	184,175
Legal	17,232	16,859
Office	197,415	132,844
Professional fees	12,141	119
Regulatory fees	7,917	7,718
Salaries and benefits	246,943	228,430

	2026 \$	2025 \$
Shareholder costs	3,447	1,085
Transfer agent fees	7,893	3,622
Travel	17,302	12,573
	<u>883,392</u>	<u>708,845</u>

Exploration and Evaluation Assets

During the 2026 period the Company incurred \$264,581 (2025 - \$246,255) additions on exploration and evaluation assets for the Santa Fe property, mainly due to ongoing monthly fees of US \$10,000 to the 30% concession owners and annual mineral concession payments until the concession is returned to the owners. During the 2026 period the Company made a partial payment of US\$120,000 and as at February 28, 2026 US \$200,000 remained unpaid.

Property, Plant and Equipment

	Mineral Properties \$	Land \$	Buildings \$	Mill and Mine Equipment \$	Construction in Progress \$	Total \$
Cost:						
Balance, May 31, 2024	33,934,944	2,692,313	3,566,241	7,778,434	-	47,971,932
Additions	-	-	-	70,952	1,721,566	1,792,518
ARO revision	-	-	-	-	322,009	322,009
Balance, May 31, 2025	33,934,944	2,692,313	3,566,241	7,849,386	2,043,575	50,086,459
Additions	-	-	-	418,861	299,544	718,405
Transfer	-	-	-	2,343,119	(2,343,119)	-
Disposal	-	-	-	(6,539)	-	(6,539)
Balance, February 28, 2026	<u>33,934,944</u>	<u>2,692,313</u>	<u>3,566,241</u>	<u>10,604,827</u>	<u>-</u>	<u>50,798,325</u>
Accumulated depletion and amortization:						
Balance, May 31, 2024	(33,934,944)	(2,692,313)	(3,275,345)	(6,991,524)	-	(46,894,126)
Depletion and amortization	-	-	(48,377)	(285,295)	-	(333,672)
Balance, May 31, 2025	(33,934,944)	(2,692,313)	(3,323,722)	(7,276,819)	-	(47,227,798)
Depletion and amortization	-	-	(36,282)	(286,368)	-	(322,650)
Balance, February 28, 2026	<u>(33,934,944)</u>	<u>(2,692,313)</u>	<u>(3,360,004)</u>	<u>(7,563,187)</u>	<u>-</u>	<u>(47,550,448)</u>
Carrying value:						
Balance, May 31, 2025	<u>-</u>	<u>-</u>	<u>242,519</u>	<u>572,567</u>	<u>2,043,575</u>	<u>2,858,661</u>
Balance, February 28, 2026	<u>-</u>	<u>-</u>	<u>206,237</u>	<u>3,041,640</u>	<u>-</u>	<u>3,247,877</u>

Development and production activities conducted during the 2026 period are described in “Property Update” in this MD&A.

Financings

During the 2026 and 2025 periods the Company did not complete any equity financings.

Financial Condition / Capital Resources

As at February 28, 2026, the Company had a working capital deficit of \$38,633,440 however excluding amounts due to directors and affiliates, the working capital deficit is \$15,403,690. The Company’s ongoing operations are dependent on extracting mineralized material from the Mina Real property and, therefore, on the Company’s ability to preserve its interest in the underlying mineral property interests. In the immediate term, the Company’s ability to continue as a going concern is dependent upon its ability to improve its operations to generate positive operating cash flow from the Mina Real property on a consistent basis, to raise additional capital to fund its ongoing business operations and exploration projects and repay indebtedness as they come due. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments.

There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the Company's ability to continue as a going concern will be dependent upon the discovery of economically recoverable reserves and the achievement of profitable operations. The Company has now completed the initial phase of its plant modification project to improve silver recoveries, as described in "Operations - Plant Area Upgrades". Whether the Company can generate positive cash flow on a consistent basis and, ultimately, achieve profitability is uncertain. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company has been involved in an ongoing dispute on the Santa Fe property. As of February 28, 2026 the Company has recorded US \$200,000 in current liabilities of estimated amounts payable and amounts in dispute.

See also "Contingent Liabilities and Commitments".

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Changes in Accounting Policies

There are no changes in accounting policies. A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2025 audited annual consolidated financial statements.

Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) Transactions with Key Management Personnel

The Company considers its key management to consist of the Company's Chairman (Mr. Eduardo Luna) the Chief Executive Officer ("CEO") (Mr. Nick DeMare) and the Chief Financial Officer ("CFO") (Mr. Jose Manuel Silva). During the 2026 and 2025 periods the following amounts were incurred:

	2026 \$	2025 \$
Professional fees - Mr. DeMare	49,860	39,360
Professional fees - Mr. Luna	135,000	90,000
Professional fees - Mr. Silva	18,642	18,815
	<u>203,502</u>	<u>148,175</u>

As at February 28, 2026 \$1,583,249 (May 31, 2025 - \$1,390,977) remained unpaid.

During the 2025 period the Company also recorded \$21,000 for share-based compensation on share options granted to its key management personnel.

(b) Transactions with Other Related Parties

- (i) During 2026 and 2025 periods the following amounts were incurred with respect to non-management directors (Marc Cernovitch, Joseph Keane and Michael Magrum) and the Corporate Secretary (Harvey Lim) of the Company:

	2026 \$	2025 \$
Professional fees - Mr. Cernovitch	13,500	9,000
Professional fees - Mr. Keane	13,500	9,000
Professional fees - Mr. Magrum	13,500	9,000
Professional fees - Mr. Lim	9,000	9,000
	<u>49,500</u>	<u>36,000</u>

As at February 28, 2026 \$307,000 (May 31, 2025 - \$272,500) remained unpaid.

During the 2025 period the Company also recorded \$20,500 for share-based compensation on share options granted to non-executive directors and officer of the Company.

- (ii) During the 2026 period the Company incurred a total of \$40,850 (2025 - \$44,420) to Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare's services. As at February 28, 2026 \$nil (May 31, 2025 - \$3,500) remained unpaid.

During the 2025 period the Company also recorded \$8,900 for share-based compensation on share options granted to Chase.

- (c) The Company has received ongoing advances which bear interest at a rate of 9% per annum and the advances are due on demand. As at February 28, 2026 \$877,314 (May 31, 2025 - \$881,121) of principal is due to Mr. Luna and \$73,940 (May 31, 2025 - \$74,568) is due to a private corporation controlled by Mr. DeMare.
- (d) The Company has received ongoing advances which bear interest at a rate of 12% per annum and the advances are due on demand. As at February 28, 2026 \$3,697,129 (May 31, 2025 - \$3,845,175) of principal is due to Mr. Luna and \$99,981 (May 31, 2025 - \$31,771) is due to a private corporation controlled by Mr. DeMare.
- (e) Principal amounts under a secured debenture financing (the "Debentures") are subject to a monthly interest charge equivalent to \$12.67 multiplied by the greater of: (a) the monthly production of mineralized material from the Company's San Francisco Property, and (b) the average monthly production of mineralized material from the San Francisco Property, provided, however, that the monthly interest has a minimum monthly payment based on 6.4% per annum and a maximum payment based on 20% per annum. As at February 28, 2026 Mr. Luna holds \$202,000 (May 31, 2025 - \$202,000) of the Debentures are due on demand.
- (f) Indebtedness of \$3,631,000 is secured by the assets of the Company and interest is calculated at 9% per annum. As at February 28, 2026 \$1,296,812 (May 31, 2025 - \$1,296,812) of principal and \$1,558,020 (May 31, 2025 - \$1,470,725) of accrued interest was owed to a private corporation associated with Mr. DeMare and is due on demand.
- (g) The Company has received ongoing advances from its Chairman and a shareholder to provide funding to implement an upgrade to its mill and plant facility. The advances bear interest at a rate of 24% per annum and are due on demand. As at February 28, 2026 \$979,450 (May 31, 2025 - \$1,320,768) of principal is due to Mr. Luna.
- (h) See also "Financial Condition / Capital Resources".

Contingent Liability and Commitments

- (a) From time to time the Company becomes involved in various claims and litigation, including various governmental audits, as part of the normal course of operations. The Company continues to work with legal counsel to review and respond to the reassessment and, as at February 28, 2026, has accrued a provision of \$750,000 (May 31, 2025 - \$750,000). The Company has pledged the Mexican office building with an assessed value of \$690,000 and has paid a cash deposit of \$210,000 related to the ongoing litigation with the Mexican state of Nayarit's Secretary of Administration and Finance.

- (b) The Company has only made partial government concession payments and accrued carrying charges on its concessions. As at February 28, 2026 \$7,276,681 (May 31, 2025 - \$5,834,430) of government concession payments remained unpaid and are included in accounts payable and accrued liabilities.

Risks and Uncertainties

The Company advises that it did not base its production decision on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, projects which proceed without a feasibility study have a much higher risk of economic and technical failure.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's activities are conducted in Mexico. Consequently, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at April 29, 2026, there were 47,794,125 issued and outstanding common shares and share options to acquire 4,064,000 common shares of the Company at an exercise price of \$0.05 per common share on or before February 21, 2029.