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**PEGASUS RESOURCES INC.**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As at and for the years ended  
May 31, 2025

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AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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TSX-Venture: PEGA

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## OVERVIEW

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The following management discussion and analysis of the financial position of Pegasus Resources Inc. (“Company”) and results of operations should be read in conjunction with the audited consolidated financial statements for the years ended May 31, 2025 and 2024. The consolidated financial statements together with the following management discussion and analysis are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance.

Additional information related to the Company is available for view on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), on the Company’s website at [www.pegasusresourcesinc.com](http://www.pegasusresourcesinc.com), or by requesting further information from the Company’s head office located at: 700 – 838 West Hastings Vancouver, BC, V6C 0A6 and its registered address is Suite 2501 - 550 Burrard Street, Vancouver, BC V6C 2B5.

Date of report: September 25, 2025.

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## NATURE OF BUSINESS AND OVERALL PERFORMANCE

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The Company is engaged in the exploration and development of mineral resources, currently focusing on projects in North America.

As of the date of the report, the Company does not own any operating mines and has no operating income from mineral production. Funding for operations is raised primarily through public and private share offerings. It is not known whether the Company’s mineral properties contain reserves that are economically recoverable. The recoverability of amounts recorded by the Company for mineral property interests and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, the ability to raise funding for continued exploration and development, the completion of property option expenditures and acquisition requirements, or from proceeds from disposition.

The consolidated financial statements have been prepared under a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations. Should the going concern assumption not continue to be appropriate, adjustments to carrying values may be required. The Company’s ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

Management expects to be successful in arranging sufficient funding to meet operating commitments for the ensuing year. However, the Company's future capital requirements will depend on many factors, including the costs of exploring and developing its resource properties, operating costs, the current capital market environment and global market conditions. The Company has a working capital deficiency at May 31, 2025 of \$114,873 (2024 – \$147,880). For significant expenditures and resource property development, the Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company’s operating commitments and further exploration and development plans. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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**FORWARD LOOKING STATEMENTS**

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Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and represent management's best judgment based on facts and assumptions that management considers reasonable, including that the demand for mineral deposits develops as anticipated, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labor disturbances, interruption in transportation or utilities, or adverse weather conditions, and that there are no material unanticipated variations in the cost of energies or supplies. The Company makes no representation that reasonable businesspeople in possession of the same information would reach the same conclusions.

This MD&A may include certain “forward-looking statements” within the meaning of applicable Canadian securities legislation. All statements other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive, strengths, goals, expansion and growth of the Company’s businesses, operations, plans and other such matters are forward looking statements. When used in this MD&A, the words “estimate”, “plan”, "anticipate", “expect”, “intend”, "believe" and similar expressions are intended to identify forward-looking statements.

These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to the unavailability of capital and financing on acceptable terms, unfavorable market conditions, inherent risks involved in the exploration and development of mineral properties, uncertainties concerning reserve and resource estimates, results of exploration, inability to obtain required regulatory approvals, unanticipated difficulties or costs in any rehabilitation which may be necessary, market conditions and general business, economic, competitive, political and social conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Additional factors are discussed in the section titled “Risks”.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable securities laws, the Company does not intend, and does not assume any obligation, to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements.

## **MINERAL PROPERTY INTERESTS**

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### **Jupiter Project, Utah, USA**

On July 3, 2024, the Company entered into a property purchase and sales agreement (later amended on September 17, 2024) to acquire an interest in the Jupiter Project located in Emery County, Utah, USA.

To earn 75% interest in the property, the Company is required to satisfy all considerations as follows:

#### *Share issuances*

- i) 2,200,000 common shares on or before the date that is within 10 days of the Exchange approval of the option agreement (issued and valued at \$352,000).

#### *Cash payments*

- i) USD \$25,000 cash payment on or before August 2, 2024 (paid).
- ii) USD \$75,000 cash payment on or before the earlier of July 3, 2025 (paid).

The Company will earn the remaining 25% interest upon completion of the NI 43-101 resource estimate.

This interest is subject to resource bonuses of USD\$100,000 for every increment of 500,000 lbs of uranium up to 2,500,000 lbs. The first resource bonus payment will be due within 90 days from the date the initial resource Calculation exceeding 475,000 lbs of uranium is issued.

Upon completion of the agreement, the vendor will retain 2.5% NSR.

### **Exploration 2024 – 2025**

The Company has secured drilling permits and intends to commence drilling in 2025.

### **Energy Sands Project, Utah, USA**

On October 20, 2021, the Company announced the acquisition, by staking, of the Energy Sands Project, located in Emery County, Utah. The Project consists of sandstone-hosted uranium and vanadium mineralization with demonstrated potential to establish resources, with historical small-scale mining having occurred in two isolated regions of the Property.

On November 30, 2023, the Company staked an additional 48 lode claims adjacent to Energy Sands.

Project highlights:

- 78 unpatented lode claims, totaling 1560 acres
- Located within the San Rafael Uranium District, and approximately 4 kilometres from the San Rafael Uranium Project of Western Uranium.

### **Exploration 2024-2025**

In January 2024, The Company completed a first-pass geological exploration program at Energy Sands. During the first-pass study, geologists conducted a broad assessment to gather basic information about the geological features, rock formations, and potential uranium mineralization in an area. The Company successfully secured drilling permits and intends to drill in 2025.

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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**Pine Channel Property, Saskatchewan:**

On October 5, 2021, the Company entered into an option agreement to acquire interest in Pine Channel Claim located in the Athabasca Basin of northern Saskatchewan.

Pursuant to the option agreement to acquire a 100% interest in the property, the Company will issue 50,000 common shares to Eagle Plains Resources.

A 2% NSR will be granted to the vendors with 1% purchasable by the Company at any time for \$1,000,000.

The Company entered into a separate option agreement to acquire a 70% interest in additional claims on the property from ALX Resources Corp. in consideration of the following payments:

*Cash payments*

- i) \$25,000 cash payment on or before October 27, 2021 (paid).
- ii) \$25,000 cash payment on or before October 27, 2022 (paid).

*Share issuances*

- i) 10,000 common shares on or before October 27, 2021 (issued and valued at \$9,000).
- ii) 15,000 common shares on or before October 27, 2022 (issued and valued at \$4,500).
- iii) 20,000 common shares on or before October 27, 2023 (issued and valued at \$4,000).
- iv) 25,000 common shares on or before October 27, 2024 (issued and valued at \$4,000).

*Exploration expenditures*

- i) incur exploration expenditures of \$300,000 on or before October 27, 2024.

Upon completing the 70% earn-in interest, the Company will have the option to earn the remaining 30% interest by making a cash payment of \$200,000 and issuing 50,000 common shares over an additional 2-year period.

During the year ended May 31, 2025, the Company allowed the property to lapse and wrote off exploration and evaluation assets of \$333,043.

**Icefield Project, British Columbia:**

On September 9, 2020, the Company entered into an option agreement with DG Resource Management Ltd. (“the Optionor”) to acquire a 100% right, title and interest in and to the 7 mining claims in Icefield Gold Project, British Columbia. Pursuant to the option agreement, the Company is required to pay a total of \$50,000 in cash, issue 700,000 common shares and 200,000 share warrants in a period of two years as follow:

- Pay \$10,000 (paid) upon signing of the agreement (September 9, 2020).
- Pay \$15,000 in cash (paid), issue 100,000 common shares (issued on September 21, 2020 at a fair value of \$55,000), and 100,000 share purchase warrants (“warrants”) (granted and valued at \$50,300) within five days of the exchange approval date (September 16, 2020).
- Pay \$25,000 in cash (paid), issue 100,000 common shares (issued and valued at \$90,000), and 100,000 warrants (granted and valued at \$81,680) on the first anniversary of the exchange approval date (September 10, 2021).
- Issue 500,000 common shares on the second anniversary of the Exchange approval date (issued and valued at \$100,000).

Immediately on the Optionee satisfying all of the conditions set out above, the Optionee will be deemed to have exercised the Option and to have earned a 100% interest in and to the Property which will vest to the Optionee, subject

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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to the NSR royalty. During the year ended May 31, 2025, the Company completed the payments and are deemed to have a 100% interest in the property, subject to the NSR royalty.

In the event that a gold equivalent resource of more than 1 million ounces is outlined within a NI 43-101 resource estimate, the Company will be required to pay \$1,000,000 within 30 days of receiving such resource estimate, in common shares or cash or a combination of both, at the Company's discretion and subject to the policies of the Exchange.

A 2.0% net smelter return royalty is payable to the Optionors, of which 1.0% may be purchased at any time in consideration of \$1,000,000.

The Company agrees to engage the Optionor for all exploration work conducted on the property during the term of this agreement plus 12 months. The Company continues to engage the Optionor for future work on the property, with a future mapping and sampling program planned for 2025, weather permitting.

**2023 work at Icefield Project:**

At the Icefield Project in southeastern BC, a follow-up to the 2023 mapping and sampling program is planned to be completed summer of 2025 on the Gold Mountain Project.

A) Gold Mountain Highlights

- Early-stage gold/silver property located approximately 50 km NW of Golden, BC, just north of Highway 1.
- The property is comprised of four mineral claims over 1,863 ha

B) Vertebrae Ridge Highlights:

- Early-stage copper/polymetallic property located approximately 30 km NW of the Gold Mountain property and 80 km NW of Golden, BC.
- The property is comprised of four mineral claims over 5324 ha.

C) Punch Bowl Highlights:

- Early-stage gold property located approximately 90 km NW of the Gold Mountain property and 140 km NW of Golden, BC.
- The property is comprised of two mineral claims over 1,045 ha.

On March 19, 2025, the Company entered into a purchase agreement with Ashley Gold Corp. ("Ashley Gold") under which Ashley Gold can acquire an 100% interest in the Icefield Gold Project. As per the terms of the agreement, the Company will transfer 100% interest in the Icefield Gold Project in lieu of a total 8,000,000 common shares of Ashley Gold as follows:

- Receive 6,000,000 common shares of Ashley Gold (received on April 17, 2025 and valued at \$420,000) within 5 business days of signing the agreement with the following contractual hold periods as follows:
  - 2,000,000 Shares with a contractual restriction of four (4) months from the date of issuance;
  - 2,000,000 Shares with a contractual restriction of eight (8) months from the date of issuance; and
  - 2,000,000 Shares with a contractual restriction of twelve (12) months from the date of issuance.
- Receive 2,000,000 common shares of Ashley Gold on the earlier date that is:
  - within 60 days of receiving drill permits for the project; or

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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- if no drill permits received, within 12 months of the date of issuance of the 6,000,000 common shares above.

Ashley Gold will grant the Company:

- a seat on Ashley Gold’s Board of Directors; and
- the right to participate in future Ashley Gold financings to maintain at 10% of the issued and outstanding shares of in Ashley Gold.

Under the option agreement, Ashley Gold shall assume the entirety of the royalty obligations of Pegasus under its original option agreement and royalty agreement with the Optionor.

During the year ended May 31, 2025, management sold the Icefield property for \$420,000 and wrote off \$315,665 in exploration and evaluation assets.

### **Garnet Lake Property, Ontario**

On February 3, 2020, the Company entered into an option agreement with Imagine Lithium Inc. (“Imagine”) (formerly “Infinite Ore Corp.”) under which Imagine can acquire an 80% interest in the Garnet Lake property. As per the terms of the agreement, the Company will transfer an 80% interest in the Garnet Lake property in lieu of a total cash receipts of \$300,000, receipt of a total of 4,000,000 fully assessed common shares of Imagine and Imagine to incur \$1,500,000 in exploration expenditures over a thirty six month period.

Under the option agreement, Imagine shall pay to the Company a royalty of 1.0% on all mineral products produced from certain claims. Imagine has the right to purchase one-half (50%) of the royalty in consideration of paying \$500,000 to the Company.

The NI 43-101 and this option agreement was approved by the exchange on December 30, 2020.

During the year ended May 31, 2022, the Company reacquired a 100% interest of the Garnet Property in consideration of the issuance of 500,000 common shares to Imagine (valued at \$250,000).

The Company has to pay a 2.0% net smelter return to the vendors of the property pursuant to the option agreement.

The Company entered into an option agreement, and amended in 2024 and 2025, with Compton Mining Corp (“Compton”) where Compton has an option to acquire a 100% interest in the property for cash consideration of \$135,000 over a 2 year period as follows:

- \$25,000 on or before the date that is within 10 days of the execution of the option agreement (July 23, 2023) (received);
- \$60,000 upon TSX Venture, CBOE, or CSE acceptance of the option agreement (received); and
- \$50,000 on or before September 30, 2025 (received subsequently).

## **RESULTS OF OPERATIONS**

### **Operational activities:**

*Year ended May 31, 2025*

During the year ended May 31, 2025, the Company had a comprehensive loss of \$2,205,386, compared to \$1,086,750 during the year ended May 31, 2024. Significant comparative variances for the years ended May 31, 2025 and 2024 were:

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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Business development and shareholder communications of \$306,340 (2024 - \$189,724) increased due to the Company's effort to increase market awareness during the current year.

Consulting expenses of \$662,517 (2024 - \$305,670) increased due to the Company's increase in business activities during current year.

Office and miscellaneous expenses of \$53,314 (2024 - \$38,519) increased due to the increase in Company's activities during the current year.

Share-based payments of \$87,900 (2024 - \$278,600) decreased due to fewer stock options granted during the current year.

Change in fair value of marketable securities of \$124,215 (2024 - \$16,155) increased due to fluctuation in share price of the investment owned by the Company during the current year.

Flow-through penalty of \$169,854 (2024 - \$Nil) due to shortfalls of flow-through spendings during the current year.

Write-off of mineral property and advances of \$652,024 (2024 - \$182,346) due to the impairment of the Icefield Project and Pine Channel Property during the current year.

Write-off of accounts payable of \$154,967 (2024 - \$12,101) due to a combination of settlement with vendors and reversal of accounts payable during the current year.

*Three Months ended May 31, 2025*

During the three months ended May 31, 2025, the Company had a comprehensive loss of \$761,103, compared to \$412,673 during the three months ended May 31, 2024. Significant comparative variances for the periods ended May 31, 2025 and, 2024 were:

Business development and shareholder communications of \$21,570 (2024 - \$81,105) decreased due to the Company's effort to marketing of the Company internally during the current period.

Consulting expenses of \$149,417 (2024 - \$52,505) increased due to the Company's increase in business activities during current period.

Change in fair value of marketable securities of \$122,810 (2024 - \$Nil) increased due to fluctuation in share price of the investment owned by the Company during the current year.

Share-based payments of \$54,400 (2024 - \$115,200) decreased due to fewer stock options granted during the current period.

Flow-through penalty of \$169,854 (2024 - \$Nil) due to shortfalls of flow-through spendings during the current year.

Impairment of mineral property of \$343,197 (2024 - \$182,346) due to the impairment of the Icefield Project and Pine Channel Property during the current period.

Write-off of accounts payable of \$154,967 (2024 - \$12,101) due to a combination of settlement with vendors and reversal of accounts payable during the current period.

**PEGASUS RESOURCES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**AS AT AND FOR THE YEAR ENDED MAY 31, 2025**

**SUMMARY OF ANNUAL FINANCIAL RESULTS**

Financial Results	May 31, 2025	May 31, 2024	May 31, 2023
Total revenue	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss	2,050,419	1,086,750	1,518,834
Basic and diluted loss per share	(0.07)	(0.06)	(0.14)
Total assets	1,269,004	1,545,006	1,318,472
Cash dividends	Nil	Nil	Nil

**FOURTH QUARTER**

The Company did not have any significant events or transactions in the quarter of May 31, 2025 to report.

**SUMMARY OF QUARTERLY FINANCIAL RESULTS**

The following table provides a summary of the Company's eight quarterly results:

	31-May-25	28-Feb-25	30-Nov-24	31-Aug-24
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Net loss for the period	(761,103)	(610,027)	(350,488)	(328,801)
Loss per share	(0.03)	(0.02)	(0.01)	(0.01)
	31-May-24	29-Feb-24	30-Nov-23	31-Aug-23
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Net loss for the period	(412,673)	(315,490)	(190,999)	(167,588)
Loss per share	(0.02)	(0.02)	(0.01)	(0.01)

Fluctuations in the Company's expenditures reflect the seasonal variations of exploration and the ability of the Company to raise capital for its projects.

Increased loss for the quarter ended May 31, 2025 compared with the previous quarter was primarily due to \$122,810 in change in fair value of marketable securities and flow-through penalty of \$169,854.

Increased loss for the quarter ended February 28, 2025 compared with the previous quarter was primarily due to impairment of mineral property of \$308,827.

Increased loss for the quarter ended November 30, 2024 compared with the previous quarter was primarily due to higher consulting fees of \$220,000.

Decreased loss for the quarter ended August 31, 2024 compared with the previous quarter was primarily due to lower share-based compensation of \$33,500.

Increased loss for the quarter ended May 31, 2024 compared with the previous quarter was primarily due to \$115,200 in share-based payments and \$182,346 in write-off of exploration and evaluation assets.

Increased loss for the quarter ended February 29, 2024 compared with the previous quarter was primarily due to \$88,000 in share-based payments and \$77,945 in business development and shareholder communications.

Increased loss for the quarter ended November 30, 2023 compared with the previous quarter was primarily due to \$5,620 in change in fair value of marketable securities and \$25,303 in business development and shareholder communications.

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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Decreased loss for the quarter ended August 31, 2023 compared with the previous quarter was primarily due to \$6,320 in change in fair value of marketable securities and \$12,101 in write-off of accounts payable.

### **CAPITAL DISCLOSURE**

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The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and receivables.

### **LIQUIDITY & CAPITAL RESOURCES**

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As at May 31, 2025, the Company had a working deficiency of \$114,873 (2024 – \$147,880), and cash of \$70,553 (2024 – \$257,400). The Company will require significant funds from either equity or debt financing for property exploration and to support general administrative expenses.

#### *Share Capital Transactions:*

For the year ended May 31, 2025, the Company:

- i) issued 2,200,000 common shares valued at \$352,000 pursuant to the acquisition of the Jupiter Property.
- ii) issued 25,000 common shares valued at \$4,000 pursuant to the acquisition of the Pine Channel Property.
- iii) closed a non-brokered private placement of 4,047,750 units at a price of \$0.16 per unit for aggregate gross proceeds of \$647,640. Each unit is comprised of one common share and one-half transferable common share purchase warrant of the Company. Each whole warrant will entitle the holder to purchase one share for a 24-month period from the closing date at an exercise price of \$0.20 per share. In connection with the financing, the Company paid finders' fees of \$15,862 cash and 99,138 brokers warrants fair valued at \$11,900. Each broker's warrant entitle the holders to purchase one share for a 24-month period from the closing date at an exercise price of \$0.20 per share.
- iv) issued 429,250 common shares pursuant to the exercise of warrants for gross proceeds of \$51,510.
- v) issued 75,000 common shares pursuant to the exercise of options for gross proceeds of \$9,000, and accordingly, the Company allocated \$7,050 from share-based payment reserve to share capital.
- vi) closed a non-brokered private placement of 1,396,750 units at a price of \$0.16 per unit for aggregate gross proceeds of \$223,480. Each unit is comprised of one common share and one-half transferable common share purchase warrant of the Company. Each whole warrant will entitle the holder to purchase one share for a 24-month period from the closing date at an exercise price of \$0.20 per share. In connection with the financing, the Company paid finders' fees of \$2,100 cash and 13,125 brokers warrants fair valued at \$1,300. Each broker's warrant entitles the holders to purchase one share for a 24-month period from the closing date at an exercise price of \$0.20 per share.
- vii) closed a non-brokered private placement of 5,672,567 units at a price of \$0.06 per unit for aggregate gross proceeds of \$340,354. Each unit is comprised of one common share and one full common share purchase

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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warrant of the Company. Each whole warrant will entitle the holder to purchase one share for a 24-month period from the closing date at an exercise price of \$0.12 per share. In connection with the financing, the Company paid finders' fees of \$15,076 cash and 251,272 brokers warrants fair valued at \$9,900. Each broker's warrant entitles the holders to purchase one share for a 24-month period from the closing date at an exercise price of \$0.06 per share.

Subsequent to May 31, 2025, the Company:

- i) closed a non-brokered private placement of 4,168,000 units at a price of \$0.06 per unit for aggregate gross proceeds of \$250,080. Each unit is comprised of one common share and one-half of one full common share purchase warrant of the Company. Each whole warrant will entitle the holder to purchase one share for a 24-month period from the closing date at an exercise price of \$0.08 per share.
- ii) issued 425,000 shares for stock options exercised for proceeds of \$34,000.

For the year ended May 31, 2025, the Company experienced a net decrease in its cash position by \$186,847 (2024 – increase of \$250,200).

Cash flows used in operating activities was \$1,051,773 as at May 31, 2025 (2024 - \$918,129) primarily attributed to the change in working capital during the current period.

Cash flows used in investing activities was \$374,020 as at May 31, 2025 (2024 – provided by \$10,780) primarily attributed to the expenditure on exploration and evaluation assets.

Cash flows provided by financing activities was \$1,238,946 as at May 31, 2025 (2024 – \$1,157,549) primarily attributed to proceeds from private placements, exercise of options and warrants.

As the Company is an exploration company, it does not receive, nor does it anticipate receiving any revenue in the next fiscal year. The Company's interests do not currently generate cash flow from operations and, in order to continue operations and fund its expenditure commitments, it is dependent on equity financing through existing and new shareholders, third party financing, and cost sharing arrangements to fund its work programs and operations.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

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The Company has no off-balance sheet arrangements other than reported in the accompanying notes to the financial statements.

#### **TRANSACTIONS WITH RELATED PARTIES AND EXECUTIVE COMPENSATION**

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Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured. Amount advanced to the director(s) of the Company is for business purposes, such as travel and accommodation and is included in prepaid expenses. The amount due from (to) companies with directors in common was for shared office administration and occupancy expenses. Repayment terms, if any, are determined at the time of the advance. As at May 31, 2025, due to related parties amounted to \$23,755 (2024 – \$21,680) included in accounts payable and accrued liabilities and prepaid expenses to related parties amounted to \$2,100 (2024 - \$10,000) on the statements of financial position.

For the year ended May 31, 2025 and 2024, the Company incurred the following amounts through transactions with directors of the Company:

**PEGASUS RESOURCES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**AS AT AND FOR THE YEAR ENDED MAY 31, 2025**

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	2025	2024
	- \$ -	- \$ -
Consulting fees	351,000	255,500
Share-based payments	38,193	116,180
	389,193	371,680

**Key Management Compensation:**

Key management includes directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management is as follows:

During the year ended May 31, 2025, the Company:

- i. paid or accrued \$105,000 (2024 - \$66,000) to a director (Dave Bissoondatt) and a company controlled by a director of the Company in consulting fees.
- ii. paid or accrued \$Nil (2024 - \$20,000) in consulting fees to a former director (Lorne McCarthy) of the Company.
- iii. paid or accrued \$174,000 (2024 - \$120,000) to a company controlled by the President (Chris Timmins) of the Company in consulting fees.
- iv. paid or accrued \$30,000 (2024 - \$27,500) to a director (Noah J. Komavli) of the Company in consulting fees.
- v. paid or accrued \$12,000 (2024 - \$4,000) to a company controlled by a director (Derrick Strickland) in consulting fees.
- vi. paid or accrued \$30,000 (2024 - \$18,000) to a spouse of a director (Karen Bissoondatt) of the Company in consulting fees
- vii. granted 250,000 (2024 – 100,000) stock options with a value of \$14,689 (2024 - \$15,965) to the President (Chris Timmins) of the Company for services provided.
- viii. granted 125,000 (2024 – 250,000) stock options with a value of \$7,345 (2024 - \$30,113) to a relative of a director (Curt Bissoondatt) of the Company for services provided.
- ix. granted 200,000 (2024 – 175,000) stock options with a value of \$11,752 (2024 - \$24,934) to director (Noah J. Komavli) of the Company for services provided.
- x. granted 75,000 (2024 – 150,000) stock options with a value of \$4,407 (2024 - \$24,503) to a director (Derrick Strickland) of the Company for services provided.
- xi. granted Nil (2024 – 50,000) stock options with a value of \$Nil (2024 - \$4,700) to a former director (Lorne McCarthy) of the Company for services provided.
- xii. granted Nil (2024 – 100,000) stock options with a value of \$Nil (2024 - \$15,965) to a director (Dave Bissoondatt) of the Company for services provided.

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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## FINANCIAL INSTRUMENTS

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The Company's financial instruments are comprised of cash, marketable securities, reclamation bond, accounts payable and accrued liabilities, and loans payable. The carrying value of cash, accounts payable and accrued liabilities, and loan payable as presented in the consolidated statement of financial position is a reasonable estimate of its fair value.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below.

### Level 1 - Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash and marketable securities are valued using quoted market prices in active markets. Accordingly, these are included in Level 1 of the fair value hierarchy.

### Level 2 - Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

### Level 3 - Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

## Fair Values

The following table outlines the Company's financial instruments measured at fair value by level with the fair value hierarchy. Assets and liabilities are classified based on the lowest level of input that is significant to the fair measurement.

As at May 31, 2025 and 2024, the Company's financial instruments measured at fair value are as follows:

	Level 1	Level 2	Level 3	Total
May 31, 2025				
Cash	\$ 70,553	\$ -	\$ -	\$ 70,553
Marketable securities	\$ 304,215	\$ -	\$ -	\$ 304,215
May 31, 2024				
Cash	\$ 257,400	\$ -	\$ -	\$ 257,400
Marketable securities	\$ 8,430	\$ -	\$ -	\$ 8,430

## Financial Instrument Risks

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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a) Credit risk

The Company is exposed to credit concentration risk by holding cash. This risk is minimized by holding the investments in large Canadian financial institutions. The Company has no accounts receivable exposure.

b) Interest rate risk

The Company is exposed to minimal interest rate risk. Fluctuations in market interest rates do not have a significant impact on the Company's operations.

c) Market risk

The Company is exposed to market risk for fluctuating values of its publicly traded marketable securities and other company investments. The Company has no control over these fluctuations and does not hedge its investments.

d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at May 31, 2025, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As at May 31, 2025, the Company had a working capital deficiency of \$114,873 (2024 - \$147,880). The Company may not be able to settle accounts payable and accrued liabilities of \$478,935 (2024 - \$387,364), and loans payable of \$60,000 (2024 - \$60,000) which fall due for payment within 12 months of the statement of financial position date. The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

e) Currency risk

Currency risk is the risk from fluctuations in foreign exchange rates and the degree of volatility of these rates. As at May 31, 2025, the Company's cash is held in Canadian dollars and accordingly the Company's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

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### **PROPOSED TRANSACTIONS**

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The Company has no proposed transactions.

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### **SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES**

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For a detailed summary of the Company's significant accounting judgement and estimates, the readers are directed to Note 3 of the Notes to the consolidated financial statements for the year ended May 31, 2025 that are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

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For a detailed summary of the Company's new accounting policies to be adopted, the readers are directed to Note 4 of the Notes to the consolidated financial statements for the year ended May 31, 2025 that are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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### **SHARE CAPITAL**

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As of date of this report, the Company had the following outstanding:

- 39,891,668 common shares
- Options

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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<b>Outstanding</b>	<b>Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
355,000	355,000	\$0.17	09-Jan-26
250,000	250,000	\$0.215	02-Feb-26
125,000	125,000	\$0.17	13-Mar-26
250,000	250,000	\$0.165	01-Aug-26
300,000	300,000	\$0.08	17-Mar-27
575,000	575,000	\$0.19	14-May-27
600,000	600,000	\$0.08	13-May-28
<b>2,455,000</b>	<b>2,455,000</b>		

**PEGASUS RESOURCES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**AS AT AND FOR THE YEAR ENDED MAY 31, 2025**

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- Warrants

Outstanding and Exercisable	Exercise Price	Expiry Date
2,857,125	\$0.20	December 28, 2025
103,031	\$0.20	December 28, 2025
995,000	\$0.28	December 28, 2025
60,900	\$0.28	December 28, 2025
2,023,875	\$0.20	August 29, 2026
99,138	\$0.20	August 29, 2026
698,375	\$0.20	November 14, 2026
13,125	\$0.20	November 14, 2026
5,672,567	\$0.12	March 12, 2027
251,272	\$0.06	March 12, 2027
2,084,000	\$0.06	August 21, 2027
<b>14,858,408</b>		

**MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument (“NI”) 52-109 (Certification of Disclosure in Issuer’s Annual and Interim Filings), the Venture Issuer Basic Certification includes a ‘Note to Reader’ stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

**RISKS**

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The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade, proximity to infrastructure, Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations.

The discovery, development and acquisition of mineral properties are in many respects, unpredictable events. Future metal prices, capital equity markets, the success of exploration programs and other property transactions can have a significant impact on capital requirements.

Although the Company has taken steps to verify the title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of the same, these procedures do not guarantee the Company’s title to these properties. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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The Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated for some time. The Company has limited financial resources and the mining claims, which impose financial obligations on the Company. There can be no assurance that additional funding will be available to allow the Company to fulfill such obligations.

Further exploration and development of the various mineral properties in which the Company holds interests depends upon the Company's ability to obtain financing through the joint venturing of projects, debt financing, equity financing or other means. Failure to obtain additional financing on a timely basis could cause the Company to forfeit all or part of its interests in some or all of its Resource Properties and reduce or terminate its operations.

The Company's properties are in the exploration stages only and are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company could be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of the properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to its current properties that may result in material liability to the Company.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

Annual losses are expected to continue until the Company has an interest in a mineral property that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

**PEGASUS RESOURCES INC.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT AND FOR THE YEAR ENDED MAY 31, 2025

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## **MANAGEMENT AND DIRECTORS**

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Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current Directors and Officers of the Company are as follows:

Dave Bissoondatt, CFO and Director  
Derrick Strickland, Director  
Chris Timmins, President, CEO and Director  
Noah Komavli, Director

## **OUTLOOK**

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The Company's primary focus for the foreseeable future will be on reviewing its financial position, raising funds to support exploration and operational activities, continuing exploration activities on its mineral properties and financing business ventures in the mineral resource industry.

## **ADDITIONAL INFORMATION**

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Additional information related to the Company is available for view on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), on the Company's website at [www.pegasusresourcesinc.com](http://www.pegasusresourcesinc.com), or by requesting further information from the Company's head office in Vancouver BC Canada.

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