

1540359 B.C. Ltd.
MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTHS ENDED NOVEMBER 30, 2025

The effective date of this report is January 29, 2026

Management Discussion & Analysis:

Management’s discussion and analysis (“MD&A”) provides a detailed analysis of the results and financial condition of 1540359 B.C. Ltd. (the "Company" or “Usha SubCo”) for the three months ended November 30, 2025. The following management discussion and analysis, prepared as of January 29, 2026, should be read together with the Company’s unaudited interim financial statements for the three months ended November 30, 2025 with the related notes attached thereto and the Company’s audited financial statements for the period ended August 31, 2025 with the related notes attached thereto, prepared in accordance with International Financial Reporting Standards (“IFRS”). The MD&A supplements, but does not form part of the financial statements. Management is responsible for the preparation of the unaudited interim financial statements and the MD&A for the three months ended November 30, 2025.

Description of Business:

The Company was incorporated as a private company by Certificate of Incorporation pursuant to the provisions of the Business Corporations Act on May 20, 2025. The Company was established for the specific purpose of facilitating an internal group restructuring involving the intended transfer of a property from one related entity to another, both of which are related parties as defined in IAS 24 – Related Party Disclosures and eventually the sale of such property to Totec Resources Ltd. (“Totec”) in connection with the Transaction (Note 10).

As at November 30, 2025, the Transaction (Note 10) had not yet been completed.

Forward Looking Statements:

This Management Discussion and Analysis contains certain forward-looking statements and information relating to Usha SubCo that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. When used in this document, the words “anticipate”, “believe”, “estimate”, “expect”, “implied”, “intend” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted with the inflationary pressures, rising interest rates, the global financial climate and the conflicts in Ukraine and the Middle East affecting current economic conditions and increasing economic uncertainty. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein. Usha SubCo cautions that forward-looking statements involve risk and uncertainty.

Overall Performance

The Company does not generate revenues from operations. The Company’s loss for the three months ended November 30, 2025 was \$4,144 (August 31, 2025: \$432).

Working capital as at November 30, 2025, was \$(4,576) (August 31, 2025: \$(432)), and comprised cash of \$595,015 (August 31, 2025: \$nil), taxes receivable of \$229 (August 31, 2025: \$nil), accounts payable and accrued liabilities of \$4,805 (August 31, 2025: \$432) and share subscription received in advance of 595,015 (August 31, 2025: \$nil).

The Company’s continuing operations are economically dependent on Usha and its related entities for financial support and to fund any administrative or operational obligations.

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Summary of Corporate Activities

White Willow property, Ontario, Canada

As at November 30, 2025, exploration and evaluation assets were recorded at an aggregate amount of \$893,365, representing the acquisition of a 100% interest in 489 claims constituting Usha's White Willow Pegmatite Property (the "Property"), located in the Thunder Bay Mining Division near Atikokan, Ontario, and covering approximately 10,220 hectares in the Thunder Bay Mining Division, approximately 170 kilometres west of Thunder Bay.

On October 22, 2025, the company acquired the Property from Usha in exchange for 5,500,000 common shares of Usha Subco. The Property is subject to net smelter return royalties ("NSRs") of 3.0% and 1.5% to each of 2758145 Ontario Ltd. and Grid Metals Corp. Two-thirds of the NSRs may be purchased from 2758145 Ontario Ltd. and Grid Metals Corp. at any time for consideration of \$1,250,000 and \$1,000,000, respectively.

Critical accounting policies and estimates

The preparation of these financial statements in accordance with International Financial Reporting Standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates. A detailed description of these matters, as well as the significant accounting policies adopted by the Company are disclosed in the notes to the interim financial statements for the three months ended November 30, 2025.

Financial Instruments

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument.

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income (loss) ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified and measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company classifies its financial instruments as follows:

<u>Asset or Liability</u>	<u>IFRS 9 Classification</u>
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Prepaid expenses	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee.

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in the Financial Statements, to replace IAS 1, Presentation of Financial Statements. This new standard sets out requirements for the presentation and disclosure of information in financial statements, including:

- i) classifying all income and expense into specified categories and provide specified totals and subtotals in the statement of income or loss,
- ii) how information is aggregated or disaggregated, and
- iii) the disclosure of management-defined performance measures.

Retrospective application of this standard is mandatory for annual periods starting from January 1, 2027 onwards but earlier application is permitted provided that this fact is disclosed.

The Company has not applied this standard in preparing these financial statements as it plans to adopt the standard at its effective date. As at November 30, 2025, the impact of adopting this standard on the financial statements is currently under assessment.

Summary of Quarterly Results & Results of Operations

The Company had a loss and comprehensive loss of \$4,144 for the three months ended November 30, 2025.

Discussion of Operations for the three months ended November 30, 2025

Loss and comprehensive loss for the three months ended November 30, 2025, was \$4,144 (August 31, 2025: \$nil) which was spent on professional and filing fees.

Liquidity, Capital Resources and Capital Expenditures

At November 30, 2025, the Company's working capital, defined as current assets less current liabilities, was \$(4,576) (August 31, 2025: \$(432)). The Company has not commenced substantive operations and was formed solely to hold or transfer the property as part of the planned intra-group transaction. The Company is economically dependent on Usha and its related entities for financial support and to fund any

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administrative or operational obligations. Its future operations, if any, will be determined by the outcome of the intended transaction and the strategic direction of the group.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and interest receivable. The Company limits its exposure to credit loss by placing its cash and G.I.C.'s with major financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2025, the Company's current liabilities exceeded its cash and cash equivalents, prepaid expenses and receivables. However, subsequent to period end, on January 19, 2026, the Company completed a non-brokered private placement financing for aggregate gross proceeds of \$4.5 million. The proceeds from the financing have strengthened the Company's liquidity position and are expected to be used to fund planned exploration activities and general corporate purposes. In order to meet future obligations as they become due, the Company may need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

a) *Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at November 30, 2025, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) *Price risk*

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's business and operations could be adversely affected by the outbreak of an epidemic or a pandemic or other health crises, e.g., COVID-19. Global government actions, along with market uncertainty could cause an economic slowdown resulting in a decrease in the demand for metals and have a negative impact on metal prices, as well as possible disruptions to global supply

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chains. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

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 financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

There were no related party transactions as of three months ended November 30, 2025.

Outstanding Share Data

Authorized Capital

Unlimited common shares with no par value and unlimited preferred shares with no par value.

Issued and Outstanding Capital

5,500,000 common shares were issued and outstanding at November 30, 2025.

Subsequent Events

On December 10, 2025, Original Definitive Agreement was amended (as amended, the “Definitive Agreement”).

On January 19, 2026, the Company completed a non-brokered private placement financing through the issuance of 30,000,000 units at a price of \$0.15 per unit for aggregate gross proceeds of \$4,500,000 (the “Concurrent Financing”). Each unit consisted of one common share of the Company and one common share purchase warrant (a “Subco Warrant”) exercisable at \$0.25 for a period of two years from the date of issuance. In connection to the private placement, the Company also paid \$146,122 cash and issued an aggregate of 974,143 non-transferable finder’s warrants (a “Subco Finder’s Warrant”) to certain eligible finders. Each finder’s warrant was exercisable into one common share at \$0.25 for a period of three years from the date of issuance.

On January 20, 2026, the Transaction was completed pursuant to the Definitive Agreement. Totec acquired all of the issued and outstanding shares of the Company in exchange for the issuance of 35,500,000 common shares of Totec and a cash payment of \$50,000 to Usha. As a result, the Company became a wholly-owned subsidiary of Totec, and Totec indirectly acquired the Property. As a result of the Transaction, each Subco Warrant became automatically exercisable into one (1) common share of Totec at an exercise price of \$0.25 for a period of two (2) years from the date of

issuance, and each Subco Finder's Warrant became automatically exercisable into one (1) common share of Totec at an exercise price of \$0.25 for a period of three (3) years from the date of issuance.