

# Avaron Mining Corp

Management Discussion and Analysis  
Six Months Ended September 30, 2025

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The following management's discussion and analysis of financial conditions and results of operations (the "MD&A") has been prepared by management and provides a review of the activities, results of operations and financial condition of Avaron Mining Corp. (the "Company" or "Avaron") formerly Benz Capital Corp. This discussion dated December 1, 2025, should be read in conjunction with the condensed interim financial statements for the three and six months ended September 30, 2025 and 2024 (the "Financial Statements"), and the audited annual financial statements for the years ended March 31, 2025 and 2024. Please also refer to the cautionary statement of forward-looking information at the end of this document.

All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") and reported in Canadian dollars unless otherwise noted. Additional information about the Company is available under the Company's profile on SEDARPLUS at [www.sedarplus.com](http://www.sedarplus.com).

## 1. COMPANY OVERVIEW

Avaron is a junior exploration stage company existing under the British Columbia *Business Corporations Act*. It was incorporated under the laws of the Province of British Columbia on February 8, 2021. The Company completed an initial public offering and commenced trading on the TSX Venture Exchange (the "TSX-V" or "Exchange") on October 4, 2021 and was originally classified as a Capital Pool Company ("CPC") as defined in the TSX-V Listings Policy 2.4. The activities of the Company were initially limited to the efforts to identify and evaluate the acquisition of assets and business, which would represent a "Qualifying Transaction" for regulatory purpose. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month from its proceeds may be used for general administrative expenses. On June 29, 2023, the Company successfully completed a "Qualifying Transaction" as described in the following section. Subsequent to the completion of its Qualifying Transaction, the Company's principal business plan is to acquire, explore and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Effective July 25, 2023, the Company changed its name from Benz Capital Corp. to Avaron Mining Corp.

## 2. QUALIFYING TRANSACTION

On June 29, 2023, the Company completed its qualifying transaction (the "Qualifying Transaction"), as defined by Policy 2.4 of the Exchange, consisting of a Purchase Agreement with Copper Co d.o.o. (the "Vendor"), whereby it was granted the right to acquire a 100% interest (the "Right to Purchase") in certain mineral claims known as the Tolisnica and Stanca Project, located near the city of Kraljevo in the Republic of Serbia (the "Property"). Final acceptance of the Qualifying Transaction by the Exchange was received effective June 29, 2023. At this date the Company was classified as a Tier 2 mining issuer pursuant to Exchange policies and was no longer considered a Capital Pool Company. The trading symbol for the Company changed from BCC.P to BCC. With the Company's name change to Avaron Mining Corp. the trading symbol was changed to AVR.

In order to maintain the Right to Purchase until it is exercised, the Company must:

- (a) pay \$25,000 within 5 days of the date on which the Exchange approved the Purchase Agreement, which occurred on June 27, 2023 (the "Effective Date") (paid);
- (b) issue 4,300,000 warrants exercisable at \$0.125 per share exercisable for a period of 5 years, within 5 days of the Effective Date (issued); and
- (c) pay an additional \$100,000 on the 30-month anniversary of the Effective Date (together, the "Purchase Payments").

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On June 1, 2024, the Company entered into an amendment to the Purchase Agreement, wherein certain administrative revisions were made, including updating the Company's name to Avaron Mining Corp. and the description of the Property. In December 2024, Avaron entered into an amendment agreement with the Vendor, whereby the Vendor agreed to extend this payment period and the right to exercise its Right to Purchase the Property, to the 30-month anniversary of the Effective Date. All other terms of the Purchase Agreement remain unchanged.

If the Company makes the Purchase Payments, the Company may exercise its Right to Purchase by giving written notice of such election to the Vendor on or before the amended 30-month anniversary of the Effective Date.

Following the exercise of the Right to Purchase of the Property, the Company will be required to make milestone payments to the Vendor as follows:

- (a) pay the Vendor \$200,000 in cash within 5 business days of the earlier of: (i) the commencement of a scoping study on the Property; or (ii) the 5th anniversary of the Effective Date; and
- (b) grant the Vendor a 0.5% net smelter returns royalty within 5 business days of the commencement of commercial production on the Property.

If the Company fails to give notice of its election to exercise its Right to Purchase on or before the amended 30-month anniversary of the Effective Date, the Company shall be deemed to have irrevocably elected not to exercise its Right to Purchase, the Right to Purchase shall terminate, and the Agreement will terminate, in which case the Vendor shall retain its 100% recorded and leasehold interest in and to the Property.

### 3. RESULTS OF OPERATIONS

#### Overall Performance

During the six months ended September 30, 2025, the Company completed a geophysical survey and data interpretation program on the Tolisnica exploration license, located in central Serbia, approximately 40km southwest of the town of Kraljevo. The survey aimed to define high-potential copper-cobalt mineralization associated with altered mafic-ultramafic rocks within the historically productive Vardar Zone.

This recent work represents a significant step forward in Avaron's systematic exploration strategy and lays the foundation for delineating drill-ready targets on the Company's flagship project. Geophysical Survey Overview Conducted in May 2025 by GEO-IN INTERNATIONAL D.O.O., the geophysical campaign utilized Electrical Resistivity Tomography (ERT) profiling across 15 lines totaling 3,525 meters. Data acquisition was performed using a state-of-the-art MAE X612EM48+ multi-channel resistivity system, configured with a VES-type array to optimize detection of subsurface conductive and resistive zones at depths relevant to near-surface and intermediate mineral systems.

The survey successfully imaged multiple zones of anomalous resistivity interpreted as sulfide-rich zones and structurally controlled mineralized corridors. Data processing using ZondRes2D and Surfer software generated six integrated 2D models across the Tolisnica property. Interpretation focused on identifying structural traps, lithological contrasts, and geoelectrical signatures consistent with known styles of copper-cobalt-silver mineralization observed in prior mapping and historical drilling.

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## Survey Highlights

- Fifteen ERT profiles completed over four days, covering varied terrain with elevations ranging from ~700 m to 760 m above sea level.
- Presence of subparallel resistivity lows interpreted as alteration zones or structural corridors.
- Consistency between interpreted anomalies and historical copper-cobalt mineralization in brecciated diabase and gabbro units.
- Several targets exhibit specific electrical resistivity (SER) values  $<100 \Omega\cdot\text{m}$ , indicative of potential hydrothermal alteration and/or sulfide mineralization.
- Discrete resistivity highs ( $>1,000 \Omega\cdot\text{m}$ ) may represent unaltered, competent host rocks.

## Next Steps

Avaron will integrate the ERT data with historical diamond drilling (15 holes totaling 2,325.1 meters), ground magnetics, and 2018–2021 rock chip assay results. This comprehensive geological model will support the design of a maiden drill program, anticipated in 2026. The Company plans to test both nearsurface and down-dip extensions of copper-cobalt mineralization within brecciated diabase and gabbro, where historical results include intervals of up to 1.1% Cu over 6 meters and surface rock samples exceeding 5,500 ppm Cu and 1,500 ppm Co (based on the Company's Technical Report available under the Company's profile on SEDARPLUS at [www.sedarplus.com](http://www.sedarplus.com)).

## Qualified person

The scientific and technical contents of this MD&A have been reviewed and approved by Nick Tintor, a Qualified Professional Member of the Mining & Metallurgical Society of America and a Qualified Person for the purposes of NI 43-101.

## 4. REVIEW OF FINANCIAL RESULTS

### *Summary of Quarterly Results*

	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Net loss	\$(24,706)	\$(14,298)	\$(53,218)	\$(100,690)	\$(83,915)	\$(89,175)	\$(77,505)	\$(109,562)
Basic and diluted loss per share	0.00	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

During the quarter ended September 30, 2025, the Company had a net loss of \$24,706 compared to a net loss of \$83,915 for the quarter ended September 30, 2024. The significant decrease resulted from management enacting cost-saving measures to preserve funding. This resulted in notable reductions of costs including:

- Decrease in management and consulting costs of \$48,175.
- Decrease in travel, meals and entertainment of \$6,260.
- Decrease in project evaluation costs of \$2,577
- Decrease in office and miscellaneous costs of \$1,927.

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During the quarter ended June 30, 2025, the Company had a net loss of \$14,298 compared to a net loss of \$89,175 for the quarter ended June 30, 2024. Key differences in costs included decreases in management/consulting fees and marketing costs of \$50,227 and \$22,942 respectively. These were offset by an increase in office and miscellaneous costs of \$3,353 and an increase in listing and filing fees of \$2,370.

During the quarter ended March 31, 2025, the Company had a net loss of \$53,218 compared to a net loss of \$77,505 for the quarter ended March 31, 2024. Key differences in costs included decreases in management/consulting fees and marketing costs of \$14,613 and \$25,510 respectively. These were offset by an increase in share-based payments of \$22,178.

During the quarter ended December 31, 2024, the Company had a net loss of \$100,690 compared to a net loss of \$83,915 for the quarter ended September 30, 2024. Notable cost differences included a decrease in management and consulting fees of \$30,475 offset by an increase in share-based payments of \$46,466.

During the quarter ended September 30, 2024, the Company had a net loss of \$83,915 compared to a net loss of \$89,175 for the quarter ended June 30, 2024. While the net loss was similar, notable cost differences included a decrease in marketing and shareholder information costs of \$22,942 offset by an increase in management and consulting costs of \$8,948 and travel, meals and accommodation of \$5,388.

During the quarter ended June 30, 2024, the Company had a net loss of \$89,175 compared to a net loss of \$77,505 for the quarter ended March 31, 2024. Notable cost differences include a decrease in travel, meals and accommodation of \$11,477, offset by an increase in management and consulting costs of \$8,364 and an increase in stock-based compensation resulting from an adjustment in the prior quarter of \$16,611.

During the quarter ended March 31, 2024, the Company had a net loss of \$77,505 compared to a net loss of \$109,562 for the quarter ended December 31, 2023. The decrease in net loss was primarily due to the decrease in management and consulting costs of \$26,237 and the decrease in share-based payments of \$16,611, offset by an increase in travel, meals and accommodation of \$14,277.

During the quarter ended December 31, 2023, the Company had a net loss of \$109,562 compared to a net loss of \$187,343 for the quarter ended September 30, 2023. The decrease in net loss was primarily due to the decrease in share-based payments of \$50,476.

During the quarter ended September 30, 2023, the Company had a net loss of \$187,343 compared to a net loss of \$82,498 for the quarter ended June 30, 2023. The increase in net loss was primarily due to the increase in management and consulting costs of \$73,350 and the increase in share-based payments of \$44,877 resulting from compensating management after the completion of the Qualifying Transaction.

Prior to the completion of the Qualifying Transaction on June 29, 2023, the Company was a CPC and primarily incurred transaction evaluation costs and professional fees related to identifying a Qualifying Transaction.

## 5. LIQUIDITY AND CAPITAL RESOURCES

The Company does not have any externally imposed capital requirements to which it is subject to. As at September 30, 2025 the Company had a cash balance of \$65,756 and working capital of \$88,102. The Company will be required to raise new financing through the sale of shares or issuance of debt to develop its mineral property and continue with its operations. Although management intends to secure additional

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financing, there is no assurance that management will be successful in its efforts to secure additional financing, or that it will ever develop a self-supporting business.

## Investing Activities

During the six months ended September 30, 2025, the Company used cash for investing activities including \$33,826 in maintenance expenditures and reports at the project.

## Financing Activities

During the six months ended September 30, 2025, the Company received \$17,990 from the closing of a non-brokered private placement for gross proceeds of \$66,000. Under the terms of the private placement, the Company issued 1,320,000 common shares at a price of \$0.05 per share. \$48,010 in proceeds from the private place were received in the period ended March 31, 2025.

## Off-Balance Sheet Arrangements

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

## 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 the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing, and controlling the activities of the Company. The remuneration of directors and officers for the six months ended September 30, 2025, and 2024, was as follows:

	Six Months Ended September 30,	
	2025	2024
<u>Management fees to officers and directors</u>	<u>\$ 11,000</u>	<u>\$ 109,402</u>

At September 30, 2025, a balance of \$3,138 was payable to related parties (2024 - \$40,587). Amounts due to or from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

In connection with the Private Placement, certain directors and officers of the Company, purchased a total of 320,000 Shares. The issuance of Shares to the directors and officers constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101"). The transactions are exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of any shares issued or the consideration paid by such persons exceeded 25% of the Company's market capitalization.

## Proposed Transactions

There are no proposed transactions.

## Changes in Accounting Policies

There were no changes in accounting policies as detailed in the condensed interim financial statements for the six months ended September 30, 2025.

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## Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, and trade and other payables. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

## Additional Disclosure for Venture Issuers without Significant Revenue

During the six months ended June 30, 2025, the Company used cash for investing activities including \$33,826 in maintenance expenditures and reports at the project. The Company will be required to raise new financing through the sale of shares or issuance of debt to develop its mineral property and continue with its operations.

Details regarding material items within general and administrative expenses have been provided in the Summary of Quarterly Results section of this MD&A.

## Outstanding Share Data

Common Shares:

As at the date of this MD&A, the Company had the following issued and outstanding common shares and unexercised stock options and agent's options:

	Shares and Potential Shares
Common shares outstanding	15,046,497
Stock options (exercise price \$0.10)	1,369,000
Warrants (exercise price \$0.125)	4,300,000
Total common shares and potential common shares	20,715,497

Stock Options:

On December 6, 2024, the Company granted an aggregate of 814,000 stock options to certain of its directors, officers and consultants, at an exercise price of \$0.10 per share for a period of 5 years from the date of issuance. The options fully vested on the date of grant.

## **6. RISKS AND UNCERTAINTIES**

Our business, operating, and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing our Company. Additional risks not presently known, or that Avaron currently deems immaterial, may also impair our business operations. If any such risks actually occur, the financial condition, liquidity, and results of operations of the Company as well as the ability of the Company to implement its growth plans could be materially adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

### Limited Operating History

The Company has a limited operating history upon which an evaluation of the Company, its current business and its prospects can be based. You should consider any purchase of the Company's securities in light of the risks, expenses and problems frequently encountered by all companies in the early stages of

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their corporate development. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. An investment in the common shares carries a high degree of risk and should be considered speculative by purchasers. There is little probability of dividends being paid on the common shares.

## Uncertain Liquidity and Capital Resources

The Company may need to raise additional capital by way of an offering of equity securities, an offering of debt securities, or by obtaining financing through a bank or other entity. In particular, the Company may not have sufficient funds to complete the recommended exploration program on the Property. The Company has not established a limit as to the amount of debt it may incur nor has it adopted a ratio of its equity to debt allowance. If the Company needs to obtain additional financing, there is no assurance that financing will be available from any source, that it will be available on terms acceptable to the Company, or that any future offering of securities will be successful. If additional funds are raised through the issuance of equity securities, there may be a significant dilution in the value of the common shares. The Company could suffer adverse consequences if it is unable to obtain additional capital which would cast substantial doubt on its ability to continue its operations and growth.

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss of the Company's interest in the Property.

## Going Concern and Requirement to Generate Cash Flow for Financial Obligations

While the information in the Financial Statements has been prepared in accordance with IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is making its commercial best efforts in this regard, the outcome of these matters cannot be predicted at this time. The Company's ability to generate sufficient cash flow from operations to make scheduled payments to its contractors, service providers and merchants will depend on future financial performance, which will be affected by a range of economic, competitive, regulatory, legislative and business factors, many of which are outside of its control. If the Company does not generate sufficient cash flow from operations to satisfy its contractual obligations, it may have to undertake alternative financing plans. The Company's inability to generate sufficient cash flow from operations or undertake alternative financing plans would have an adverse effect on its business, financial condition and results or operations, as well as its ability to satisfy its contractual obligations. Any failure to meet its financial obligations could result in termination of key contracts, which could harm the Company's ability to provide its products and services.

## Risks Relating to Infectious Diseases or Outbreaks of Viruses

Global markets have been adversely impacted by emerging infectious diseases and/or the threat of outbreaks of viruses, other contagions or epidemic diseases, including the novel COVID-19. A significant outbreak could result in a widespread crisis that could adversely affect the economies and financial

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markets of many countries, resulting in an economic downturn which could adversely affect the Company's business and the market price of the Common Shares. Many industries, including the mining industry, have been impacted by these market conditions. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on commodity prices, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Company's securities. In addition, there may not be an adequate response to emerging infectious diseases. There are potentially significant economic and social impacts, including labour shortages and shutdowns, delays and disruption in supply chains, social unrest, government or regulatory actions or inactions, including permanent changes in taxation or policies, decreased demand, declines in the price of commodities, delays in permitting or approvals, governmental disruptions or other unknown but potentially significant impacts. At this time, the Company cannot accurately predict what effects these conditions will have on its operations or financial results, including due to uncertainties relating to the ultimate geographic spread, the duration of the outbreak, and the length of restrictions or responses that have been or may be imposed by the governments. Given the global nature of the Company's operations, the Company may not be able to accurately predict which operations will be impacted. Any outbreak or threat of an outbreak of a contagions or epidemic disease could have a material adverse effect on the Company, its business and operational results.

## Ukraine-Russia Conflict

In late February 2022, a conflict commenced in Ukraine. In response, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the Company's business cannot be reasonably estimated at this time. While the Company expects no direct impacts of the conflict in Ukraine, the direct impacts on the economy may negatively affect the business and future operations of the Company.

## Mineral Exploration Risks

The Company is an exploration stage company and the Property is at an early stage of exploration. The mineral exploration business is very speculative. Mineral exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain adequate machinery, equipment and/or labour are some of the risks involved in mineral exploration activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that commercial or any quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, that the Property will be brought into commercial production or that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to

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infrastructure, as well as gold prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

## Fluctuations in Metal Prices

Factors beyond the Company's control may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the Company's exploration activities cannot be predicted. For example, gold prices are affected by numerous factors including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold production levels also affect gold prices. As well, the price of gold has on occasion been subject to rapid short-term changes due to speculative activities.

## Global Financial Conditions

Global financial conditions continue to be subject to volatility arising from international geopolitical developments and global economic phenomenon, as well as inflation, general financial market turbulence. Access to public financing and credit can be negatively impacted by the effect of these events on Canadian and global credit markets. The health of the global financing and credit markets may impact the ability of the Company to obtain equity or debt financing in the future and the terms at which financing or credit is available to the Company. These instances of volatility and market turmoil could adversely impact the Company's operations and the trading price of the Common Shares. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

## Title Risk

The Property may be subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. There is no guarantee that title to the Company's mineral properties will not be challenged or impugned. The Company's claims may be subject to prior unregistered agreements or transfers and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of the Property to confirm that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

## Community Groups

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations who oppose resource development can be vocal critics of the mining industry. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which

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could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

## Land Use Approvals and Permits

The proposed exploration program of the Property, described in the related technical report available under the Company's profile on SEDARPLUS at [www.sedarplus.com](http://www.sedarplus.com), is expected to include exploration work for which land use approvals or permits must be obtained from the applicable regulatory authorities. The Company cannot guarantee that it will be able to obtain all such approvals or permits in a timely manner or at all, and any delay or failure to receive any required land use approvals or permits could negatively impact the Company's future exploration of the Property.

In the ordinary course of business, the Company will be required to obtain and/or renew governmental licenses or permits for exploration, development, construction and commencement of mining at the Property. Obtaining or renewing the necessary governmental licenses or permits is a complex and time-consuming process involving public hearings and costly undertakings on the part of the Company. The duration and success of the Company's efforts to obtain and renew licenses or permits are contingent upon many variables not within the Company's control, including the interpretation of applicable requirements implemented by the licensing authority. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what the Company believes they can recover from the Property. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Property.

## Exploration and Development Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that funds required for development can be obtained on a timely basis. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ

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from that indicated by drilling results. Short term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

## Environmental Laws and Regulations

The Company's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The operations of the Company including exploration and any development activities or commencement of production on its properties, require permits from various federal, provincial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. To the extent that such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated, and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. The Company may be liable for environmental contamination and natural resource damages relating to the Property that occurred before the Company owned or had rights to the Property. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at the Property do not exist.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new mining properties.

## Volatility of Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately

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predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars.

## Infrastructure

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Property. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Property will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect the Company's operations.

## Climate Change

Due to changes in local and global climatic conditions, many analysts and scientists predict an increase in the frequency of extreme weather events such as floods, droughts, forest and brush fires and extreme storms. Such events could materially disrupt the Company's operations, particularly if they affect the Company's sites, impact local infrastructure or threaten the health and safety of the Company's employees and contractors. Any such event could result in material economic harm to the Company. The Company is focused on operating in a manner designed to minimize the environmental impacts of its activities; however, environmental impacts from mineral exploration and mining activities are inevitable. Increased environmental regulation and/or the use of fiscal policy by regulators in response to concerns over climate change and other environmental impacts, such as additional taxes levied on activities deemed harmful to the environment, could have a material adverse effect on the Company's financial condition or results of operations.

## Claims and Legal Proceedings

The Company may be subject to claims or legal proceedings covering a wide range of matters that arise in the ordinary course of business activities, including relating to former employees. These matters may give rise to legal uncertainties or have unfavourable results. The Company may carry liability insurance coverage and mitigate risks that can be reasonably estimated; however, there is a risk that insurance may not be adequate to cover all possible risks arising from the Company's operations. In addition, the Company may be involved in disputes with other parties in the future that may result in litigation or unfavourable resolution which could materially adversely impact the Company's financial position, cash flow, results of operations, and reputation, regardless of the specific outcome.

## Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including the price of gold on world markets, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## Influence of Third Party Stakeholders

The Property or the roads or other means of access which the Company intends to utilize in carrying out its work programs or general business mandates on the Property may be subject to interests or claims by

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third party individuals, groups or companies. In the event that such third parties assert any claims, the Company's work programs may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

## Uninsurable Risks

Exploration, development and production of mineral properties is subject to certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and we may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have an adverse impact on our operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

## Competition

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire attractive mineral properties on terms it considers acceptable. The Company also competes with other companies for the recruitment and retention of qualified employees and other personnel.

## Management

The Company's prospects depend in part on the ability of its senior management and directors to operate effectively and the loss of the services of such persons could have a material adverse effect on the Company. To manage its growth, the Company may have to attract and retain additional highly qualified management, financial and technical personnel and continue to implement and improve operational, financial and management information systems. The Company does not have key man insurance in place in respect of any of its directors or officers. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

## Purchase Agreement Obligations

The Purchase Agreement provides that Company upon completion of the Qualifying Transaction, must make a series of payments in cash over certain time periods and an issuance of Initial Payment Warrants. If the Company fails to make such payments or issuances in a timely fashion, the Company may lose its right to purchase an interest in the Property.

The Company does not own the mineral rights pertaining to the Property. Rather, it holds a right to purchase the mineral rights. There is no guarantee the Company will be able to raise sufficient funding in the future to explore and develop the Property so as to maintain its interests therein or pursue the acquisition of other property interests. If the Company loses or abandons its interest in the Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties. Unless the Company acquires additional property

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interests, any adverse developments affecting the Property could have a material adverse effect upon the Company and would materially and adversely affect any profitability, financial performance and results of operations of the Company.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The discovery of mineral deposits is dependent upon a number of factors. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general factors such as metal prices and government regulations, including environmental protection. Most of these factors are beyond the control of the Company. In addition, because of these risks, there is no certainty that the expenditures to be made by the Company on the exploration of its Property as described herein will result in the discovery of commercial quantities of ore. The Company has no history of operating earnings and the likelihood of success must be considered in light of problems, expenses, etc. which may be encountered in establishing a business.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development programs at the Property will result in the definition of bodies of commercial mineralization.

## Conflicts of Interest

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company and proposed directors and officers of the Resulting Issuer with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

## Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company may acquire mineral claims, material interests in other mineral claims, and companies that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired Company or mineral claims into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition.

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## Dividends

The Company has not declared or paid any dividends on its common shares and does not currently have a policy on the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and developments of its business. The payment of any future dividends will depend upon earnings and the Resulting Issuer's financial condition, current and anticipated cash needs and such other factors as the directors of the Resulting Issuer consider appropriate.

## Reporting Issuer Status

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

## Estimates and Assumptions

Preparation of its financial statements requires the Company to use estimates and assumptions. Accounting for estimates requires the Company to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. If the estimates and assumptions are inaccurate, the Company could be required to write down its recorded values. On an ongoing basis, the Company re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

## Costs and Compliance Risks

Legal, accounting and other expenses associated with public company reporting requirements are significant. The Company anticipates that costs may increase with corporate governance related requirements, including, without limitation, requirements under National Instrument 52-109 – Certification of Disclosure in Company's Annual and Interim Filings, National Instrument 52-110 – Audit Committees and National Instrument 58-101 – Disclosure of Corporate Governance Practices.

The Company also expects these rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Company and the Resulting Issuer to attract and retain qualified individuals to serve on its Board of Directors or as executive officers.

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## **7. INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

## **8. CRITICAL JUDGEMENTS AND ESTIMATES**

The financial statements are prepared in accordance with IFRS. 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 revenue and expenses during the reporting period.

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies that has the most significant effect on the amounts recognized in the Company's financial statements are related to the assumption that the Company will continue as a going concern, the carrying value and recoverability of exploration and evaluation assets, assessment of deferred tax assets and liabilities, and the valuation of share-based payments.

For a summary of estimates and judgments, please refer to Note 3 of the audited annual financial statements for the year ended March 31, 2025. Management believes it has made estimates that best reflect the facts and circumstances; however, actual results may differ from estimates.

## **9. FORWARD LOOKING INFORMATION**

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Company. Particularly, statements regarding our future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. Forward-looking information contained in this MD&A is based on our current estimates, expectations, and projections, which we believe are reasonable as of the current date. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, except as required by law.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations.