

**Western Metallica Resources Corp.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended September 30, 2025 and 2024**  
*(in Canadian dollars, unless otherwise noted)*

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**Date: November 27, 2025**

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of the operations of Western Metallica Resources Corp. (individually or collectively with its subsidiaries, as applicable, "Western Metallica" or the "Company"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the three and nine months ended September 30, 2025 and 2024. The MD&A should be read in conjunction with the condensed interim consolidated financial statements for the three and nine months ended September 30, 2025, and 2024. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. Please refer to Note 3 of the annual audited consolidated financial statements as at and for the years ended December 31, 2024 and 2023 for disclosure of the Company's significant accounting policies.

Additional information about the Company may be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The Board of Directors of the Company has reviewed this MD&A and the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025 and 2024, and the Company's Board of Directors approved these documents prior to their release.

### **Overview and Strategy**

Western Metallica is a publicly traded Canadian exploration and development company listed on the TSX Venture Exchange ("TSXV"). The Company is engaged in the acquisition, exploration, exploitation and development of mineral properties with a focus on exploring in Peru and Spain. Exploration and exploitation is conducted through the Company's wholly owned Peruvian subsidiary Green Rock SAC and Spanish subsidiary, Western Metallica S.L.

### **Summary of Properties and Projects**

#### **Mineral Exploration Properties**

##### *Spain*

The Company holds certain property interests for gold exploration in the Principality of Asturias in Spain and for polymetallic exploration in the Autonomous Community of Andalusia in Spain.

##### **a) Penedela Property**

During 2019, the Company entered into an option agreement with Asminarq SL ("Asminarq"), to earn up to 100% of the rights to the Penedela Property. Asminarq is the company that owned the mining rights. The property is located in the west of Asturias, Spain, in the council area of Ibias, and was granted by the Asturian Mines (Minas de Asturias) Authority to cover the exploration for gold, silver, lead and zinc.

On February 14, 2022, Western Metallica entered into a purchase agreement (the "Purchase Agreement") with Asminarq, superseding the above-mentioned agreement whereby Western Metallica will acquire 100% of Asminarq pursuant to the following terms:

- Payment from Western Metallica to the Asminarq shareholders in the amount of €105,000 (\$147,420) upon signature of the Purchase Agreement, including €5,000 to extend the agreement (€13,000 (\$19,330) paid in 2021 and €92,000 (\$128,090) paid on March 4, 2022);

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- The issuance of 2,000,000 post-share split Western Metallica common shares to Asminarq owners (1,271,242 pre-share split Western Metallica common shares, issued on April 13, 2022);
- If Western Metallica completes a NI43-101-compliant resource of one million ounces of gold in a defined target area, Western Metallica will pay Asminarq shareholders €500,000, plus an additional €0.50 per additional ounce, over and above the one million ounces of gold, up to two million ounces of gold; and
- Asminarq shareholders will retain a 2% NSR (Net Smelter Return), of which 1% (half) of the NSR may be purchased by Western Metallica for €400,000.

**b) Nueva Celti Property**

Nueva Celti, the Company's 100%-owned copper project is located in the Ossa Morena geological province of Andalucia, Spain in a region where copper mineralization has been recognized since ancient times.

On August 18, 2025, the Company entered into a non-binding letter of intent (the "LOI") with Emerita Resources Corp. ("Emerita") pursuant to which it is proposed that Emerita would acquire the Company's Spanish subsidiary Western Metallica, S.L. ("WMS Spain"), which holds 100% ownership of the Nueva Celti project.

Pursuant to the LOI, in order to acquire the 100% interest in WMS Spain, Emerita must pay to the Company \$150,000 cash and \$250,000 to be settle in Emerita shares using the closing price per Emerita share on the day prior to the execution of a binding share purchase agreement between the parties. The terms of the final agreement may differ. This transaction remains subject to obtaining a three-year extension to the exploration permit(s) on the Nueva Celti concession, entering into a binding share purchase agreement, TSX Venture Exchange approval including disinterested shareholders' approval and evidence of value demonstration if necessary, as well as other customary closing conditions.

Emerita is considered to be a non-arm's length party to the Company as the Company's CEO, is Emerita's Chief Financial Officer.

*Peru*

On August 10, 2023, the Company acquired 100% of the issued and outstanding shares of Consolidated Copper Corp. ("Consolidated Copper") in exchange for an aggregate consideration of (i) 2,000,000 common shares of the Company (the "Common Shares") and (ii) 500,000 common share purchase warrants of the Company (the "Warrant"), with each Warrant entitling the holder to acquire one additional Common Share at an exercise price of \$1.00 until the earlier of: (i) the date that is one (1) year from the date of issuance, and (ii) within twenty (20) days of the Company providing such holder with written notice accelerating the Warrant expiry date, provided that that the daily volume weighted average price (or closing bid price on days when there are no trades) of the Common Shares on the TSX Venture Exchange (the "Exchange") is at least \$1.50 for a minimum of twenty (20) consecutive trading days prior to such written notice from the Company being provided.

**c) Caña Brava Project**

The Company acquired the option to obtain 100% of the Caña Brava Project by making option payments totalling US\$2,430,000 by June 2028. The option agreement was modified on August 21, 2024 to retain greater flexibility in extending the term and payment schedule. On June 10, 2025, the Company announced it terminated its option to acquire 100% of the mineral claims, rights and interests in the Caña Brava Project.

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**d) Turmalina Project**

On August 21, 2024, the Company announced that it dropped its interests in the Turmalina Project.

**Liquidity and Capital Resources**

As at September 30, 2025, the Company had continued losses, a working capital deficit of \$662,137 (December 31, 2024 – \$467,562), which included a cash and cash equivalents balance of \$61,026 (December 31, 2024 - \$39,944), amounts receivable of \$11,368 (December 31, 2024 - \$37,794), prepaid expenses and advances of \$4,170 (December 31, 2024 - \$56,700) offset by accounts payable and accrued liabilities of \$448,691 (December 31, 2024 - \$602,000).

On February 9, 2024, the Company granted a total of 20,000 stock options to consultants of the Company pursuant to its stock option plan. The options vest immediately and may be exercised at a price of \$0.60 per option until February 9, 2029.

On November 13, 2024, the Company closed a private placement financing by issuing 1,083,335 units at a price of \$0.30 per unit for gross proceeds of \$325,000. Each unit entitled the holder thereof to automatically receive one common share and one common share purchase Warrant. Each Warrant will entitle the holder to purchase one common share at a price of \$0.60 at any time on or before November 13, 2026. Officers and Directors of the Company subscribed for 247,501 units, generating gross proceeds of \$74,250. A total of 29,167 broker warrants, each exercisable to acquire one common share at a price of \$0.60 for a period of 24 months, were issued in connection with the offering.

On January 16, 2025, the Company granted 455,000 Restricted Share Units ("RSUs") to certain officers, directors, employees and consultants. The RSUs vest 1/3 on December 1, 2025, 1/3 on December 1, 2026 and 1/3 on December 1, 2027.

During the three and nine months ended September 30, 2025, \$6,386 and \$25,465, respectively (three and nine months ended September 30, 2024 - \$1,133 and \$12,258, respectively) in share-based compensation has been recognized in the condensed interim consolidated statements of loss.

During the nine months ended September 30, 2025, 247,500 stock options expired unexercised (Year ended December 31, 2024 – 75,000).

During the nine months ended September 30, 2025 no warrants expired or were exercised (Year ended December 31, 2024 – 793,021 warrants expired unexercised).

On July 2, 2025, the Board of Directors of the Company authorized a 10:1 share consolidation. These statements reflect the 10:1 share consolidation.

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**Select Quarterly Information:**

The following table presents a summary of the consolidated operating results for each of the most recent eight quarters ending with September 30, 2025:

Period	Revenue	Operating costs	Income/(loss)	Income/(loss)	Total assets
	\$	\$	\$	per share	\$
Q3 - September 2025	-	(150,745)	259,723	(0.01)	208,278
Q2 - June 2025	-	59,809	(30,752)	(0.01)	181,322
Q1 - March 2025	-	406,835	(447,696)	(0.05)	228,741
Q4 - December 2024	-	1,024,508	(976,684)	(0.13)	264,837
Q3 - September 2024	-	532,691	(512,580)	(0.07)	670,659
Q2- June 2024	-	817,991	(813,706)	(0.11)	1,222,893
Q1- March 2024	-	685,100	(657,307)	(0.09)	1,923,474
Q4- December 2023	-	1,022,656	(992,033)	(0.14)	2,613,348

**Results of Operations**

*Analysis of the three months ended September 30, 2025 vs. the three months ended September 30, 2024*

Three months ended September 30, 2025

During the three months ended September 30, 2025, the Company recorded net income of \$259,723 or \$0.03 per share compared to a loss of \$508,295 or \$0.01 per share for the three months ended September 30, 2024. The income is due to project evaluation recovery of \$234,839 compared to expenses of \$388,376 as the Company was able to settle previous expenditures from the drilling program in Peru for a lower amount. Corporate costs of \$77,708 decreased from \$143,182 as the Company focused on reducing costs. The changes in corporate costs were due to the following: consulting and management fees of \$12,000 decreased from \$28,690; salaries and benefits of \$31,500 decreased from \$54,612 as executive officers reduced compensation; professional fees of \$17,092 decreased from \$40,706; office and general of \$17,116 decreased slightly from \$19,174. Share based compensation of \$6,386 increased from \$1,133 based on the RSU issuance in January 2025 compared to the stock option issuance in February 2024; interest income of \$5 decreased from \$16,807 due to the lower cash balance and the foreign exchange gain was \$33,733 compared to a foreign exchange loss of \$7,589 due to fluctuations in exchange rates. Interest expense increased to \$7,294 from \$nil due to the shareholder loan and there was a \$150,000 gain recorded upon signing the LOI with Emerita.

*Analysis of the nine months ended September 30, 2025 vs. the nine months ended September 30, 2024*

Nine months ended September 30, 2025

During the nine months ended September 30, 2025, the Company recorded a net loss of \$218,725 or \$0.03 per share compared to a loss of \$1,983,593 or \$0.03 per share for the nine months ended September 30, 2024. The decrease in loss is due to project evaluation expenses of \$24,152 compared to expenses of \$1,449,786 as the Company was able to settle previous expenditures from the drilling program in Peru for a lower amount. Corporate costs of \$77,708 decreased from \$143,182 as the Company focused on reducing costs. The changes in corporate costs were due to the following: consulting and management fees of \$31,605 decreased from \$187,045; salaries and benefits of \$81,793 decreased from \$207,943 as executive officers reduced compensation; professional fees of \$60,413 decreased from \$74,315; office and general of \$92,471 decreased from \$104,435. Share based compensation of \$25,465 increased from \$12,258 based on the RSU issuance in January 2025 compared to the stock option issuance in February 2024; interest income of \$274 decreased from \$33,089 due to the lower cash balance and the foreign exchange gain was \$35,235 compared to a foreign exchange loss of \$19,100 due to fluctuations in

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exchange rates. Interest expense increased to \$17,865 from \$nil due to the shareholder loan and there was a \$150,000 gain recorded upon signing the LOI with Emerita.

### **Cash flows**

#### *Nine months ended September 30, 2025*

During the nine months ended September 30, 2025, the Company used cash of \$267,613 (2024 - \$1,848,895) in operating activities due primarily to a decrease of project evaluation expenditures of \$1,425,634 as the Company completed exploration activities in Peru and corporate spending decreased by \$307,456 in an effort to conserve cash.

During the nine months ended September 30, 2025, the Company had cash from investing activities of \$1,113 compared to cash used by investing activities of \$28,924. The restricted cash of \$10,000 was converted to cash offset by the increase in reclamation deposits for Valledor.

During the nine months ended September 30, 2025, the Company had \$290,010 of cash provided by financing activities due to the bridge loan provided by the CEO and director.

### **FINANCIAL INSTRUMENTS**

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash and cash equivalents, restricted cash, amounts receivable, and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the consolidated statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at September 30, 2025, the Company had no financial instruments carried at fair value within the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### **(a) Credit risk**

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

#### *Trade credit risk*

The Company is not exposed to significant trade credit risk.

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*Cash and cash equivalents*

In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated, investment grade instruments. Limits are also established based on the type of investment, the counterparty, and the credit rating.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Euro from its property interests in Spain, Peruvian Sol ("PSol") from its property interest in Peru, and US dollars from operations. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition, and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

As at September 30, 2025 and December 31, 2024, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

**September 30, 2025**

	<b>Euros</b>	<b>Peruvian Sol</b>	<b>US Dollars</b>
Cash	\$ 203	\$ 354	\$ 5,444
Amounts receivable	3,500	-	-
Accounts payable and accrued liabilities	(4,749)	(26,146)	(95,998)
	<b>\$ (1,046)</b>	<b>\$ (25,792)</b>	<b>\$ (90,554)</b>

**December 31, 2024**

Cash	\$ 17,113	\$ 1,450	\$ 4,019
Amounts receivable	17,956	40,617	-
Accounts payable and accrued liabilities	(29,057)	(116,673)	(255,250)
	<b>\$ 6,012</b>	<b>\$ (74,606)</b>	<b>\$ (251,231)</b>

A 10% strengthening (weakening) of the Canadian dollar against the Euro would decrease (increase) net loss by approximately \$100 (December 31, 2024 - \$600).

A 10% strengthening (weakening) of the Canadian dollar against the PSol would increase (decrease) net loss by approximately (\$2,600) (December 31, 2024 - (\$7,500)).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately (\$9,100) (December 31, 2024 - (\$25,100)).

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2025, the Company had a cash and cash equivalents balance of \$61,026 (December 31, 2024 - \$39,944) to settle current liabilities of \$448,691 (December 31, 2024 - \$602,000). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

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(d) *Commodity / equity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. 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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

The Company monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote as the Company is not a producing entity.

**Critical Accounting Policies**

The Company's significant accounting policies are described in Note 3 of the consolidated financial statements for the year ended December 31, 2024, and 2023. The preparation of statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The following is a list of the accounting policies that management believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability or expense being reported:

- Foreign currencies
- Exploration and evaluation properties

**Foreign currencies**

The Foreign currency translation presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

The Company makes expenditures and incurs costs in Euros ("EUR"), United States dollars ("USD") and Peruvian Sol ("PSol"). At September 30, 2025, one Canadian dollar was worth EUR - 0.6123, USD - 0.7183 and PSol - 2.5025 (December 31, 2024 - EUR - 0.6699, USD - 0.6950 and PSol - 2.6110). During the nine months ended September 30, 2025, the average value of one Canadian dollar was EUR 0.6397, USD - 0.7149 and PSol - 2.5938 (September 30, 2024 - EUR - 0.6764, USD - 0.7351 and PSol - 2.7579).

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Project evaluation expenses

Nine months ended September 30, 2025	Spain	Peru		Total
		Turmalina	Caña Brava	
Labour	\$ -	\$ -	\$ 148,962	\$ 148,962
Project overhead costs	14,927	-	(139,737)	(124,810)
<b>Total project evaluation expenses</b>	<b>\$ 14,927</b>	<b>\$ -</b>	<b>\$ 9,225</b>	<b>\$ 24,152</b>

Nine months ended September 30, 2024	Spain	Peru		Total
		Turmalina	Caña Brava	
Option payments	\$ -	\$ -	\$ 177,970	\$ 177,970
Labour	5,924	-	521,302	527,226
Technical	-	-	69,943	69,943
Project overhead costs	95,469	84,899	494,279	674,647
<b>Total project evaluation expenses</b>	<b>\$ 101,393</b>	<b>\$ 84,899</b>	<b>\$ 1,263,494</b>	<b>\$ 1,449,786</b>

**Commitments and Contingencies**

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable, and the amounts are estimable.

The Company is party to certain employment and consulting contracts. These contracts contain minimum commitments of approximately \$76,500 with regards to termination pay and additional contingent payments of up to approximately \$273,000 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements.

Minimum commitments under these contracts due within one year are \$126,000.

**Transactions with Related Parties**

*Compensation of key management personnel of the Company*

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three and nine months ended September 30, 2025, and 2024, the remuneration of directors and other key management personnel is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Salaries and benefits	\$ 31,500	\$ 51,294	\$ 81,793	\$ 193,883
Consulting fees	-	34,008	-	198,247
Share-based compensation	3,784	-	10,722	-
<b>Total</b>	<b>\$ 35,284</b>	<b>\$ 85,302</b>	<b>\$ 92,515</b>	<b>\$ 392,130</b>

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As at September 30, 2025, an amount of \$153,027, included in accounts payable and accrued liabilities, was owed to directors and officers of the Company (December 31, 2024 - \$87,210). The amounts outstanding on fees are unsecured, non-interest bearing, with no fixed terms or repayment.

On January 16, 2025, officers and directors were granted 215,000 RSUs.

On January 13, 2025, the Company received a bridge loan for financing up to \$300,000 ("Bridge Loan") from its Chief Executive Officer and Director. The Bridge Loan bears interest at 10% per annum and due in cash on the earlier of June 30, 2025; or the date upon which the Company secures funding (whether by debt, equity, or otherwise) of an amount equal or greater to the Bridge Loan. The Company can repay any and all amounts under the Bridge Loan at any time without penalty. The Bridge Loan is unsecured, and no securities will be issued in connection with the Bridge Loan. As of September 30, 2025, \$290,010 was drawn on this facility plus accrued interest of \$17,865.

On November 13, 2024, Officers and Directors of the Company subscribed for 247,502 units of the private placement, for gross proceeds of \$74,250.

**Off-balance sheet arrangements**

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

**Risk Factors**

Mining exploration inherently contains a high degree of risk and uncertainty, which even a combination of careful evaluation, experience and knowledge may not eliminate. The following are certain factors relating to the business of the Company, which investors should carefully consider when making an investment decision concerning the Company's shares. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the Company.

***Substantial Capital Requirements and Liquidity***

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, current financial conditions, revenues, taxes, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

### ***Financing Risks and Dilution to Shareholders***

The Company will have limited financial resources, no operations and no revenues. Even if the Company's exploration program on one or more of the properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which would result in dilution to the Company's shareholders.

### ***Limited Operating History***

The Company is a relatively new company with limited operating history. The Company only recently acquired its interest in its material properties and the Company has no history of business or mining operations, revenue generation or production history. The Company has yet to generate a profit from their activities. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

### ***No Mineral Resources or Mineral Reserves***

Resource exploration 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 also from finding mineral deposits that, 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.

The Company's properties are in the exploration stage only and, to date, no mineral resources or mineral reserves have been identified. Development of the Company's properties will follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that any mineral resources or mineral reserves will be identified or developed. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish mineral resources and mineral reserves and 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 to justify commercial operations or that funds required for development can be obtained on a timely basis.

### ***Fluctuating Mineral Prices***

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the

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effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals that may be found on the Company's properties.

***Regulatory, Permit and License Requirements***

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations that may concern, among other things, exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules because of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on its properties will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

***Title to Properties***

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to some or all the Company's interest in its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have the interest it understands it has in its properties could cause the Company to lose any rights to explore, develop and mine any minerals on such properties without compensation for its prior expenditures relating thereto.

***Competition***

The mineral exploration and development industry is highly competitive. The Company will have to compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other companies could have a material adverse effect on the Company and its prospects.

***Reliance on Management and Dependence on Key Personnel***

The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified

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personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

***Environmental Risks***

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the exploration, development and mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with exploration, development, and mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

***Local Resident Concerns***

Apart from ordinary environmental issues, the exploration, development and mining of the Company's properties could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

***Foreign Operations***

The Company's properties are located in Spain and Peru. As such, the Company's proposed activities with respect to its properties will be subject to governmental, political, economic and other uncertainties, including but not limited to expropriation of property without fair compensation, repatriation of earnings, nationalization, currency fluctuations and devaluations, exchange controls and increases in government fees, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, economic sanctions and the other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations will be conducted, as well as risks including loss due to civil strife, acts of war, insurrections and the actions of national labour unions. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company. No assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Spain or Peru. Any changes in regulations or shifts in political attitudes will be beyond the Company's control and may adversely affect the Company's business.

***Uninsurable Risks***

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, equipment and mines, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company securities.

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***Litigation***

The Company and/or its directors or officers may be subject to a variety of civil or other legal proceedings, with or without merit.

**Outstanding Share Data**

As at the date of this MD&A, the Company has:

- 1) 8,256,199 common shares outstanding.
- 2) 1,152,502 warrants outstanding, with expiry dates ranging from October 5, 2026 to November 13, 2026. If all the warrants were exercised, 1,152,502 shares would be issued for gross proceeds of \$707,501.
- 3) 235,000 options outstanding, with expiry dates ranging from May 25, 2027, to August 30, 2028. If all the options were exercised, 375,000 shares would be issued for gross proceeds of \$365,000.
- 4) 190,000 restricted share units were outstanding.

## **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION**

This MD&A contains, or incorporates by reference, "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the future performance of Western Metallica Corp. ("Western Metallica" or the "Company"), Western Metallica's mineral properties, the future price of gold, copper and other metals, the estimation of mineral resources and mineral reserves, results of exploration activities and studies, the realization of mineral resource estimates, exploration activities, costs and timing of the development of new deposits, the acquisition of additional mineral resources, the results of future exploration and drilling, costs and timing of future exploration of the mineral projects, requirements for additional capital, management's skill and knowledge with respect to the exploration and development of mining properties in Spain, government regulation of mining operations and exploration operations, timing and receipt of approvals and licenses under mineral legislation, the Company's local partners, and environmental risks and title disputes. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking 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 the forward-looking statements. Such factors include, among others, risks associated with the Company's dependence on the mineral projects; general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; risks associated with dependence on key members of management; conclusions of economic evaluations and studies; currency fluctuations (particularly in respect of the Canadian dollar, the United States dollar, Euro and Peruvian Sol and the rate at which each may be exchanged for the others); future prices of gold, copper, and other metals; uncertainty in the estimation of mineral resources; exploration and development risks; infrastructure risks; inflation risks; defects and adverse claims in the title to the projects; accidents, political instability, insurrection or war; labour and employment risks; changes in government regulations and policies, including laws governing development, production, taxes, royalty payments, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; insufficient insurance coverage; the risk that dividends may never be declared; and liquidity and financing risks related to the global economic crisis. Such forward-looking statements are based on a number of material factors and assumptions, including; that contracted parties provide goods and/or services on the agreed timeframes; that ongoing contractual negotiations will be successful and progress and/or be completed in a timely manner; that no unusual geological or technical problems occur; that plant and equipment work as anticipated and that there is no material adverse change in the price of gold. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated, or intended. Forward-looking statements contained herein are made as of the date of this MD&A. There can be no assurance that the 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 forward-looking statements due to the inherent uncertainty therein.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada and this MD&A. These factors are not intended to represent a complete list of the factors that could affect the Company. Western Metallica disclaims any intention or obligation to update or revise any forward-looking information or to explain any material difference between subsequent events and such forward-looking information, except to the extent required by applicable law and regulations.