

XAU Resources Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

(Expressed in Canadian dollars)

For the year ended

October 31, 2025

XAU RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended October 31, 2025

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements and related notes thereto of XAU Resources Inc. (the "**Company**") for the years ended October 31, 2025 and 2024 which were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by International Accounting Standards Board. All amounts are expressed in Canadian dollars unless otherwise indicated. This MD&A is dated February 25, 2026 and discloses specified information up to this date.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF BUSINESS

Basis of Presentation:

The significant accounting policies (note 2 of the Annual Financial Statements) have been applied consistently to all periods unless otherwise stated, and should be read in conjunction with the Company's Annual Financial Statements. These policies are based on IFRS effective as of October 31, 2025.

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The annual financial statements have been prepared on the historical cost basis and are presented in Canadian Dollars. The functional currency of the Company is the Canadian Dollar.

Going Concern:

The Annual Financial Statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business. The Company has not generated revenue from operations and incurred a comprehensive loss of \$204,209 during the year ended October 31, 2025 (October 31, 2024: \$214,144) and as of that date the Company has an accumulated deficit of \$1,804,915 (October 31, 2024: \$1,600,706), cash of \$33,273 and a working capital deficiency of \$127,050. The Company is reliant on raising funds to continue operations. There is no assurance that it will be able to do so in the future.

Subsequent to year-end, in December 2025, the Company completed a private placement in two tranches for total gross proceeds of \$1,000,000, which enhanced the Company's liquidity position. The first tranche raised \$880,000, and the second tranche raised \$120,000. The financing involved the issuance of units consisting of common shares and warrants, along with associated finder's fees. Further details are provided in "Disclosure of outstanding share".

In addition, the Company will have to identify and obtain new projects which in themselves will then require the discovery of economically recoverable reserves, and if successful, will then necessitate that the Company obtain the necessary financing to develop the projects to a stage of future profitable production. These factors create material uncertainties that may cast significant doubt.

The Annual Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

The Company was incorporated under the *Canada Business Corporations Act* on June 18, 2018 and was classified as a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"). The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a qualifying transaction ("**Qualifying Transaction**").

On October 21, 2021, the Company entered an option agreement to acquire an undivided 100% interest in the "Noseno Project" located approximately two-hundred kilometers west of Georgetown, Guyana. The Noseno Project comprises 37 licenses covering 37,623 acres, together with 100% of the mineral and mining rights attached thereto or derived therefrom.

On December 20, 2021, the Company entered an amending agreement to delete and replace the conditions against cash payment. On February 4, 2022, the Company entered another amending agreement to delete and replace the conditions against work expenditure.

On June 20, 2022, the Company completed its Qualifying Transaction with North West Exploration Inc. As part of the Qualifying Transaction, the subscription receipts issued by the Company on March 7, 2022, pursuant to a non-brokered private placement were automatically converted to 4,000,000 common shares of the resulting issuer.

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The Company further entered an amendment agreement on January 23, 2024 and in order to maintain in force the rights granted, and to maintain in force the option and earn the interest in the Property, the Company must:

- make the following cash payments – a total of \$2,500,000 USD will be paid in accordance with the following schedule:

Pay \$2,500,000 USD on or before December 31, 2027.

- maintain work expenditures levels in respect of exploration work on the Property in each of the four years for a cumulative total of \$5,000,000 USD. The Company must incur these work expenditures for the exploration work on the Property in accordance with the following schedule (collectively, the “**Work Expenditures**”):

Incur \$5,000,000 USD on or before December 31, 2027.

The mineral properties may potentially expose the Company to risks and considerations not normally associated with exploration activities in North America. The Company’s ability to retain its properties, raise and deploy capital may be adversely affected by changes in governing regimes, policies, laws, and regulations, all of which are beyond the Company’s control.

The Company’s head office, principal address and registered and records office is located at Suite 4100, 66 Wellington Street West, Toronto, Ontario, Canada, M5K 1B7.

PROJECT STATUS

The Noseno Project is a key exploration asset within XAU Resources’ portfolio, located in Guyana. It is an early-stage gold exploration project with significant potential based on initial geochemical results. The Company’s objective is to systematically advance the project through staged exploration programs, culminating in drilling and potential resource delineation.

Work Completed

Between October 14, 2022, and December 18, 2022, the Issuer conducted a field exploration program on the Noseno claims. The program consisted of:

- BLEG Stream Sediment Sampling: A total of 142 samples were collected and analyzed for gold using the Bulk Leach Extractable Gold (BLEG) method.
- Rock Sampling: 19 rock chip samples were collected and analyzed for gold by fire assay at Actlabs laboratory in Georgetown, Guyana.
- Multi-Element Geochemical Analysis: The 142 stream sediment samples were also analyzed for a broad suite of elements using ICP-OES at Actlabs in Zacatecas, Mexico.

The results of this program were disclosed via a news release on April 13, 2023, following the receipt of all multi-element assay data.

To date, no drilling or additional fieldwork has been conducted at Noseno beyond the 2022 exploration program. The delay in further work has been due to challenging corporate finance conditions for junior mineral exploration issuers.

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Issuer's Plan for the Project

Despite funding constraints, the initial geochemical results were favorable, and the Issuer intends to proceed with further exploration, subject to securing adequate capital. The planned activities for the short-term include:

- Completion of the Stream Sediment Sampling Program: 40 remaining sites to be sampled.
- Prospecting & Geological Mapping: Further field reconnaissance to refine drill targets.
- First-Pass Soil Sampling Program: Collection of 3,000+ soil samples, followed by infill soil sampling where warranted.
- Initial Target Testing: Trenching and/or first-pass diamond drilling based on positive soil sampling results.

These activities align with the phased exploration budget, as detailed below:

Phase	Objective	Activity / Items	Duration	Units	Estimated Cost (US\$)	Total Cost by Phase (US\$)
I	Initial property evaluation and target generation	BLEG stream sediment sampling	Stream sampling in Oct-Dec 2022; program 80% complete			
II	Access & Accommodations	Improved camp, 1 new ATV			45,000	
	Initial property evaluation and target generation	Complete BLEG streams	0.3 mo	40 streams	10,000	
	Target development	1st pass soil sampling & geol/prospecting	3 mo	3,400 soils 300 rocks	185,000	240,000
III	Target development	Infill soil sampling, geol/prospecting	2 mo	1,700 soils 300 rocks	100,000	100,000
IV	Initial target testing	Trenching	3 mo	4,000m trenching	450,000	450,000
V	Follow up target testing	1st pass diamond drilling	2 mo	2,500m of DDH	650,000	650,000
~ 1 yr					US\$	1,440,000
					CAD\$	1,960,000

Status Relative to Plan

The Noseno Project is progressing in line with technical milestones, but its advancement is currently contingent on securing funding. The Issuer remains committed to executing the next phases of exploration, which will be prioritized based on available financial resources. The next steps will focus on refining target areas through geochemical and geophysical surveys before moving into trenching and drilling.

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SELECTED ANNUAL INFORMATION

	October 31, 2025	October 31, 2024
	\$	\$
Total assets	35,580	117,001
Total non-current financial liabilities	-	-
Working capital	(127,050)	77,159
Expenses	204,209	214,144
Loss and comprehensive loss	(204,209)	(214,144)
Net loss per share	(0.02)	(0.02)

The Company has no revenue, paid no dividends, and had no long-term liabilities during the period October 31, 2024, to October 31, 2025.

DISCUSSION OF OPERATIONS

For the year ended October 31, 2025, the Company recorded a net loss of \$204,209 compared with a net loss of \$214,144 during 2024. The net loss for the year ended October 31, 2025, is attributable to professional fees, exploration and evaluation expenses, registration and filing fees and administrative expenses.

	Three months ended		Years ended	
	October 31,		October 31,	
	2025	2024	2025	2024
Professional Fees	65,738	34,689	119,550	79,655
Exploration and evaluation expenses	44,890	-	44,890	59,043
Interest expense	1,112	-	1,524	-
Stock based compensation	-	43,909	-	43,909
Registration and filing expenses	12,481	5,584	22,784	13,227
Administrative expenses	2,382	2,511	15,461	18,310
Total expenses	126,603	86,693	204,209	214,144
Other Income	-	-	-	-
Loss and comprehensive loss	(126,603)	(86,693)	(204,209)	(214,144)

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SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results:

	Quarter ended October 31, 2025	Quarter ended July 31, 2025	Quarter ended April 30, 2025	Quarter ended January 31, 2025	Quarter ended October 31, 2024	Quarter ended July 31, 2024	Quarter ended April 30, 2024	Quarter ended January 31, 2024
Other Income	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Expenses	126,603	10,668	22,841	44,097	86,693	34,611	64,849	27,991
Loss and comprehensive loss	(126,603)	(10,668)	(22,841)	(44,097)	(86,693)	(34,611)	(64,849)	(27,991)
Loss per common share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)

Major variances in expenses are as follows:

- Exploration and evaluation expenses incurred in 2025 amounted to \$44,890, which is lower than 2024 (\$59,043). It was primarily due to timing of payments.
- Professional fees increased to \$119,550 in 2025 (2024 - \$79,655) primarily due to higher audit and compliance costs for the 2024 year-end which was billed during 2025, additional legal services related to corporate governance, and recurring accounting support.
- Registration and filing expenses increased to \$22,784 in fiscal 2025 (2024 - \$13,227), primarily due to the TSX Venture sustaining fee billed in the first quarter of fiscal 2025 and the annual TSX Trust retainer billed in the fourth quarter of fiscal 2025.
- For the quarter ended October 31, 2025, the expenses are higher compared to other quarters due to exploration and evaluation expenses of \$44,890 was recognized during this quarter for the whole fiscal year 2025. Furthermore, professional fees are higher due to accrual for year-end audit.
- For the year ended October 31, 2025, no shared based compensation was recorded, compared to \$43,909 share-based compensation recorded in quarter ended October 31, 2024 in relation to the issuance of options.
- Expenses for the quarters ended April 30, 2025 (\$22,841) and July 31, 2025 (\$10,668) were significantly lower than the same periods in 2024 (\$64,849 and \$22,841, respectively). The decrease is primarily due to the timing of recognizing exploration and evaluation costs.

FOURTH QUARTER

The Company recorded a net loss of \$126,603 (loss of \$0.01 per share) for the quarter ended October 31, 2025.

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2025, the Company had cash of \$33,273. The Company had current liabilities of \$162,630 and a deficit working capital of \$127,050.

The Noseno Project expenditures and work commitments remain structured as a deferral of payments and work expenditures. Under the amended option agreement, there are no minimum cash payment obligations

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for work expenditures. The Company continues to evaluate other advanced projects within the Guyana Shield while actively monitoring market conditions to ensure a strategic and reasonable approach to raising funds. This approach allows the Company to align its investment decisions with market dynamics and optimize resource allocation for the best project outcomes.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating working capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

TRANSACTIONS WITH RELATED PARTIES

During the year ended October 31, 2025, the Company entered into unsecured promissory note agreements with key management personnel and Board members of the Company to fund working capital needs.

Key terms are as follows:

- Aggregate principal: \$70,000.
- Interest rate: 7% per annum, compounded quarterly.
- Maturity date: December 31, 2025.
- Prepayment: Permitted at any time without penalty.

As at October 31, 2025, interest expense of \$1,524 was recognized during the year.

In addition, \$46,650 was owed to an executive officer of the Company as at October 31, 2025 (2024 – nil). The amount relates to expenses paid by the executive on behalf of the Company. The balance is unsecured, non-interest bearing, and due on demand.

Subsequent to year end, on November 27, 2025, a portion of the balance owing under Due to related parties, totaling USD 13,855 (equivalent to CAD \$19,422 at as October 31, 2025), was converted into an interest-bearing promissory note. The note bore interest at 7% per annum and matured on December 31, 2025. Following the closing of the private placement in December 2025, the Company repaid in full all outstanding promissory notes, including the USD 13,855 note and all related accrued interest, together with the remaining amounts owing to related parties.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in

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order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS RISKS AND UNCERTAINTIES

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with a Schedule 1 Canadian bank from which management believes the risk of loss is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period. As at reporting date, the Company does not have sufficient cash balance to settle current liabilities.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

The fair value of the Company's receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of the financial instruments. The Company's cash is measured

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at amortized cost.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash, accounts payable and accrued liabilities, approximate fair value due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's audited financial statements for year ended October 31, 2025. These accounting policies can have a significant impact on the Company's financial performance and financial position of the Company.

Significant judgments used in the preparation of these financial statements include but are not limited to those relating to the deferred tax liabilities and assets.

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at October 31, 2025, the Company had 12,611,500 common shares issued and outstanding.

On December 12, 2025, the Company closed the first tranche of the private placement, issuing 3,520,000 units at a price of \$0.25 per unit for gross proceeds of \$880,000. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at \$0.40 until June 12, 2027, subject to accelerated expiry if the Company's shares trade above \$0.80 for twenty consecutive trading days. In connection with this tranche, the Company paid aggregate cash finder's fees of \$30,000 and issued 120,000 finder's warrants on the same terms as the warrants.

On December 18, 2025, the Company closed the final tranche of the private placement, issuing an additional 480,000 units at \$0.25 per unit for gross proceeds of \$120,000. In aggregate, the Company issued 4,000,000 units for total gross proceeds of \$1,000,000. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at \$0.40 until June 18, 2027, subject to accelerated expiry under the same conditions. Aggregate finder's fees for the financing totaled \$32,800 in cash and 131,200 finder's warrants.

All securities issued under the financing are subject to a statutory hold period expiring in April 2026. The financing remains subject to final approval from the TSX Venture Exchange. The Company intends to use the net proceeds to fund exploration at the Noseno Gold Project.

Stock Options

On February 14, 2025, the Company made an adjustment to the number of options granted to a director, reducing the total by 3,850 while keeping the rest of terms consistent. This brings the outstanding options to 1,261,150, aligning with the limits set by the option plan.

As at October 31, 2025, the Company had 1,261,150 stock options outstanding, with a weighted average exercise price of \$0.12 and a weighted average remaining life of 3.25 years. All options were vested and exercisable at year-end.

On November 10, 2025, the Company held its annual and special meeting of shareholders, where

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shareholders approved the renewal of the stock option plan (the “Stock Option Plan”) in accordance with TSX Venture Exchange requirements. The Stock Option Plan operates on a “rolling 10%” basis, meaning the maximum number of shares available for issuance under options is equal to 10% of the Company’s issued and outstanding shares at the time an option is granted.

Under the Plan:

- Eligible participants include directors, officers, employees, and consultants.
- Exercise price must not be less than the market price of the Company’s shares at the time of grant, subject to TSX Venture Exchange discount rules.
- Option term may be up to 10 years from the grant date.
- Vesting is determined by the Board; options granted for Investor Relations activities must vest over 12 months, with no more than 25% vesting in any three-month period.
- Limits: Grants to insiders cannot exceed 10% of issued shares in any 12-month period; grants to any one individual cannot exceed 5%; and grants to consultants cannot exceed 2%.
- Options are non-transferable.

On January 9, 2026, a director of the Company exercised 150,000 stock options at an exercise price of \$0.06 per share.

ADDITIONAL INFORMATION

For further detail, see the Company’s audited financial statements for the year ended October 31, 2025.

Additional information about the Company can also be found on SEDAR at:

<https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00046473>