



Pecoy Copper Corp.

Management Discussion and Analysis (“MD&A”) for the six months ended October 31, 2025

Background and Date

The following Management Discussion & Analysis (“MD&A”) is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Pecoy Copper Corp. (“Pecoy” or the “Corporation”) for the three and six months ended October 31, 2025. The MD&A should be read in conjunction with the condensed interim consolidated financial statements for the three and six months ended October 31, 2025 (the “Financial statements”) and the audited financial statements as at April 30, 2025 and for the 38-day period then ended.

The Financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements under IAS 34, *Interim Financial Reporting*. All dollar figures included in the following MD&A are quoted in Canadian dollars unless otherwise indicated. The information contained in this MD&A is as of December 19, 2025.

Qualified Person

The scientific and technical information in this MD&A has been reviewed and approved by Vincent Cardin-Tremblay, P.Geol., a Qualified Person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”). An NI 43-101 technical report in respect of the Pecoy Project with an effective date of April 30, 2025 and dated July 23, 2025 was prepared by Mining Plus and is available on SEDAR+ under the Corporation’s profile. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. Mr. Cardin-Tremblay is responsible for the preparation and/or verification of the technical disclosure in this document unless otherwise noted.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains certain forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the growth, results of operations, performance and business prospects and opportunities of the Corporation. All statements other than statements of historical fact are forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. These statements are only predictions.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such risk factors include, but are not limited to: uninsurable risks; environmental regulations, permits and licenses; exploration and development risks; lack of availability of resources; mineral exploration and mining carry inherent risks; metal prices are volatile; infrastructure; an increase in prices of power and water supplies, including infrastructure, could negatively affect the Corporation's future operating costs, financial condition, and ability to develop and operate a mine; the impacts of climate change may adversely affect the Corporation's operations and/or result in increased costs to comply with changes in regulations; operations in Peru; political risks in Peru; community and social risks in Peru; labour and employment relations in Peru; reliance on key personnel; competition; financing risks; global financial conditions; risk associated with an emerging and developing market; trade tariffs; dividend policy; risk of litigation; internal controls and conflicts of interest.

This list is not exhaustive of the factors that may affect any of the forward-looking statements regarding the Corporation. Forward-looking statements are statements about the future and are inherently uncertain. Actual events or results could differ materially from those projected in the forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described under the heading "Risk Factors". The Corporation does not intend, and does not assume any obligation, to update any of the forward-looking statements after the date of this MD&A so as to conform such statements to actual results or to changes in the expectations of the Corporation, other than as required by applicable securities law.

For all these reasons, readers should not place undue reliance on the forward-looking statements contained herein, as the Corporation's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Corporation's business, or if the Corporation's estimates or assumptions prove inaccurate. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement

Highlights

Corporate

- Completed its reverse takeover transaction ("RTO") on September 3, 2025, marking a key milestone in the Corporation's development strategy to consolidate the ownership of the Pecoy copper-gold-molybdenum project in southern Peru (the "Pecoy Project").
- Commenced trading on the TSX Venture Exchange ("TSX-V") on September 8, 2025 under the trading symbol "PCU", providing enhanced visibility and access to capital markets.
- Began trading on the OTCQB on November 14, 2025 under the symbol "PCUUF," improving accessibility for U.S. investors.

Financing

- Successfully completed a private placement on July 8, 2025 consisting of 105,800,000 subscription receipts at a price of \$0.60 per subscription receipt, for aggregate gross proceeds of \$63,480,000. The subscription receipts were exchanged on a one-for-one basis for common shares upon the closing of the RTO on September 3, 2025 (the "Concurrent Private Placement").
- Completed a private placement of 6,666,666 common shares in May and June 2025 for aggregate gross proceeds of \$2,000,000.

Investing

- Completed, on September 3, 2025, a series of acquisitions and option transactions that consolidated ownership of the Pecoy Project and exercised its option to acquire the Minandex property, expanding the Corporation's exploration portfolio. The Corporation (directly or through subsidiaries) now owns, or holds options to acquire, 100% of the mineral concessions comprising the Pecoy Project, including interests acquired from Pembroke Copper Corp. ("Pembroke") and certain private third parties, namely Camila Carlessi Vargas ("CCV") and Mario Carlessi Vargas ("CMV") (together the "Minority shareholders") in Pecoy Peru, and Copper X Mining Corp. ("Copper X").

Operations

- Expanded its operational team by hiring personnel to support project advancement and organizational growth.
- Reached a formal agreement with the Arirahua community, strengthening local relationships and supporting long-term project development activities.
- Initiated the first drilling program at the Pecoy Project since 2016, marking a significant milestone in advancing exploration efforts on the properties.
- Signed a lease for the Corporation's main warehouse facility in Arequipa, enhancing logistical capacity for upcoming field and drilling operations.
- Completed the Corporation's full IT system integration, improving operational efficiency, security and data management.

Description of business

The Corporation is a Canadian exploration and development corporation advancing one of Peru's largest undeveloped copper-gold-molybdenum porphyry deposits. Positioned within the prolific southern Peru copper belt, the Corporation is focused on delivering a world-class copper exploration and development project that supports the global demand for critical minerals and battery metals essential to the clean energy transition.

The Corporation holds two adjacent projects that are at low elevation and located 85 kilometers from the Pacific Coast.

The flagship project is the Pecoy Project that hosts a large, inferred resource of 865 million tons at a grade of 0.34% Copper and currently holds over 6.45 billion pounds of copper. The deposit has seen just over 48,000 meters of historical drilling and will be the focus of the Corporation.

The Tororume project, which is located 8 kilometers from the Pecoy Project, is an exploration project that hosts an initial discovery. Only 9 holes and under 4,000 meters of drilling have been conducted on the project, but all holes intersected mineralization and yielded results. Following geochemical and geophysical programs, it is estimated that the Tororume footprint could be three times as large as the Pecoy Project.

The Corporation was incorporated under the laws of the province of British Columbia on October 16, 2014 under the name of Priyanka Capital Inc. It changed its name to Pecoy Copper Corp. on July 23, 2025. Pecoy is domiciled in Canada and is incorporated under the Business Corporation Act (British Columbia). The address of the Corporation's registered office is 1055-1500 West Georgia Street, Vancouver, British Columbia, Canada. As of the date of this report, the Corporation's principal business activity is the development of copper porphyry assets in Peru. The Corporation is currently listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "PCU" and on the OTCQB in the United States under the symbol "PCUUF".

Overall performance

Reverse takeover

On July 3, 2025, the Corporation, its subsidiary Pecoy Copper Subco and Pecoy Copper Limited ("SPV") entered into a business combination agreement (the "Agreement") under the *Business Corporation Act* (Ontario). The Agreement provided for a three-cornered amalgamation whereby Pecoy Copper Subco and SPV would amalgamate and continue as one corporation named Pecoy Copper (Ontario) Ltd. Under the terms of the Agreement, the Corporation issued shares to the former shareholders of SPV in exchange for all issued and outstanding securities of SPV constituting a RTO of Pecoy by the former shareholders of SPV, whereby SPV was deemed to have acquired control of Pecoy. The RTO was completed on September 3, 2025 and the Corporation continued the operations of SPV. Consequently, this MD&A reflects only the assets, liabilities, operations and cash flows of SPV for dates and periods prior to September 3, 2025 and include Pecoy's assets and liabilities since September 3, 2025.

The acquisition of the Pecoy by SPV has been accounted for as follows:

<i>Consideration paid for the deemed acquisition of Pecoy:</i>	\$
3,000,000 common shares of SPV deemed issued to Pecoy 's existing shareholders ⁽¹⁾	1,800,000
Transaction costs, paid in cash	<u>319,255</u>
	2,119,255
<i>Fair value of the assets deemed acquired and liabilities deemed assumed:</i>	
Cash	49,097
Other assets	181,291
Accounts payable and accrued liabilities	(428,060)
Due to Copper X Mining Corp.	(31,500)
Due to SPV	<u>(6,593)</u>
	(235,765)
Listing expenses	<u>2,355,020</u>

(1) Based on the 3,000,000 Pecoy common shares outstanding as at September 3, 2025. The fair value of the Pecoy common shares was based on the pricing of the Concurrent Private Placement.

Acquisition of assets

Immediately prior to the completion of the RTO, the SPV closed a series of acquisitions and option transactions as follows:

Acquisition of Pembroke and the Minority shareholders

Prior to the RTO, SPV entered into an acquisition agreement with Pembroke. Pursuant to the terms and conditions of the Pembroke acquisition agreement, the Corporation acquired 100% of the issued and outstanding common shares in the capital of Pembroke by issuing to the shareholders of Pembroke 29,314,356 common shares of the Corporation, 6,000,000 replacement warrants and 474,675 replacement options having an. In regard to this transaction, the Corporation has also issued 8,333,333 common shares and 4,166,667 warrants to one convertible notes holder of Pembroke.

In addition, SPV entered into an acquisition agreement with CCV (the "CCV Acquisition Agreement"). Pursuant to the terms and conditions of the CCV Acquisition Agreement, the Corporation acquired 3,971,781 shares in the capital of Pecoy Peru held by CCV, representing 10.273% of the outstanding shares of Pecoy Peru, for cash consideration of \$1,800,000 and an additional post-closing cash payment of \$350,000.

SPV also entered into an option agreement with MCV (the "MCV Option Agreement"). Pursuant to the terms and conditions of the MCV Option Agreement, the Corporation acquired an option to acquire the 5,158,152 shares in the capital of Pecoy Peru held by MCV, representing 13.342% of the outstanding shares of Pecoy Peru, during the period from January 2 to January 31, 2026 in exchange for 9,480,000 common shares of the Corporation.

Refer to Note 5 to the Financial statements for details on the acquisition of Pembroke and the Minority shareholders.

Acquisition of Copper X

Prior to the RTO, SPV entered into an acquisition agreement with Copper X and each of the shareholders of Copper X (the "Copper X Acquisition Agreement"). Pursuant to the terms and conditions of the Copper X Acquisition Agreement, the Corporation acquired 100% of the issued and outstanding common shares in the capital of Copper X by issuing to the shareholders of Copper X 21,666,666 common shares of the Corporation, 6,000,000 replacement warrants and 3,750,000.

Refer to Note 5 to the Financial statements for details on the acquisition of Copper X.

Outlook and objectives

In 2025, the Corporation concentrated on enhancing the geological understanding of its large mining property area, specifically around certain anomalies situated within and around the Pecoy deposit. Further studies will complement the aeromagnetic and reconnaissance work already completed.

Over the coming months, the Corporation will use proceeds from the RTO financing to complete 30,000 metres of exploration drilling, conduct metallurgical and geotechnical studies, and advance the Pecoy Project toward a Preliminary Economic Assessment (PEA).

The Corporation continues to increase market awareness through outreach and communications with investors. Roadshows this year have taken place and the Corporation is continuing virtual meetings on an ad hoc basis. Management has attended a number of major mining conferences. The major mining companies continue to highlight the need for more copper to come online as the forecast deficit looms. As a strong undeveloped copper project not held by a major, Pecoy remains one of the very few advanced Tier 1 assets in a proven mining jurisdiction with access to infrastructure that is ready to meet this demand.

Exploration activities

Pecoy deposit

The Pecoy deposit is a large-scale, open-pit copper–gold–molybdenum porphyry system covering 9,975 hectares across 19 concessions in southern Peru's Coastal Copper Belt, part of the same district hosting major deposits such as Cuajone, Toquepala, Cerro Verde and Zafranal. With an inferred resource of 865 million tonnes grading 0.34% Cu (6.45 billion lbs contained copper) plus gold, silver, and molybdenum credits, Pecoy ranks among the largest undeveloped copper deposits in Peru. Fully consolidated under Pecoy Copper Corp., the project offers significant potential for integrated growth and sustainable development.

Pecoy lies approximately 275 km northwest of the city of Arequipa and 85 km north of the coastal town of Ocoña, within the Condesuyos Province of southern Peru (see Figure 1). The project sits at an elevation of ~1,650 m above sea level, significantly lower than most Andean copper deposits, enabling year-round access and efficient logistics. It benefits from proximity to the Pan-American Highway, grid power, skilled labor, and deep-water ports at Matarani and Ilo.

Figure 1: Location map showing the Pecoy and Tororume Project in Arequipa Peru.



As of April 30, 2025, the project hosts an Inferred Mineral Resource of 865 million tonnes grading 0.34% Cu, 0.012% Mo, 0.05 g/t Au, and 1.33 g/t Ag, containing over 6.45 billion pounds of copper (NI 43-101, Mining Plus 2025). The resource is reported within a Whittle pit shell using a 0.23% Cu cut-off and remains open in all directions. Future drilling will target resource conversion and extensions along strike and at depth.

PECOY – Inferred Resources (100% basis)					
Cut-off	Tonnage	Grade			Contained
% Cu	M tonnes	Cu %	Mo %	Au ppm	B Lbs Cu
0.15	2,278	0.24	0.010	0.03	12,053
0.20	1,302	0.29	0.011	0.04	8,324
0.23	865	0.34	0.012	0.05	6,451
0.25	742	0.36	0.012	0.05	5,889

Notes

1. Mineral Resources are not Mineral Reserves and have not demonstrated economic viability.
2. The MRE has been categorized in accordance with the CIM Definition Standards (CIM, 2014).
3. All figures are rounded to reflect the relative accuracy of the estimates. Minor discrepancies may occur due to rounding to appropriate significant figures.

4. The Mineral Resource was estimated by Ms. Muñoz QP (MAIG) of Mining Plus, Independent Qualified Person under NI 43-101.
5. The effective date of the Mineral Resource Estimate is 30 April 2025.
6. The Mineral Resource is reported inside a whittle pit shell with a cut-off grade of 0.23 % copper, estimated using a copper price of US\$/lb 3.25, molybdenum price of US\$ 8/lb, gold price of US\$ 1,400/oz and silver price of US\$ 20/oz.
7. Mining Plus is not aware of any legal, political, environmental, or other risks that could materially affect the potential development of the Mineral Resource Estimate

The Pecoy deposit is a classic calc-alkaline porphyry copper system hosted within Paleocene–Eocene intrusive rocks of the Peruvian Coastal Batholith. Mineralization occurs primarily in granodiorite and porphyritic intrusions associated with strong potassic and phyllic alteration, with copper present mainly as chalcopyrite and bornite, accompanied by molybdenite, gold, and silver.

A key feature of the system is the presence of extensive breccia bodies, particularly in the South Breccia Zone, which hosts higher-grade copper and gold mineralization. These breccias represent zones of intense hydrothermal activity and fluid flow, contributing significantly to metal enrichment within the broader porphyry system. Structural controls trend northeast–southwest, aligning with the regional mineralized corridor that also hosts the Cerro Verde and Zafranal deposits.

Preliminary metallurgical testing by C.H. Plenge & Cía. S.A. in Lima, Peru, included flotation, comminution, mineralogy, and column leach tests on primary and supergene composites. Flotation results produced clean, saleable copper concentrates with gold, silver, and molybdenum credits and no deleterious elements, achieving 70–93% Cu recovery and concentrate grades above 26% Cu. Preliminary column leach tests on supergene material indicated at least 60% of the copper can be recovered using conventional acid heap leaching technology.

Summary of Recoveries from the Flotation Test Results

Description	CU (%)	MO (%)	AU (%)	AG (%)
Oxide and Supergene	69.9	32	36.3	67
South Breccia	88.5	70	55.1	--
Primary (Granite)	93.3	72	39.9	79.5
Average Results based on Proportions within the Resources				
Flotation recovery	87.7	64	44.04	83.42

Over 48,500 metres of drilling across 121 diamond drill holes have defined the current mineral resource. Historical exploration included surface mapping, soil and rock geochemistry, IP/resistivity surveys, and magnetics. Current work programs are focused on expansion drilling and updating the geological and metallurgical databases.

The Pecoy deposit remains open in all directions, with four key target areas defined around the current pit outline: the Center Pit, West, and East–Southeast, and South Breccia zones. Drilling and geophysical data

indicate strong potential for porphyry expansion beneath existing holes to the south, where chargeability and alteration anomalies suggest a deeper mineralized system. The South Breccia Zone also presents opportunities for higher-grade extensions within the broader porphyry system.

Tororume Project

The Tororume Project is an emerging copper–molybdenum porphyry discovery located 8 km north of the Pecoy deposit within the same mineralized corridor. The Tororume Project comprises 14 mining concessions covering a total area of 9,797 ha. Early exploration results confirm a large alteration system with multiple porphyry centers, highlighting strong district-scale potential. The Tororume Project complements Pecoy as part of an integrated copper development strategy in the Arequipa region.

Situated in the Condesuyos Province of southern Peru, the Tororume Project shares the same infrastructure advantages as the Pecoy deposit: low elevation (~2,500 m), year-round access, proximity to the Pan-American Highway, and nearby port facilities. The project is fully accessible via established roads and exploration trails.

The Tororume Project is geologically analogous to the Pecoy deposit, exhibiting multiphase intrusive activity and extensive hydrothermal alteration. Copper mineralization occurs within granodiorite and dacitic porphyries, with zones of supergene enrichment identified through surface mapping and trenching. Mineralized breccia events cutting both the granodiorites and dacitic porphyries have also been observed. Strong radiometric anomalies correlate with mapped alteration zones and copper geochemistry, further supporting the presence of a significant porphyry system.

To date, a total of nine diamond drill holes were completed by a former operator between 2017 and 2023, using a relatively wide drill spacing. All holes intersected porphyry-style copper and molybdenum mineralization, with the most significant result obtained from hole TORO-007, which returned 500 m grading 0.30% Cu and 0.01% Mo. Three main target areas, East, West, and Central, have been delineated based on IP, magnetic, and geochemical anomalies.

The Tororume Project alteration system extends over more than 5 km and remains open in all directions. Geophysical surveys reveal multiple untested chargeability highs consistent with buried porphyry centers. With its proximity to the Pecoy deposit and similar geologic setting, the Tororume Project represents a compelling growth target capable of expanding the district into a multi-deposit copper hub.

Minandex property

On February 7, 2025, Copper X Peru, a wholly-owned subsidiary of the Corporation, entered into an option agreement with Minera Andina De Exploraciones S.A.A. and S.M.R.L. Rosita N° 1 De Arequipa to acquire 13 mining concessions (the "Concessions") located near Arequipa, in Peru (the "Option Agreement"). The option can only be exercised by Copper X Peru for the 13 mining concession as a whole, that is, it may not be exercised only over certain concessions.

Under the Option Agreement, Copper X Peru may acquire a 100% interest in the Concessions, subject to the following main conditions: (i) total consideration of US\$9,249,000, payable in five installments through a combination of cash payments and issuance of common shares of the Parent Corporation (as defined

below), and (ii) the establishment of a NSR royalty, through the subscription and formalization of the deed of establishment.

The term of the option is one year from the signature of the option agreement, i.e. until February 7, 2026.

During the term of the option, Copper X Peru is required to make the following payments:

	Cash payments	Common Shares
	US\$	US\$
First installment (completed)	199,000	—
Second installment (completed)	3,050,000	—
Third Installment (completed)	—	3,000,000
Fourth installment	1,500,000	—
Fifth installment	—	1,500,000
Total	4,749,000	4,500,000

The first three installments are paid as a prerequisite for exercising the mining option. The first installment of US\$199,000 in cash was paid on February 10, 2025. The second and third installments were completed concurrently with the RTO and the mining option was exercised in September 2025.

Also in September 2025, the Corporation established the Net Smelter Return (“NSR”) royalty in connection with the property. Under the terms of the NSR agreement, the royalty holder is entitled to receive 2% of the net smelter returns derived from the production and sale of minerals extracted from Minandex. The Corporation has the right to repurchase 1% of the NSR royalty at any time upon payment of US\$10,000,000.

The fourth and fifth installments consist respectively of an additional cash payment of US\$1,500,000 and US\$1,500,000 of the Corporation common shares for a total amount of US\$3,000,000 (\$4,172,674) payable in one year from the date the mining option is exercised.

Exploration expenses

For the period from September 3, 2025 to October 31, 2025, the Corporation incurred the following exploration expenses:

	\$
Compensation	56,758
Assay and sample management	13,943
Camp operations, supplies and infrastructure	27,071
Community relations	23,255
Contractors	36,094
Transportation and logistics	39,070
Total exploration expenses	196,191

Discussion of Operations

Summary of Quarterly Results

The following table summarizes the results of operations for prior quarters:

	For the three months ended October 31, 2025	For the three months ended July 31, 2025	For the 38-day period ended April 30, 2025
	\$	\$	\$
Interest Income	40,887	-	-
Net Loss	(3,003,733)	(3,944,556)	(39,413)
Net Loss per share – Basic and Diluted	(0.02)	(0.17)	(0.00)

Review of Performance for the three months ended October 31, 2025

Operating results:

The Corporation recorded a net loss of \$3,003,733 for the three months ended October 31, 2025. The primary expenses during the period were Professional fees, Listing expenses, Exploration expenses and General and administrative expenses. These expenses were partially offset by interest income earned on guaranteed investment certificates held during the period and by foreign exchange gains resulting from U.S. dollar-denominated GICs.

- *Professional fees – \$104,610*
These costs consist mainly of consulting fees paid to external consultants for investor relations activities.
- *Listing expenses – \$2,242,652*
These expenses are primarily driven by the difference of \$2,355,020 between the consideration paid for the acquisition of Pecoy Copper Corp. and the net liabilities assumed. An amount of \$112,368 of Listing expenses was already accounted for in the three months ended July 31, 2025.
- *Exploration expenses – \$196,191*
These expenses relate directly to exploration activities on the Pecoy Project. They include costs of assays and sample storage, camp costs, supplies and other, contractor fees, community relations fees and transportation.
- *General and administrative expenses – \$542,031*
The main expenses in this category are related to compensation totaling \$166,077 and legal expenses of \$140,115. Legal expenses primarily relate to general corporate matters for the Corporation's newly acquired subsidiaries. General and administrative expenses also include the following costs: Cost of rent and other initial expenses associated with establishing offices in Canada and Peru (\$85,982), travel fees to Peru (\$36,684), recurring and initial costs of implementing IT environment and Corporation's website (\$26,228) and recurring and initial costs of listing inscription such as the TSXV fees and the initial and registration fees on the OTCQB (\$53,870).

Review of performance for the six months ended October 31, 2025

The Corporation recorded a net loss of \$6,948,289 for the six months ended October 31, 2025. The primary expenses during the period were Professional fees, Listing expenses, Stock-based compensation expenses, Exploration expenses and General and administrative expenses. These expenses were partially offset by interest income earned on guaranteed investment certificates held during the period and by foreign exchange gains resulting from U.S. dollar-denominated GICs.

- *Professional fees* – \$2,387,607
These costs consist mainly of the fair value of the 6,000,000 warrants issued in May 2025 to founders and shareholders in consideration for services for an amount of \$2,214,191 and consulting fees paid to external consultants for investor relations activities for an amount of \$173,416.
- *Listing expenses* – \$2,355,020
These expenses are primarily driven by the difference between the consideration paid for the acquisition of Pecoy Copper Corp. and the net liabilities assumed.
- *Stock-based compensation expenses* – \$1,476,297
This expense relates to the 3,750,000 stock options granted in May 2025 to directors and officers and consultants for the Corporation. These options all vested on the grant date and as such the total fair value was recognized as an expense immediately.
- *Exploration expenses* – \$196,191
These expenses relate directly to exploration activities on the Corporation's mining properties in Peru. They include costs of assays and sample storage, camp costs, supplies and other, contractor fees, community relations fees and transportation.
- *General and administrative expenses* – \$615,710
The main expenses in this category are related to compensation totaling \$166,077 and the legal expenses of \$140,115. Legal expenses primarily relate to general corporate matters for the Corporation's newly acquired subsidiaries. General and administrative expenses also include the following costs: Cost of rent and other initial expenses associated with establishing offices in Canada and Peru (\$100,046), travel fees to Peru (\$66,607), recurring and initial costs of implementing IT environment and Corporation's website (\$51,703) and recurring and initial costs of listing inscription such as the TSXV fees and the initial and registration fees on the OTCQB (\$53,870).

Statement of financial position

The consolidated statement of financial position as at October 31, 2025 was significantly impacted by the transformational asset acquisitions completed on September 3, 2025, as well as by the reverse takeover and the concurrent private placement completed in connection with those transactions. The following discussion highlights the main variations compared to April 30, 2025.

- *Cash and cash equivalents* – \$46,826,171 (April 30, 2025 – \$703,915)
The increase in cash and cash equivalents is primarily attributable to Concurrent Private Placement of 105,800,000 subscription receipts completed in July 2025, which generated net proceeds of \$59,625,660. These proceeds were partially used to finance the asset acquisitions completed on September 3, 2025 and to pay the second installment for the Minandex property in the amount of \$3,802,062 (US\$3,050,000).
- *Other Receivable* – \$363,583 (April 30, 2025 – Nil)
Other receivables consist mainly of amounts recoverable from government authorities for sales and income taxes. The balance arose mainly as a result of the acquisition of Pembroke.
- *Prepays expenses* – \$132,989 (April 30, 2025 – Nil)
Prepaid expenses primarily relate to software licenses and other subscription costs paid in advance, generally covering a period of approximately 12 months.
- *Exploration and evaluation of assets* – \$70,168,383 (April 30, 2025 – Nil)
Exploration and evaluation assets comprise the acquisition of assets from Pembroke, Minority shareholders and Copper X, as well as payments made toward, and the remaining balance of, the purchase price for the Minandex property.
- *Accounts payable and accrued liabilities* – \$677,569 (April 30, 2025 – Nil)
The increase in accounts payable and accrued liabilities reflects higher levels of operating activities in Canada and Peru following the acquisitions.
- *Amount payable to a dissenting shareholder* – \$1,184,360 (April 30, 2025 – Nil)
In connection with the Pembroke acquisition, one shareholder holding 13,220,000 Pembroke shares, which would have entitled them to receive 1,938,977 common shares of the Corporation, exercised dissent rights. As of the date of this MD&A, no settlement has been reached with the dissenting shareholder. The amount recorded represents the fair value of the 13,220,000 Pembroke shares as at September 3, 2025.
- *Minandex acquisition payable* – \$4,205,400 (April 30, 2025 – Nil)
This payable represents the remaining balance of purchase price of US\$3,000,000 for the Minandex property.
- *Shareholders' equity* – \$111,251,576 (April 30, 2025 – \$1,054,564)
Shareholders' equity increased significantly as a result of the equity instruments issued in connection with the RTO, the Concurrent Private Placement and the acquisitions of Pembroke and the Minority shareholders, Copper X, and the Minandex property.

Cash flows

Operating activities

For the six months ended October 31, 2025, net cash flows used in operating activities totaled \$10,062,723. This outflow primarily reflected a net loss of \$6,948,289, partially offset by non-cash items including professional fees of \$2,214,191, listing expenses of \$2,035,765, and stock-based compensation of \$1,476,297.

The most significant use of cash in operating activities relates to payments of accounts payable and accrued liabilities. Pursuant to the Pembroke Share Purchase Agreement, the Corporation committed to fund up Pembroke's creditors, which were settled in the days immediately following the acquisition.

Investing activities

For the six months ended October 31, 2025, cash flows used in investing activities was \$5,745,418. This outflow primarily reflects the second option payment on the Minandex Option Agreement in the amount of \$3,802,062 (US\$3,050,000) and the annual payment of the Tororume property NSR for an amount of \$138,790 (US\$100,000). This also reflects the cash consideration transferred for the acquisition of Pembroke, Minority shareholders and Copper X, which is essentially \$1,800,000 paid to CCV and the different transaction costs. These outflows are partially offset by the cash acquired as part as these acquisitions.

Financing activities

For the six months ended October 31, 2025, financing activities generated cash flows of \$61,867,024. These inflows primarily reflect the Concurrent Private Placement completed in July 2025 for an amount of \$63,480,000 as well as the seed financing completed earlier in the period for an amount of \$2,000,000 together with their corresponding issuance costs.

Liquidity and capital resources

As at October 31, 2025, the Corporation had a working capital of \$41,255,414, which includes a cash and cash equivalents balance of \$46,826,171. The Corporation has an accumulated deficit of \$6,987,702 and a net loss of \$6,948,289 for the six months ended October 31, 2025.

Management of the Corporation believes that it has sufficient funds to pay its ongoing general and administrative expenses and exploration expenses and to meet its liabilities, obligations and existing commitments for the ensuing 12 months as they fall due. The Corporation's ability to continue future operations beyond twelve months and fund its exploration expenses is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the last 12 months, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation. Failure to secure future financing may impact and/or curtail the planned activities for the Corporation, which may include, but are not limited to, the suspension of certain exploration activities.

Use of Proceeds from Financing

Over the coming months, the Corporation will use proceeds from the RTO financing to complete 30,000 metres of exploration drilling, conduct metallurgical and geotechnical studies, and advance the Pecoy Project toward a Preliminary Economic Assessment (PEA).

Contractual obligations and commitments

The Corporation has no commitment.

Outstanding Share Capital

At the date of this MD&A, the Corporation has 209,488,853 issued and outstanding common shares, 16,166,667 share purchase warrants and 7,500,000 stock options (454,675 share options expired on December 2, 2025). There is no other outstanding security convertible or exercisable into common shares.

Off-Balance Sheet items

At the date of this MD&A, the Corporation had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Corporation.

Transactions between related parties

During the six months ended October 31, 2025 (nil for the three months ended October 31, 2025), key management personnel and other related parties participated in the private placement of common shares for a total consideration of \$777,000 under the same terms as other investors.

Critical accounting estimates, assumptions and judgements

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Critical accounting estimates, assumptions and critical judgements in applying the Corporation's accounting policies are detailed in Note 4 to the Financial statements and in Note 4 to the financial statement as at April 30, 2025 and for the 38-day period then ended.

Material accounting policies

Please refer to Note 3 to the Financial statements and to Note 3 to the audited financial statements as at April 30, 2025 and for the 38-day period then ended.

Adoption of new accounting standards

Adoption of new accounting standards are detailed in Note 4 to the financial statements as at April 30, 2025 and for the 38-day period then ended.

Risk Factors

The risks presented below should not be considered exhaustive and may not be all the risks the Corporation may face. Management believe that factors set out below could cause actual results to be different from expected and historical results.

Please refer to the Listing Application of the Corporation dated September 3, 2025 for additional risks the Corporation may face.

Uninsurable risks

In the course of exploration, development and production of mineral properties, certain risks may occur, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include environmental hazards, industrial accidents, explosions and third-party accidents, the encountering of unusual or unexpected geological formations, ground falls and cave-ins, mechanical failure, unforeseen metallurgical difficulties, power interruptions, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in environmental damage and liabilities, work stoppages, delayed production and resultant losses, increased production costs, damage to, or destruction of, mineral properties or production facilities and resultant losses, personal injury or death and resultant losses, asset write downs, monetary losses, claims for compensation of loss of life and/or damages by third parties in connection with accidents (for loss of life and/or damages and related pain and suffering) that occur on Corporation property, and punitive awards in connection with those claims and other liabilities. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage the Corporation's interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to the Corporation. These could include loss or forfeiture of mineral interests or other assets for nonpayment of fees or taxes, and legal claims for errors or mistakes by our personnel. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Corporation shares.

Environmental regulations, permits and licenses

The Corporation's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-

compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Corporation intends to comply fully with all environmental regulations. The current or future operations of the Corporation, including development activities and 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.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require the Corporation to obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Corporation may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Corporation might undertake.

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 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 mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

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 Corporation and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Exploration and development risks

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 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 Corporation may be affected by numerous factors that are beyond the control of the Corporation and that 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 minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

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 the Corporation's

mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Corporation'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 reserves through drilling 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.

Lack of availability of resources

Mining exploration requires ready access to mining equipment such as drills, and personnel to operate that equipment. There can be no assurance that such resources will be available to the Corporation on a timely basis or at a reasonable cost. Failure to obtain these resources when needed may result in delays in the Corporation's exploration and/or development programs.

Mineral exploration and mining carry inherent risks

Mineral exploration and mining operations are subject to hazards normally encountered in exploration, development and production. These include unexpected geological formations, rock falls, flooding dam wall failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact exploration and production throughput. Although the Corporation intends to take adequate precautions to minimize risk, there is a possibility of a material on the Corporation's operations and its financial results.

Metal prices are volatile

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that the Corporation's properties can be mined at a profit. Factors beyond the control of the Corporation may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of, and demand for, the Corporation's principal products and exploration targets, gold, copper and silver, is affected by various factors, including political events, economic conditions and production costs.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

An increase in prices of power and water supplies, including infrastructure, could negatively affect the Corporation's future operating costs, financial condition, and ability to develop and operate a mine

The Corporation's ability to obtain a secure supply of power and water at a reasonable cost at the Corporation's mineral projects depends on many factors, including: global and regional supply and demand; political and economic conditions; problems that can affect local supplies; delivery; infrastructure, weather and climate conditions; and relevant regulatory regimes, all of which are outside the Corporation's control. The Corporation may not be able to obtain secure and sufficient supplies of power and water at reasonable costs at any of the Corporation's mineral projects and the failure to do so could have a material adverse effect on the Corporation's ability to develop and operate a mine, and on the Corporation's financial condition and results of operations.

The impacts of climate change may adversely affect the Corporation's operations and/or result in increased costs to comply with changes in regulations

Climate change is an international and community concern which may directly or indirectly affect the Corporation's business and current and future activities. The continuing rise in global average temperatures has created varying changes to regional climates across the world and extreme weather events have the potential to delay or hinder the Corporation's activities at its mineral projects, and to delay or cease operations at any future mine. This may require the Corporation to make additional expenditures to mitigate the impact of such events which may materially and adversely increase the Corporation's costs and/or reduce production at a future mine. Governments at all levels are amending or enacting additional legislation to address climate change by regulating, among other things, carbon emissions and energy efficiency, or where legislation has already been enacted, regulation regarding emission levels and energy efficiency are becoming more stringent. As a significant emitter of greenhouse gas emissions, the mining industry is particularly exposed to such regulations. Compliance with such legislation, including the associated costs, may have a material adverse effect on the Corporation's business, financial condition, results of operations, prospects and the Corporation's ability to commence or continue our exploration and future development and mining operations.

Changing climate patterns may also affect the availability of water. If the effects of climate change cause prolonged disruption in the delivery of essential commodities then production efficiency may be reduced, which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

In addition, climate change is perceived as a threat to communities and governments globally and stakeholders may demand reductions in emissions or call upon mining companies to better manage their consumption of climate-relevant resources. Negative social and reputational attention towards the 's operations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. A number of governments have already introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulations relating to emission levels (such as carbon taxes) and energy efficiency are becoming more

stringent. If the current regulatory trend continues, this may result in increased costs at some or all of the Corporation's mineral projects.

Operations in Peru

The Corporation will be exposed to various levels of political, economic, regulatory and other risks and uncertainties associated with conducting business and mineral operations in Peru. These risks and uncertainties include, but are not limited to: terrorism; hostage taking; local drug gang activities; military repression; expropriation and nationalization; extreme fluctuations in currency exchange rates; changes in royalty regimes, including the elimination of tax exemptions; underdeveloped industrial and economic infrastructure; unenforceability of judgements; prohibitions on restrictions for carrying out mining activities due to legal actions by Indigenous communities; high rates of inflation; labour unrest; the risks of war or civil unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions arising from changes in government and otherwise, currency controls, import and export regulations and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Political risks in Peru

Peru is currently subject to political instability, changes and uncertainties, which may cause changes to existing governmental regulations affecting mineral exploration and mining activities, changes in the interpretation of existing regulations or stricter enforcement of such regulations. The Corporation cannot guarantee that political instability or future regulatory changes will not adversely affect the Corporation's business, financial condition or results of operations.

Peru's status as a developing country may make it more difficult for the Corporation to obtain any required financing for its projects. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability in Peru are beyond the control of the Corporation and may adversely affect the Corporation's business.

Mining companies are required to pay the Peruvian government mining royalties and/or mining taxes. The Corporation cannot guarantee that the Peruvian government will not impose additional mining royalties or taxes in the future or that such mining royalties or taxes will not have an adverse effect on the Corporation's results of operations or financial condition. The legal and regulatory requirements in Peru with respect to conducting mineral exploration and mining activities and banking systems and controls are different from those in Canada. The officers and directors of the Corporation will rely on local legal counsel and local consultants and advisors in respect of legal, banking, financing and tax matters in order to ensure compliance with material legal, regulatory and governmental developments as they pertain to and affect operations in Peru, and to assist the Corporation with its governmental relations. The Corporation will also rely on those members of management and the Corporation Board who have previous experience working and conducting business in Peru. The failure to comply with all material legal and regulatory requirements may lead to the revocation of certain rights, penalties or fees, which may have an adverse effect on the Corporation.

Community and social risks in Peru

The Corporation's Pecoy project is located in an area of Peru that may be of particular interest or sensitivity to one or more Indigenous groups, local groups or interest groups. There is no assurance that the Corporation's relationships with such groups will be positive. Accordingly, it is possible that operations at the mining project could be interrupted or otherwise adversely affected in the future by political uncertainty, community opposition, tax reforms, land claims entitlements, expropriations of property, illegal, artisanal and small-scale miners, changes in applicable governmental policies and policies of relevant local or interest groups. Any changes in community or government relations or shifts in political conditions may be beyond the Corporation's control and may adversely affect its business and operations, including the ability to obtain or maintain necessary permits, and if significant, may result in the impairment or loss of mineral concessions or other mineral rights, or may make it impossible to continue mineral exploration and mining activities in the applicable area, any of which could have an adverse effect on the results of operations, cash flows and financial position. There may be illegal miners in the area covered by the Pecoy project's mining concessions. Illegal mining has affected gold mining operations in Peru and could potentially expose the Pecoy project to business interruptions, damage to its assets and injuries to its personnel.

There is an increasing level of public concern relating to the effects of mining on the natural landscape, in communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs") that oppose resource development can be vocal critics of the mining industry. NGOs or local community organizations could direct adverse publicity against and/or disrupt the Corporation's operations in respect of one or more of the Corporation's properties, regardless of the Corporation's successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Corporation has an interest or the Corporation's operations specifically. If the Corporation were to experience resistance or unrest in connection with its Peruvian operations, it could have a material adverse effect on its operations and profitability.

Labour and employment relations in Peru

Competition for skilled employees in the resource sector results in employee turnover at the Corporation's operations and a need to constantly recruit and train new employees. This competition for qualified employees occasionally results in workforce shortages, which can often be supplemented with more costly contract labour. As technology evolves and automation increases, the skill mix required also changes and the Corporation may not be able to attract the required capabilities for new ways of working, or re-skill those skills sets that will be changed in the future. Relations between the Corporation and its employees may be impacted by changes in labour relations which may be introduced by, among others, employee groups, unions, and the relevant governmental authorities in whose jurisdictions the Corporation carries on business. Labour in Peru is customarily unionized and there are risks that labour unrest or wage agreements may adversely impact the Corporation's operations. Changes in employment legislation or otherwise in the Corporation's relationship with the Corporation's employees may result in higher ongoing labor costs, employee turnover, strikes, lockouts or other work stoppages, any of which could have a higher material adverse effect on the Corporation's business, results of operations and financial condition.

Reliance on key personnel

The Corporation's development will depend on the efforts of key management and other key personnel. Loss of any of these people, particularly to competitors, could have a material adverse effect on the Corporation's business. The marketplace for key skilled personnel is becoming more competitive, which means the cost of hiring, training and retaining such personnel may increase. Factors outside the Corporation's control, including competition for human capital and the high level of technical expertise and experience required to execute this development, will affect the Corporation's ability to employ the specific personnel required. Due to the relatively small size of the Corporation, the failure to retain or attract a sufficient number of key skilled personnel could have a material adverse effect on the Corporation's business, results of future operations and financial condition. The Corporation does not intend to take out 'key person' insurance in respect of any directors, officers or other employees.

Competition

The mining industry is intensely competitive in all its phases, and the Corporation competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Corporation's ability to acquire additional suitable properties or prospects in the future.

Financing risks

It is expected that the Corporation will have sufficient cash and cash equivalents, although the Corporation has no source of operating cash flow and no assurance that additional funding will be available to it for further growth and exploration of the Pecoy project.

Global financial conditions

Recent global financial conditions have been characterized by increased volatility and access to public financing, particularly for energy companies which have been negatively impacted. These conditions may affect the Corporation's ability to obtain equity or debt financing in the future on terms favourable to the Corporation or at all. If such conditions continue, the Corporation's operations could be negatively impacted.

Risk associated with an emerging and developing market

The disruptions recently experienced in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in countries in the emerging markets may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging and developing markets is significantly influenced by levels of investor confidence in such markets as a whole and as such any factors that impact market confidence (for example, a decrease in credit ratings, state or central bank intervention in one market or terrorist activity and conflict) could affect the price or availability of funding for entities within any of these markets.

Trade tariffs

The imposition of trade tariffs, particularly by the United States, or other trade restrictions could have significant repercussions for Canadian businesses, and the broader economy. Increased costs of goods and services may contribute to inflation. These tariffs, and any changes to these tariffs or imposition of any new tariffs, taxes or import or export restrictions or prohibitions, could have a material adverse effect on the Corporation's business. Furthermore, there is a risk that the tariffs imposed by the United States on other countries will trigger a broader global trade war which could have a material adverse effect on the Canadian, United States and global economies. Overall, trade policy restrictions create financial uncertainty for companies, disrupt trade relationships, and put downward pressure on economic growth.

Dividend policy

No dividends on the Corporation Shares have been paid by the Corporation to date. Investors in the Corporation's securities cannot expect to receive a dividend on their investment in the foreseeable future, if at all. Accordingly, it is unlikely that investors will receive any return on their investment in the Corporation's securities other than through possible share price appreciation.

Risk of litigation

The Corporation may become involved in disputes with other parties in the future which may result in litigation. The results of litigation cannot be predicted with certainty. If the Corporation is unable to resolve these disputes favourably, it may have a material adverse impact on the ability of the Corporation to carry out its business plan.

Internal controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. The Corporation has a very limited history of operations and has not made any assessment as to the effectiveness of its internal controls. Though the Corporation intends to put into place a system of internal controls appropriate for its size, and reflective of its level of operations, there are limited internal controls currently in place.

Conflicts of interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in the mining sector and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the OBCA and other applicable laws.