ROYALTIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2026

Dated November 26, 2026

(Expressed in Canadian Dollars, except per share amounts)

General

This Management Discussion and Analysis (MD&A) reviews the activities of Royalties Inc. ("Royalties Inc." or the "Company") and compares the financial results for the three and nine months ended September 30, 2026 and 2025.

For a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read together with the unaudited condensed consolidated interim financial statements and the accompanying notes for the three and nine months ended September 30, 2026 and 2025, a copy of which is filed under the Company's profile on the SEDAR+ website at www.SEDARplus.ca ("SEDAR+"). The functional currency of the Company is CAD, unless otherwise stated.

Company Overview

The Company has an investment representing an approximate 5% stake in Music Royalties Inc. ("MRI") which is a Canadian-based private company that acquires passive music royalties from rightsholders (including but not limited to artists, producers and songwriters). MRI currently holds a portfolio of 31 cash-flowing music royalties and has paid 82 monthly dividends and over $16 million to shareholders since 2019. With an increased investment of $1,525,000 in MRI shares during fiscal 2025, Royalties Inc. is projected to generate $181,800 in dividends in fiscal 2026.

In addition to the MRI investment, the Company holds a portfolio of four cash-flowing music royalty assets.

The Company also has an interest in an exploration and evaluation property located in Mexico, owning a 100% interest on the Bilbao silver-zinc-lead project located in the southeastern part of the State of Zacatecas. The Company has maintained the Bilbao mineral concessions and title to the property in good standing and, with the improved outlook for silver prices, has started to some geological work and planning for a 4,000 meter drill program targeting the unexplored epithermal veins. It continues to solicit interest in the Bilbao project from operating silver producers with the objective of converting an asset, in which Royalties Inc. invested over $32,000,000, into cash flowing royalties in order to maximize value for shareholders.

The Company owns 88% of the outstanding shares of Minera Portree de Zacatecas, S.A. de C.V ("Minera Portree" or "MPZ") which holds a court confirmed claim to a 2% net smelter royalty on five mining concessions which are part of the Cozamin Mine ("Cozamin") operated by Capstone Copper Corp. ("Capstone"). This claim was supported by a court judgement issued in Zacatecas on June 16, 2025 and a subsequent appeal which the court upheld in the November 4, 2025 decision (the "Decision"), whereby the Appellate Court in the State of Zacatecas confirmed that Capstone had improperly (a) transferred to themselves royalties without consent, authorization or payment, and (b) attempted to sell royalties belonging to Minera Portree, as per the January 11, 2002 NSR agreement. Capstone does not dispute these facts. On December 19, 2025, Capstone, filed a direct Amparo with the Federal Collegiate Tribunal in Mexico, thereby suspending the sentence issued in the Decision until the Amparo is reviewed. Filing the Amparo with the Federal Court in Mexico City is the final legal step available to Capstone before quantification and collection.

On September 21, 2026 Capstone announced that it had entered into a definitive agreement to sell its Cozamin mine to Luca Mining Corp. ("Luca") (TSXV:LUCA). The share purchase agreement filed on SEDAR redacts all information regarding the lawsuit as "commercially sensitive". The expectation is that Capstone has indemnified Luca for all historical royalty liabilities 2019-2026 on the existing 43-101 resource and that Luca will be responsible for the 2% royalty on any new resource outlined in the future. One would hope that Capstone would prefer a clean sale of Cozamin and Luca's investors and lenders would want clean title to the Portree claims with the removal of the MPZ lien, hence both companies have an incentive for a settlement with MPZ.

On September 25, 2026, the Public Prosecutor's Office in the State of Zacatecas formally served C. Ing. Abel Gonzalez Vargas, the legal representative of Capstone Gold, S.A. de C.V. (a subsidiary of Capstone), for the investigation of the crime of fraud against Raúl González Anaya for alleged fraudulent administration and specific fraud to the detriment of MPZ, and for the provision of 14 categories of confidential underground mine documents, maps, the 3D block model, etc. The production of this evidence is required to establish the quantum of royalty liability, which the company estimates to be upwards of US$15 million. Capstone has steadfastly refused to provide the incriminating production information on the Portree 1 claim, as it proves Capstone started mining there in 2010-2013, years before they acquired the claim in 2019, a fact outlined in Capstone's 2014 43-101 and confirmed by Raúl González Anaya.

Capstone has paid US$6.6 million in royalties for the nine months ended September 30, 2026, up 129% from the comparative period in fiscal 2025, due to much higher copper and silver prices.

Material Current Events

Stock options issued

On April 24, 2026, the Company granted 10,000,000 stock options – 2,500,000 stock options to related parties and 7,500,000 to consultants – to purchase an aggregate of up to 10,000,000 common shares at $0.10 for a period of two years from the date of grant.

These options vested immediately upon grant and were valued upon issuance at $809,548 ($607,161 for options issued to Directors and Officers and $202,387 for options issued to consultants) using the Black-Scholes option pricing model with the following assumptions: expected volatility of 183% based on the Company's annualized volatility, expected life of two years, expected dividend yield of 0%, a risk free rate of 2.82% and a share price of $0.10.

Exercise of stock options

On May 28, 2026, 800,000 stock options were exercised for gross proceeds of $80,000 – $30,000 by related parties and $50,000 by consultants – and the grant date fair value of these options totaling $64,764 was reallocated to share capital.

On July 9, 2026, 200,000 stock options were exercised by related parties for gross proceeds of $20,000 and the grant date fair value of these options totaling $16,191 was reallocated to share capital.

Subscription receipts

During the three months ended September 30, 2026, subscription receipts totalling $55,000 were received.

Income from investments

During the three and nine months ended September 30, 2026, the Company earned dividend income totaling $45,450 and $136,350 respectively (September 30, 2025 - $36,150 and $72,150) and royalties income totaling $6,976 and $19,444 respectively (September 30, 2025 - $6,042 and $14,967).

As at November 26, 2026, the Company's 5,050,000 common shares in MRI were valued at $2,525,000.

Mineral Royalty Interests

On July 31, 2019, the Company acquired a 1.5% net smelter royalty and all legal interests of the vendors in the four mining concessions comprising the bulk of the Bilbao property, previously held by four individuals, for $100,000, paid as to $51,000 in cash and $49,000 by the issue of 980,000 common shares of the Company.

On April 22, 2020, the Company entered into an agreement to acquire 88% of the shares of Minera Portree in consideration of the payment of $56,000, and the issue to the vendor of 2,000,000 shares of the Company. Liabilities of $18,131 (USD$14,280) were also assumed and a non-controlling interest of $27,768 (USD$20,789) was recognized as a result of the purchase.

Minera Portree holds various legal or royalty interests in certain mineral properties in Mexico, including a court confirmed claim to a 2% net smelter royalty on five mining concessions which are part of the Cozamin Mine in Zacatecas operated by Capstone Copper (TSX:CS), five of which were acquired by Capstone from a third party in 2017 and 2019. The transfers of three of these mining concessions to Capstone are pending registration with the Public Registry of Mining since August 2019. The third-party had acquired six mining concessions from Minera Portree in 2002, subject to a 2% net smelter royalty retained by Minera Portree. The entitlement of Minera Portree to the royalty was contested by the third party and Capstone, which inappropriately relied on a 2010 POA created for administrative purposes to transfer 'ownership' in 2019 without the knowledge, consent or payment to Minera Portree, the rightful owner since 2002. Capstone has now lost twice in court and the next step is to determine the amount they owe on production to date, the value of future production which includes the existing resource plus depth potential beyond 2030 and the yet to be estimated resource on 90% of the unexplored area on the five claims in a rising copper and silver price cycle.

The Cozamin Mine is an operating polymetallic copper-silver underground mine, located 3.6 km north-northwest of Zacatecas City, currently operating at 3,780 tonnes per day milling capacity, which is expected to produce 51.2 million pounds of copper and 1.6 million ounces of silver per year over the 10-year period 2021-2030.

Based on public disclosure, Capstone reported that during the third quarter of 2019 Cozamin acquired the Portree claim block that laid within the Mala Noche Footwall Zone ("MNFZ"). The claim block was surrounded by high grade Inferred Mineral Resources.

During the fourth quarter of 2019, Cozamin started drilling into the Portree claim block. Prior to this, Portree was an untested inlier within Cozamin's land position covering the MNFZ area.

In the first quarter of 2020, Capstone reported that drilling of the MNFZ, associated with infilling or stepping out from regions of Inferred Mineral Resource category of the Mineral Resource estimate, was undertaken with five surface and one underground diamond drilling rigs.

On June 11, 2020, Capstone announced the results of an updated Mineral Resource estimate reporting that the Measured and Indicated Resource for Vein 20, the principal zone in the MNFZ, increased by 118% to 13.1 million tonnes at 2.35% Cu and 52 g/t Ag.

Capstone also stated that "this new Resource Estimate has exceeded our expectation to upgrade Vein 20, the principal zone in the Mala Noche Footwall Zone, to Indicated Class, previously estimated as Inferred in 2018. We also extended high grades into a previously undrilled area (the 'Portree claim' highlighted on the Capstone press releases and presentations), thus adding unexpected tonnage in a key part of our development plan. We believe there is additional exploration potential, and we are making plans to test new step-out targets in H2 2020."

Capstone reported that the Mineral Reserves at the MNFZ were primarily located in Vein 20, with some additional material within an adjacent structure called Vein 10, that are actively being mined. These two veins, of the eight MNFZ veins modeled, were best suited to the current mining method and are the principal target of an upcoming mineral reserve estimate predicated on the large increase in Indicated Class Mineral Resources. The potential of the remaining six veins represents a future exploration opportunity.

Capstone reported that mining started within the Portree claim in the fourth quarter of 2019. Given the successful resolution of the dispute, the implication is that Capstone owes the Company a 2% NSR on the ore mined from the Portree portion, which is an estimated 30% of the Mala Noche Footwall Zone, the area of which represents almost all of the production at the Cozamin Mine. In 2025, Capstone paid US$4.9 million in royalties on US$300 million of net revenues for an average 1.6% NSR paid. Royalties of US$3.5 million were likely incorrectly paid to Grupo Minera Bacis S.A. de C.V. ("Bacis") under the terms of a December 2003 agreement where a 3% NSR is paid on production from the property covered by the agreement, which is an estimated one third or 500 meters of the MNFZ. Royalties of US$1.35 million were paid to Gold Royalty Corporation ("GROY") in respect of a 1% NSR on two claims only 300 meters and down strike from the Portree block. On a surface linear strike basis, the Portree portion of the MNFZ represents about 30% of the 1.5 km strike being mined, GROY represents approximately 28% of the strike and Bacis represents about 42% of the strike length.

Accordingly, the Company estimates the 2% NSR on the Portree claim represents US$1.5 million in potential cash flow per year plus the amount owed on production over the seven-year period since 2019 or at least US$10 million before interest and damages.

As previously stated, the Company believes the royalties owed by Capstone may have been incorrectly paid to Bacis. Also, based on 3D images and maps prepared by Capstone, it appears production may have taken place on the Portree claim under the tailings pond starting in a much earlier period, perhaps in 2013. This excludes the long-term potential resource on the bulk of the five Portree claims which include the historical high grade Parroquia copper mine in the southwest area of the Cozamin Mine land holdings with an historical resource of approximately 2 million tonnes. An accurate segmented production accounting of the amount owed and the value of the 2% NSR can only be made with the co-operation of Capstone, which has not been forthcoming. Therefore, it is likely the courts and the police will have to be engaged to force compliance and perhaps seize assets to exact payment. MPZ lawyers have sent registered letters to Capstone's Management and Directors, Auditors, Bankers and Transfer Agent notifying them of Capstone's deficiencies in reporting the MPZ lawsuit and financial claim.

Bilbao Silver-Zinc-Lead Project

Royalties Inc., through its Mexican subsidiaries, currently holds a 100% interest in the Bilbao zinc-silver-lead-copper project located approximately 500km northwest of Mexico City in the southeastern part of the State of Zacatecas. Bilbao is a polymetallic, replacement-style, silver-zinc-lead, skarn-type replacement sulphide deposit with a deeply weathered oxide cap.

In 2014 Runge Pincock Minarco (Canada) Limited (RPM) delivered an independent Technical Report in accordance with NI 43-101 containing an updated resource estimate and preliminary economic assessment (PEA) on the Bilbao Project based on three year trailing average prices of: Silver US$30.24/ounce, Zinc US$0.94/lb, and Lead US$1.01/lb. This compares to November 2026 spot prices of: Silver US$40.64/ounce, Zinc US$1.66/lb, and Lead US$0.81/lb.

The mine plan incorporated in the PEA targeted the extraction of only the lower, unoxidized, sulphide zone based on a production rate of 2,000 tonnes per day, or 720,000 tonnes per year with an average grade of 2.1%, 1.4% and 63.96 g/t of zinc, lead and silver, respectively, over a mine life of approximately eight years.

The mineral processing plant described in the PEA proposes the treatment of the silver-zinc-lead sulphide ore at a design throughput rate of 2,000 tonnes per day, which would thereby project on average, 16,913 dry tonnes per year of silver-rich lead concentrate, and 26,966 dry tonnes per year of zinc concentrate, constituting an average combined total of approximately 20 million pounds of zinc, 17 million pounds of lead, and one million ounces of silver, per year.

Results of Operations

The Company recorded dividend income for the three and nine months ended September 30, 2026, totaling $45,450 and $136,350 respectively (September 30, 2025 - $36,150 and $72,150) and royalties income totaling $6,976 and $19,444 respectively (September 30, 2025 - $5,090 and $20,057).

For the three and nine months ended September 30, 2026, the Company recorded a loss from operations of $35,258 and $1,017,280 or $Nil and $0.004 per share respectively (September 30, 2025 - $132,760 and $54,584 or $0.001 and $Nil respectively). Loss from operations included Mexican exploration and evaluation expenses of $43,053 and $132,639 respectively (September 30, 2025 – $34,319 and $78,007) and share-based compensation of $Nil and $809,548 respectively (September 30, 2025 - $Nil and $Nil).

The Company has minimized its administrative and holding costs to maintain its properties, while examining strategic alternatives for realizing some value on its Bilbao investment.

Share-based compensation

On April 24, 2026, the Company granted 10,000,000 stock options – 2,500,000 stock options to related parties and 7,500,000 to consultants – to purchase an aggregate of up to 10,000,000 common shares at $0.10 for a period of two years from the date of grant. These options vested immediately upon grant and were valued upon issuance at $809,548 ($607,161 for options issued to related parties and $202,387 for options issued to consultants).

Professional fees

Professional fees include mainly audit, tax, accounting, consulting and corporate legal fees.

For the three and nine months ended September 30, 2026, professional fees totaled $32,303 and $65,706 respectively (September 30, 2025 – $39,473 and $76,762).

Corporate Expenses

Corporate expenses include mainly annual general meeting (“AGM”) costs, legal fees, CSE, OTC and TMX Trust fees as well as marketing at investor shows.

For the three and nine months ended September 30, 2026, corporate expenses totaled $5,985 and $38,144 respectively (September 30, 2025 - $23,876 and $41,554).

General and Administrative Expenses

General and administrative expenses include mainly director and officer insurance, office expenses and bank service fees.

For the three and nine months ended September 30, 2026, the Company recorded $5,359 and $14,741 respectively in general and administrative expenses (September 30, 2025 – $3,322 and $10,480).

Exploration and evaluation

For the three and nine months ended September 30, 2026, the Company recorded $43,053 and $132,639 respectively in exploration and evaluation expenses related to the investments in Mexico (September 30, 2025 - $34,319 and $78,007). Higher expenses during the nine months ended September 30, 2026 were due mainly to an economic analysis performed on the Bilbao investment.

Summary of Quarterly Results

The Company’s quarterly results are presented in thousands of dollars, except per share amounts, as follows:

(in ‘000s)	Fiscal 2026			Fiscal 2025				Fiscal 2024
	Sep 30 $	Jun 30 $	Mar 31 $	Dec 31 $	Sep 30 $	Jun 30 $	Mar 31 $	Dec 31 $
Revenue	52	50	53	52	41	24	27	26
Net income (loss)	(35)	(893)	(89)	17	(133)	112	(34)	(266)
Net income (loss) per share	(0.000)	(0.004)	(0.000)	0.000	(0.001)	0.000	(0.002)	(0.002)
Working capital deficiency	(2,939)	(2,927)	(2,926)	(2,840)	(2,836)	(2,714)	(2,837)	(2,994)

- Working capital deficiency includes the contingent liability of a subsidiary totaling $2,838,000 (USD$2,000,000)
- During the three months ended September 30, 2026:
  - Revenue was received from dividend income ($45,450), royalty income ($6,976) and interest income ($3)
- During the three months ended June 30, 2026:
  - Revenue was received from dividend income ($45,450) and royalty income ($4,805)
  - 10,000,000 stock options were issued and valued upon issuance at $809,548
- During the three months ended March 31, 2026:
  - Revenue was received from dividend income ($45,450) and royalty income ($7,663)
- During the three months ended December 31, 2025:
  - Revenue was received from dividend income ($45,450), royalty income ($6,221) and interest income ($3)
- During the three months ended September 30, 2025:
  - Revenue was received from dividend income ($36,150) and royalty income (5,090)
- During the three months ended September 30, 2025:
  - Revenue was received from dividend income ($18,000) and royalty income ($6,042)
- During the three and nine months ended September 30, 2025:
  - Revenue was received from dividend income ($18,000) and royalty income ($8,925)
- During the three months ended December 31, 2024:
  - Revenue was received from dividend income ($18,000) and royalty income ($8,008)

Liquidity and Capital Resources

The book value of total assets as at September 30, 2026 was $2,832,668 compared to $2,771,648 as at December 31, 2025. The Company's investment in the Bilbao mineral project, in accordance with the Company's accounting policies, has been fully expensed.

As at September 30, 2026, the Company had cash of $87,240 to settle current liabilities of $215,120, excluding the $2,837,600 (USD$2,000,000) contingent liability of a subsidiary.

Related Party Transactions

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors of the Company. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

	Three months ended September 30,		Nine months ended September 30,	
	2026 $	2025 $	2026 $	2025 $
Dividend income	45,450	36,150	136,350	72,150
Professional fees	3,000	3,000	9,000	9,000

Also included in accounts payable and accrued liabilities as at September 30, 2026, is $6,780 (December 31, 2025 - $3,390) due to a company controlled by an officer of the Company for professional fees. These balances are due on demand, unsecured and non-interest bearing.

Refer also to the sections entitled "Significant current events – Stock options issued" "Significant current events – Exercise of stock options".

Critical Accounting Estimates

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and require management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Risk and Uncertainties

The risk factors and uncertainties associated with the Company's business are described in detail in the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2026 (under the headings "Nature of Operations", "Basis of Preparation and Going Concern" and "Summary of Material Accounting Policies" and elsewhere within that document), all as filed under the Company's profile on SEDAR+. Such risks and uncertainties could have a material adverse effect on the Company's business, financial condition and/or results of operations, and on the trading price of the Company's shares.

In conducting its business, the Company faces a number of risks common to the mining and exploration industry. These are summarized below.

Failure to Obtain Additional Financing – Going Concern

The continuing operations of the Company in the short term are dependent upon continued support from its major shareholders and its ability to raise adequate working capital to continue as a going concern.

There is no assurance that the Company will be successful in obtaining the required financing. It cannot be guaranteed that such financing will be available on a timely basis or on acceptable terms. Failure to secure additional financing would result in delaying or indefinite postponement of development or production of the Company's properties. There can be no assurance that such additional financing will be available when needed or that, if available, the terms of such financing will be on terms favorable to the Company.

As at September 30, 2026 and December 31, 2025, the Company was not subject to any capital requirements imposed by a lending institution or regulatory body.

Exploration, Development and Operating Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company 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 Company not receiving an adequate return of investment capital. Many of the mining claims in which the Company has an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive study is completed. 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 Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development 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.

No Assurance of Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

Government Regulation and Permitting

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, state and local governmental authorities in Mexico, 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, water use, environmental protection, land claims of local people, mine safety and other matters.

Mexico is considered among the desirable regions of the world for exploration and mining, according to results of a survey conducted by The Fraser Institute, an independent Canadian research organization. The country's desirability for mining companies results from a combination of factors including a strong mining culture, excellent geology, relative political stability and favourable tax and permitting structures. Under the country's foreign ownership laws, non-Mexican companies can maintain 100% ownership of their properties and reap the benefits of successful exploration.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by Mexican governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that the Company 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 Company 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 Company and cause increases in exploration expenses, 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.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers, or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects. Some of the directors and officers also serve as directors and/or officers of other companies which are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other companies, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

Price Volatility of Publicly Traded Securities

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations. As a result of any of these factors, the market price of the Company shares at any given point in time may not accurately reflect the Company's long-term value.

Fluctuating Metal Prices

Metal prices are subject to significant fluctuations and are affected by several factors which are beyond the control of the Company. The principal factors include: diminished demand, which may arise if economic growth in China, North America, and/or Europe is not sustained: increases in supply resulting from the discovery and the development of new sources of metals; and supply interruptions, due to changes in government policies, war, or international trade disputes or embargos. The effect of these factors on the future price of metals and their effect on the Company's operations cannot be predicted.

Foreign Currency Exchange

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's financing activities have been denominated in Canadian Dollars, while the expenditures to be incurred by the Company on its mineral exploration projects in Mexico are denominated in Canadian dollars or Mexican Pesos. The Company also has certain liabilities denominated in US dollars. The appreciation of the US Dollar against the Canadian Dollar would result in increased costs of the Company's activities in Mexico in Canadian Dollar terms, and currency movements may have a significant impact on the Company's financial position and results of operations in the future. Fluctuations in the exchange rates between the Canadian Dollar and the Mexican Peso or US Dollar may have an adverse or positive effect on the Company.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Financial Instruments

All financial instruments included in current assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, and other liability of subsidiary are classified as other financial liabilities, which are measured at amortized cost. As at September 30, 2026, the carrying and fair value amounts of the Company's financial instruments are the same because of the limited term of the instruments.

The Company is subject to foreign exchange risk as some of its operating, investing and financing activities are transacted in currencies other than the Canadian Dollar. The Company's operations are carried out in Canada and Mexico and cash is held in Canadian Dollars, US Dollars ("USD") and Mexican Pesos ("MXN"). The Company is therefore subject to gains and losses due to fluctuations in these currencies.

Fair value

The carrying amounts for cash, amounts receivable and other, accounts payable and accrued liabilities, and other liability of the subsidiary on the unaudited condensed consolidated interim statements of financial position approximate fair value because of the limited term of these instruments.

Privately-held investments

Shares in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3 in the fair value hierarchy.

Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which, as at September 30, 2026, 255,606,390 shares were issued and outstanding (December 31, 2025 – 254,606,390).

There were no share options outstanding as at December 31, 2025.

On April 24, 2026, the Company awarded 10,000,000 stock options at an exercise price of $0.10 per share, of which 3,250,000 were awarded to related parties.

On May 28, 2026, 800,000 stock options were exercised and 800,000 shares were issued from treasury for gross proceeds of $80,000 – $30,000 by related parties and $50,000 by consultants – and the grant date fair value of these options totalling $64,764 was reallocated to share capital.

On July 9, 2026, 200,000 stock options were exercised by related parties and 200,000 shares were issued from treasury for gross proceeds of $20,000 and the grant date fair value of these options totalling $16,191 was reallocated to share capital.

On August 28, 2025, the Company issued 8,750,000 shares from treasury at an issuance price of $0.06 per share to a private investor in exchange for 1,050,000 shares in MRI at $0.50 per share. The equity swap was valued at $525,000 based on the estimated fair value of the MRI shares received in the transaction.

On July 30, 2025, the Company issued 8,333,333 shares from treasury at an issuance price of $0.06 per share to a private investor in exchange for 1,000,000 shares in MRI at $0.50 per share. The equity swap was valued at $500,000 based on the estimated fair value of the MRI shares received in the transaction.

On June 18, 2025 the Company issued 12,500,000 shares from treasury at an issuance price of $0.04 per share to a private investor in exchange for 1,000,000 shares in MRI at an issuance price of $0.50 per share. The equity swap was valued at $500,000 based on the estimated fair value of the MRI shares received in the transaction.

On January 13, 2025, the Company completed a non-brokered private placement with directors and officers for 5,280,000 shares at $0.03 per share for net proceeds totaling $158,400, and 720,000 shares at $0.03 per share as debt settlement totaling $21,600.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR+ and on the Company's website.

Forward-Looking Statements

This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.