



**Management's Discussion and Analysis
For the year ended December 31, 2025**

INTRODUCTION

This management's discussion and analysis ("MD&A") of Volcanic Gold Mines Inc. (the "Company") is the responsibility of management and covers the year ended December 31, 2025. The MD&A takes into account information available up to and including April 23, 2026 and should be read together with the Company's audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2025.

All financial information in this document is prepared in accordance with IFRS Accounting Standards and presented in Canadian dollars unless otherwise indicated. Additional information related to the Company, including its most recent unaudited and audited financial statements, is available for viewing on SEDAR+ at www.sedarplus.ca.

FORWARD-LOOKING INFORMATION

This MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation ("Forward-looking Statements"). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this MD&A include, without limitation, statements relating to:

- the Company's planned exploration activities;
- the Holly property mineral resource estimate as it involves the implied assessment, based on estimates and assumptions, that the resources described exist in the quantities predicted or estimated;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company's cash position and its ability to raise equity capital or access debt facilities; and
- maturities of the Company's financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as "anticipates", "believes", "plans", "estimates", "expects", "forecasts", "scheduled", "targets", "possible", "strategy", "potential", "intends", "advance", "goal", "objective", "projects", "budget", "calculates" or statements that events, "will", "may", "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration and project development;
- uncertainty of mineral resource estimates;

- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition;
- uncertainties relating to general economic conditions; and
- risks relating to pandemics, epidemics and public health crises, which could impact the Company's business, operations, financial condition and/or share price;

as well as those factors referred to in the "Risks and Uncertainties" section in this MD&A.

Forward-looking Statements contained in this MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and development activities proceeding on a basis consistent with the Company's current expectations;
- the accuracy of the Company's current mineral resource estimate;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

DESCRIPTION OF BUSINESS

The Company's business is the acquisition and exploration of mineral properties, focused on building multi-million ounce gold and silver resources in under-explored countries. The Company owns a 60% interest in the Holly and Motagua Norte gold-silver properties in Guatemala – see "Guatemala Properties" below. Management is also reviewing a number of exploration or development opportunities in Central America and other jurisdictions.

Corporate Activities

A total of 7,831,800 outstanding warrants exercisable to purchase common shares of the Company at \$0.70 expired unexercised on April 18, 2025.

On July 17, 2025, the Company announced the completion of a private placement financing which raised \$1.66 million with the issuance of 13,868,332 units at \$0.12 per unit. Each unit consists of one common share of the Company and one warrant which entitles the holder to purchase one additional common share at a price of \$0.16 for 24 months. The warrants have an exercise acceleration clause such that following the statutory hold period, if the closing price of the Company's shares exceeds \$0.25 for any 10 consecutive trading days, the Company will have the right to accelerate the expiry date to 30 calendar days. The proceeds of this financing were intended to be used to fund the resumption of exploration activities at the Holly property in Guatemala (see "Holly Project – 2025 Exploration Status" below) and general working capital requirements.

Guatemala Properties

In August 2024, the Company announced that it had acquired a 60% interest in the Holly and Motagua Norte gold-silver properties in Guatemala from Radius Gold Inc. ("Radius"). As a result, the Company and Radius formed a standard 60/40 joint venture to further develop the properties.

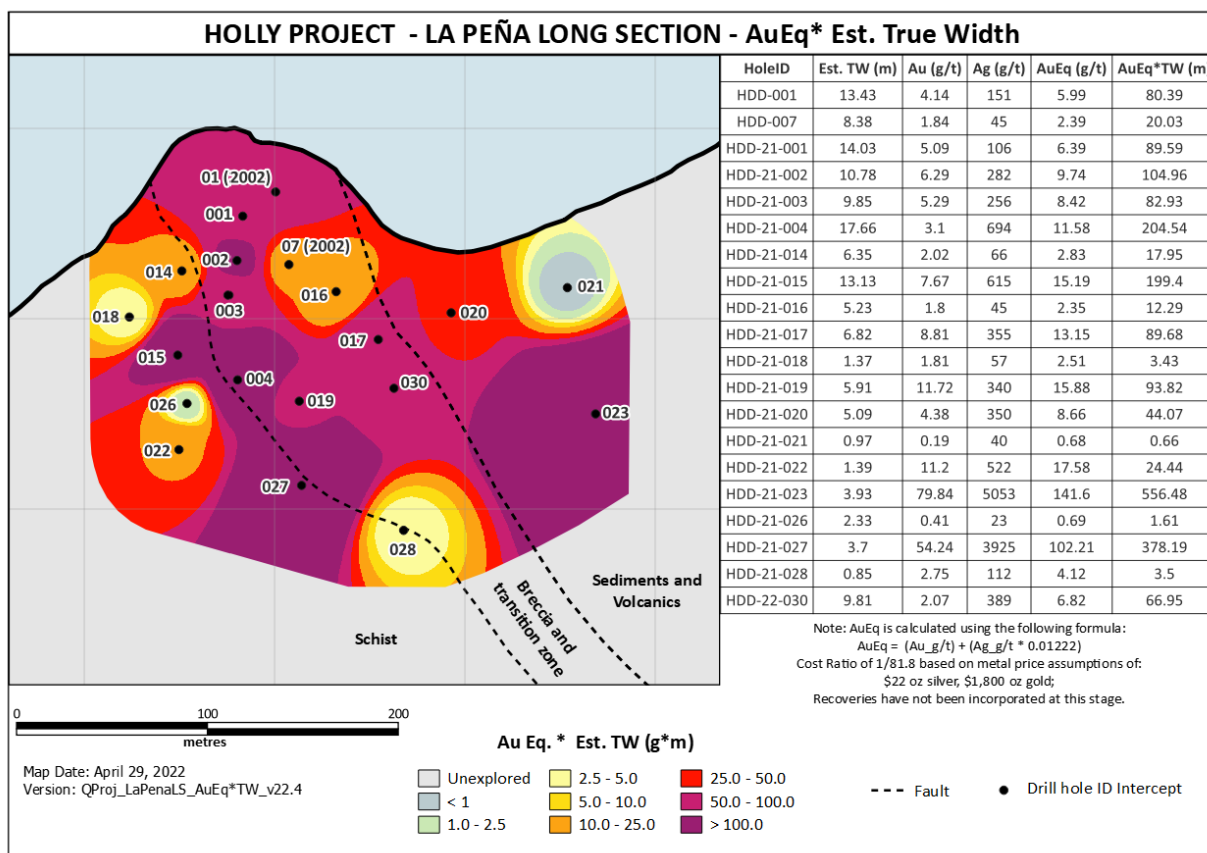
Holly Project

In 2021, the Company conducted a diamond core drilling program at the Holly Project to explore a series of high-grade northwest-striking veins cross-cutting a segment of the regional east-west trending Jocotán structure: the La Peña, Amber, El Pino and Alpha veins. A total of 32 drill holes for 5,259 metres of drill core were completed, with the following highlights:

- Drilling successfully tested three distinct vein sets cutting the Jocotán structure.
- High grade gold and silver intercepts confirmed and extended the La Peña vein system to at least 200 metres below surface.
- Exploratory drilling on the Amber, El Pino and Alpha veins confirmed mineralization.

The drilling successfully extended the high-grade La Peña vein to depth and along strike and improved understanding of the controls on high-grade mineralization, providing enough information for a maiden mineral resource estimation. The La Peña vein remains open in all directions. Several holes also cut high-grade gold in the Amber, Alpha and El Pino veins at a shallow depth, confirming that they all have significant potential which will be tested in future drill programs.

Figure 1: Holly Project: La Peña target long section with assay results table.



On June 9, 2022, the Company announced a maiden inferred mineral resource estimate for the La Peña vein system on the Holly property. The mineral resource estimate is reported in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards (2014) incorporated by reference in National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

Highlights

- A maiden inferred mineral resource has been estimated for the first target, La Peña vein at the Holly project, Guatemala.
- The high grade La Peña vein remains open to expansion along strike and importantly at depth, where exceptionally high-grade results have been returned.
- Multiple other drill targets remain un-tested at Holly with potential for new discoveries.

Table 1: Holly, Peña Vein Resource Estimate
 (Effective date 7th June, 2022)

Category	Cut-off grade AuEq ⁽²⁾ (g/t)	Tonnes above cutoff (millions)	Gold (g/t)	Silver (g/t)	Gold (oz)	Silver (oz)	Gold Equivalent ⁽²⁾ (g/t)	Gold Equivalent ⁽²⁾ (oz)
Inferred	3.00	1.32	6.46	256	272,110	10,913,360	9.57	406,316

Notes:

1. Resources estimated using a 3.0 g/t gold equivalent cut-off grade and a top cap grade of 100 g/t gold and 2,000 g/t silver and presented on a 100%-basis.
2. Gold Equivalent Au(eq) values based on Au US\$1,800 per troy ounce and Ag US\$22 per troy ounce using formula $(Au\text{ g/t} + (Ag\text{ g/t} * 0.01222))$.
3. Mineral Resources, which are not Mineral Reserves, have not demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The mineral resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on mineral resources and reserves, definitions, and guidelines prepared by the CIM standing committee on reserve definitions and adopted by the CIM council. Notwithstanding, to meet the requirement that the reported Mineral Resources show "reasonable prospects for eventual economic extraction".
4. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
5. Contained metal and tonnes figures in totals may differ due to rounding.

The mineral resource estimate is underpinned by data from 21 diamond drillholes totalling 3,707 metres of drilling. Drill spacing ranges between 20 and 100 metres. All sample data was composited to a 2D dataset (linear grade and true thickness values) prior to analysis and estimation. The sample database and the topographic survey were reviewed and validated by Bruce Smith, Ludving Monroy and Shawn Rastad prior to being supplied to John Arthur, an independent UK based Resource Consultant. Geological domain modelling was completed by Bruce Smith and John Arthur. Mineral Resource domain modelling, grade interpolation, mineral resource classification and reporting of the mineral resource statement, was performed by John Arthur. Dr Arthur, Mr. Smith, Mr. Monroy and Mr. Rastad are "qualified persons" within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). Block modelling was carried out using cell dimensions of 32 mE by 32 mN by 8 mRL and was coded to reflect the surface topography and mineralised zones. Density values were globally assigned into two zones. An upper zone between 50 to 100 metres from surface had an average density of 2.33 t/m³. Below this an average density of 2.52 t/m³ was applied. The mineral resource estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the robustness of the grade interpolation.

The technical report for the mineral resource estimate was filed on July 27, 2022, and is available on SEDAR+ at www.sedarplus.ca.

Technical studies and permitting

The Company considers that the demonstrated high-grade and good access to a nearby mine development project means that the Holly Project has a good chance of being developed. Further drilling will determine whether Holly will support a stand-alone mill, or if the ore should be processed elsewhere. Based on this positive outlook the Company is in the process of applying to upgrade the Holly exploration license to an exploitation license.

The initial technical studies to support the application, including a civil engineering design for an underground mine to exploit the principal La Peña vein, were submitted to and reviewed by the competent authorities. The application has advanced to the second stage and the Company is now responding to requests for additional information. The study envisages using transverse and longitudinal longhole stoping with cemented cavity fill on eleven levels, 30 metres apart, to a depth of 300 metres below surface with access via a spiral decline. Processing would be off-site. The mine design is an early-stage concept for permitting purposes and does not meet the requirements of a preliminary economic assessment. The Holly deposit is currently at an inferred level of confidence and open in all directions and further drilling is required to improve the level of confidence in the mineral resource estimation as well as define the full lateral and depth extent of any future mining operation. This study is the principal requirement to support the Company's current application to upgrade the Holly project licence from an exploration to exploitation licence.

Exploration Status

On March 3, 2025, the Company announced the planned resumption of exploration activities on the Holly Property. The Company has drilling permits in place and has been working with landowners, local authorities and the local community for a social licence to operate.

On September 30, 2025, the Company announced that during a recent visit of the Company's President to the Holly Property, it was noted that there is still some resistance to mining activities in the area adjacent to the project. For this reason, Management of the Company considered it prudent to postpone the start of drilling until more favorable conditions are achieved. The Company is fully permitted to drill, has agreements with all landowners where the drilling would take place, and is maintaining dialogue with the local authorities and the community.

Current activity and way forward

The Company's exploration work in Guatemala is currently on hold while Management addresses local community issues and also monitors developments in the government's policy towards the mining sector. While there is some active mining in the Country, two significant precious metal deposits have been suspended or delayed in recent years: Operations at the Escobal silver-lead-zinc mine have been suspended since 2015 as the owner's undertake additional mandated community consultation; and development of the multi-million ounce gold deposit at Era Dorada (formerly known as Cerro Blanco) has been beset by permitting delays.

However, the Company's Management are encouraged by the announcement in January 2026 that Aura Minerals Inc., the owner of the Era Dorado Project, has received a construction license and has commenced early works on the development of an underground mine (See news release January 6, 2026 of Aura Minerals Inc. (NASDAQ: AUGO)). The start of construction of an underground mine at Era Dorado would be an important step for the development of the Company's nearby Holly project. As well, development of the Era Dorado mine in an environmentally and socially responsible manner would send a message that Guatemala is open to gold mining and should alleviate some of the opposition's concerns.

Management of the Company believes that it is important to have majority support and unilateral acceptance within the local and municipal councils before resuming exploration and drilling of the Holly project. In the meantime, the Company is reviewing a number of exploration or development opportunities in Central America and other jurisdictions

Motagua Norte Project

The Motagua Norte project area consists of one granted exploration licence and three exploration licence applications. The Cirilo 1 exploration licence which was granted in September 2023 covers an area of 13.5 square kilometres (4.5 x 3 km) and includes the Mila gold anomaly. The Company is continuing to work with the permitting authorities towards granting the remaining three licences which cover a combined area of 36.85 square kilometres.

The Company's initial prospecting on the Cirilo 1 licence returned exceptional gold grades at the Mila anomaly from a surface concentration of quartz boulders spread over a 250 x 570 metre area which included some visible gold and bonanza-grade assay results. A first-pass exploratory drilling program at the Mila prospect was undertaken in the first half of 2024 to look for the source of this gold-bearing quartz boulder float.

As reported on May 23, 2024, a total of 13 holes were drilled testing a range of targets. The drilling tested beneath the gold-bearing quartz boulder float and the area immediately uphill. Drillholes were scissored on two orientations to test for the possibility of mineralization both parallel and oblique to the principal east-west trending structures. Whilst wide zones of quartz veining and stockwork were intercepted in several drillholes, assay results did not support the hypothesis that the gold-bearing quartz boulders originated from these structures, and no cross-cutting mineralized quartz veins or stockwork zones were encountered.

Technical Information

Luc English, Ph.D., Vice-President, Exploration of the Company, is a Chartered Geologist and Fellow of the Geological Society of London and is the Company's Qualified Person as defined by National Instrument 43-101. Dr. English has approved the disclosure of the technical information in this MD&A.

SELECTED ANNUAL INFORMATION

The following table provides financial results for the years ended December 31, 2025, 2024 and 2023:

	2025	2024	2023
Exploration expenditures	\$ 451,731	\$ 1,767,925	\$ 1,861,236
Loss and comprehensive loss attributed to equity shareholders of the Company	1,111,785	2,639,671	2,293,792
Basic and diluted loss per share attributed to equity shareholders of the Company	0.02	0.06	0.05
Total assets	1,745,607	1,283,721	3,661,889
Total liabilities	264,498	318,799	234,330
Non-controlling interest (deficiency)	(176,411)	(176,411)	(176,411)
Working capital	1,299,545	737,828	2,966,255

Exploration expenditures for the 2023 and 2024 fiscal years presented are primarily related to the earn-in of an option agreement the Company entered into in 2020 to acquire the Holly and Banderas properties and subsequently amended in 2023 to substitute the Banderas property with the Motagua Norte property. Exploration expenditures for fiscal 2025 include maintenance of the Holly and Motagua Norte properties, applying to upgrade the Holly exploration license to an exploitation license, and conducting property investigations in other regions. The loss and comprehensive loss for fiscal 2024 was significantly impacted by a share-based payments expense of \$177,034 compared to an expense of \$42,048 for fiscal 2023 and no such expense for fiscal 2025. Total assets were highest for the 2023 fiscal year due to the Company raising in excess of \$13 million by way of equity financings during the 2020 fiscal year.

SUMMARY OF QUARTERLY RESULTS

The Company's quarterly total assets, working capital balance and operating results over the last eight quarters are summarized as follows:

	Dec '25	Sept '25	June '25	Mar '25	Dec '24	Sept '24	June '24	Mar '24
Total assets	\$ 1,745,607	\$ 2,063,521	\$ 1,095,075	\$ 994,872	\$ 1,283,721	\$ 1,362,800	\$ 1,656,679	\$ 2,934,717
Working capital	1,299,545	1,604,372	642,353	554,859	737,828	989,247	1,213,528	2,286,050
Loss and comprehensive loss attributed to equity shareholders of the Company	313,947	307,875	293,061	196,902	249,496	232,095	1,288,887	869,193
Basic and diluted loss per share attributed to equity shareholders of the Company	0.00	0.01	0.01	0.00	0.01	0.00	0.03	0.02

Total assets and working capital position have trended downward over the first five quarters presented due to the Company funding its operations from the equity financing proceeds raised in 2020. Total assets and working capital increased for the quarter ended June 30, 2025 and then again for the quarter ended September 30, 2025 due to the receipt of \$369,000 in private placement subscription proceeds received in advance of a \$1,664,200 financing that closed in July 2025. The losses for the six most recent quarters are significantly lower than the first two quarters presented due to the Company suspending and then limiting exploration activity in Guatemala while it first assessed the Guatemalan government's intentions towards the mining industry and now seeking more favourable acceptance of drilling activities from local communities. The loss for the quarter ended June 30, 2024 is higher than all other quarters presented due in part to a write-off of \$204,873 in mineral

property costs. The loss for that quarter and the quarter ended March 31, 2024 were also higher due in part to the Company conducting a drill program during those periods.

RESULT OF OPERATIONS

All references to 'loss' in the results of operations discussion below refer to the loss attributed to equity shareholders of the Company.

Quarter ended December 31, 2025

During the quarter ended December 31, 2025, the Company incurred a loss of \$313,947, compared to a loss of \$249,496 for the quarter ended December 31, 2024, an increase of \$64,451. Significant expenses for the quarters ended December 31, 2025 and 2024 are as follows:

	2025	2024
Exploration expenditures	\$ 120,544	\$ 109,662
Consulting and management fees	25,500	20,500
Depreciation	13,680	15,182
Legal and audit fees	42,843	45,717
Office and administration	24,347	32,161
Salaries and benefits	25,648	32,875
Shareholder communications	51,270	3,102
Interest and other income	4,811	6,376

The loss for the quarter ended December 31, 2025 was higher than the comparative quarter due in large part to an increase of \$48,168 in shareholder communications and a foreign exchange loss of \$5,629 compared to a foreign exchange gain of \$7,735 in the comparative quarter, a difference of \$13,364. Shareholder communications activity during the comparative quarter was minimal whereas the current quarter included tradeshow participation and a publicity campaign. Consulting and management fees were higher for the current quarter due to a consulting agreement entered into during the latter part of 2025 for business development services. Office and administration costs and salaries and benefits costs were lower than the comparative quarter due to a decrease in shared administrative and personnel costs.

Exploration expenditures for both the current and comparative quarters primarily involved maintenance of the Company's Guatemalan operations and investigation of potential new property opportunities.

Interest income for the current quarter was \$1,565 less than the comparative quarter due to a downward trend in interest rates that began mid-2024.

Year ended December 31, 2025

During the year ended December 31, 2025 the Company incurred a loss of \$1,111,785, compared to a loss of \$2,639,671 for the year ended December 31, 2024, a decrease of \$1,527,886. Significant expenses for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Exploration expenditures	\$ 451,731	\$ 1,767,925
Consulting and management fees	62,000	83,500
Depreciation	61,135	50,349
Legal and audit fees	68,987	52,123
Office and administration	93,908	108,663
Salaries and benefits	112,979	139,460
Share-based payments expense	-	177,034
Shareholder communications	225,269	40,835
Interest and other income	15,930	54,493
Write-off of mineral property costs	-	204,873

The loss for the current year was significantly less than the comparative year due in large part to exploration expenditures being lower by \$1,316,194. Exploration expenditures for the current year primarily involved maintenance of the Company's Guatemalan operations, including community relations, whereas the comparative year included a drill program on the Motagua Norte property. The net loss for the comparative year also included a \$204,873 write-off of mineral property costs relating to a terminated surface rights option agreement whereas there were no such write-offs in the current year. The comparative year's loss was also higher due to a share-based payments expense of \$177,034 compared to no such expense for the current year. The share-based payment expense related to the granting of stock options that were vested immediately in the comparative year.

Consulting and management fees were \$21,500 lower for the current year due primarily to a reduction in the Chief Executive Officer's compensation at the beginning of the 2025 fiscal year. Office and administration and salaries and benefits costs were lower for the current year by \$14,755 and \$26,481, respectively, due to the same reasons as in the quarterly comparison. Depreciation expense was higher for the current year due primarily to depreciation associated with an office lease being a right-of-use asset. The office lease was entered into during the latter part of the 2024 fiscal year. Shareholder communication costs were \$184,434 higher for the current year due to a publicity campaign and more tradeshow participation.

Interest income for the current year was \$38,563 less than the comparative year due to the level of capital resources subject to earning interest being lower in conjunction with a series of interest rate decreases since the comparative year.

For the current quarterly and annual periods, the reduced fees paid to the Chief Executive Officer of the Company were charged entirely to consulting and management fees whereas his fees for the comparative quarterly and annual periods were allocated partly to exploration expenditures and partly to consulting and management fees. The comparative quarterly and annual periods also included fees paid to a former Director and Chairman of the Company, that were allocated partly to exploration expenditures and partly to consulting and management fees. Office and administration costs relate mostly to an administrative cost sharing agreement with Gold Group Management Inc. ("Gold Group"), a private company controlled by the Chief Executive Officer of the Company which is reimbursed by the Company for certain shared administrative costs and other corporate expenses paid by Gold Group on behalf of the Company. Salaries and benefits costs relate primarily to shared Gold Group administrative personnel, including the Company's Chief Financial Officer and Corporate Secretary for both the current and comparative periods and also the former Vice President of Corporate Development during the comparative periods.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares. The Company's exploration activities do not provide a source of income and therefore the Company has a history of losses and an accumulated deficit.

As at December 31, 2025, the Company had current assets of \$1,498,327 and current liabilities of \$198,782, resulting in working capital of \$1,299,545.

During the 2020 fiscal year, the Company raised gross proceeds totaling \$13.6 million from equity financings. The net proceeds from the 2020 financings were used for working capital purposes and to fund exploration and maintenance activities in Guatemala up to the second quarter of the current year. In July 2025, the Company closed a private placement financing for gross proceeds of \$1,664,200. The net proceeds from this financing are being used for maintenance of the Company's properties in Guatemala, other property investigations, and general working capital requirements. A portion of the proceeds was spent on preparation for resumption of exploration activities at the Holly Project; however, in late September 2025, the Company suspended such work.

The Company expects its current capital resources to be sufficient to cover its corporate operating costs but may not be sufficient to cover potential mineral property acquisitions or significant exploration expenditures through the next twelve months. As such, the Company will continue to seek to raise additional capital as needed and believes it will be able to do so,

but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including expanded exploration activity and property acquisition opportunities.

Commitment

The Company and two other related publicly listed companies, Radius and Rackla Metals Inc. (together, the "Lessees") are party to a five-year operating lease agreement for office premises that commences on January 1, 2025 and expires on December 31, 2029. The Lessees have the option to terminate the lease after three years with an early termination payment equivalent to two months gross rent. The Company's annual commitments under this lease, if the early termination option is not exercised, are as follows:

2026	\$	40,798
2027		43,759
2028		41,612
2029		44,648
	\$	170,817

FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significant of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, receivables, deposits and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash, receivables and long-term deposits are classified as amortized cost. Accounts payable and accrued liabilities and lease liability are classified as amortized cost.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash.

The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company has no investment in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms with the exception of the Company's lease liability which matures based on the lease agreement.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at December 31, 2025, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and Guatemala. A substantial portion of the Company's expenses are incurred in US dollars and Guatemalan quetzals. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar and quetzal could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2025 and 2024, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

As at	2025		2024	
	US Dollars (CAD equivalent)	Guatemalan Quetzal (CAD equivalent)	US Dollars (CAD equivalent)	Guatemalan Quetzal (CAD equivalent)
Cash	\$ 254,168	\$ 9,161	\$ 66,316	\$ 22,906
Receivables	-	-	-	-
Accounts payable and accrued liabilities	(97,193)	(5,059)	(102,468)	(17,772)
Net exposure	\$ 156,975	\$ 4,102	\$ (36,152)	\$ 5,134

Based on the above net exposure as at December 31, 2025, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Guatemalan quetzal would result in an increase/decrease of approximately \$16,100 in the Company's loss and comprehensive loss for the year ended December 31, 2025 (2024: \$3,100).

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

OUTSTANDING SHARES, WARRANTS, AND OPTIONS DATA

At the date of this MD&A, the Company had outstanding 59,419,542 common shares and the following share purchase warrants and stock options:

No. of warrants	Exercise price	Expiry date
14,065,931	\$0.16	July 14, 2027

No. of options	Exercise price	Expiry date
1,575,000	\$0.57	October 6, 2030
325,000	\$0.57	October 8, 2030
800,000	\$0.57	January 27, 2031
150,000	\$0.205	January 9, 2033
690,000	\$0.23	February 28, 2034
1,250,000	\$0.15	March 3, 2036
4,790,000		

TRANSACTIONS WITH RELATED PARTIES

The Company had transactions during the years ended December 31, 2025 and 2024 with related parties consisting of directors, officers and the following companies with common directors or officers:

Related party	Nature of transactions
Gold Group Management Inc. ("Gold Group")	Shared office and administrative related charges
Mill Street Services Ltd. ("Mill Street")	Consulting services
Rackla	Shared office lease
Radius	Property transactions, exploration support, and shared office lease

Balances and transactions with related parties not disclosed elsewhere in this MD&A are as follows:

- a) During the periods ended December 31, 2025 and 2024, the Company reimbursed Gold Group, a private company controlled by Simon Ridgway, a Director and Chief Executive Officer of the Company, for the following costs:

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
General and administrative expenses:				
Office and administration	\$ 12,612	\$ 20,319	\$ 57,906	\$ 81,531
Salaries and benefits	25,648	32,875	112,979	139,460
Shareholder communications	-	457	15,997	10,597
Transfer agent and regulatory fees	2,655	-	4,467	3,620
Travel	3,495	6,056	13,977	18,446
	\$ 44,410	\$ 59,707	\$ 205,326	\$ 253,654
Exploration expenditures	\$ 8,155	\$ 14,245	\$ 27,882	\$ 31,174

Gold Group is reimbursed by the Company for certain shared costs and other business-related expenses paid by Gold Group on behalf of the Company. Salaries and benefits for the year ended December 31, 2025 include those for the Chief Financial Officer and the Corporate Secretary, and for the year ended December 31, 2024 include those for the Chief Financial Officer, the Corporate Secretary, and the former Vice President of Corporate Development.

- b) Receivables as of December 31, 2025 includes an amount of \$267,474 (2024: \$111,324) due from Radius for shared and joint venture exploration costs.
- c) Prepaid expenses and deposits as of December 31, 2025 includes an amount of \$1,045 (2024: \$858) paid to Gold Group.
- d) Long-term deposits as of December 31, 2025 consists of \$61,000 (2024: \$61,000) paid to Gold Group as a deposit pursuant to the Company's office and administrative services agreement with Gold Group.
- e) Included in accounts payable and accrued liabilities as of December 31, 2025 was \$17,897 (2024: \$35,136) owing to Gold Group, \$2,741 (2024: \$4,029) owing to Luc English, the Vice President of Exploration of the Company, for

consulting fees and expense reimbursement, and \$Nil (2024: \$5,000) owing to a former Director and Chairman of the Company, for consulting fees. The amount for Gold Group is due on a monthly basis and secured by a deposit.

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended December 31, 2025 and 2024 are the following items paid or accrued to key management personnel and/or companies with common directors.

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
General and administrative expenses:				
Consulting and management fees	\$ 10,500	\$ 20,500	\$ 42,000	\$ 83,500
Salaries and benefits	5,742	22,957	26,217	62,959
Share-based payments (value of stock options granted and vested)	-	-	-	49,986
Exploration expenditures:				
Consulting and management fees	22,952	47,348	113,598	256,383
	\$ 39,194	\$ 90,805	\$ 181,815	\$ 452,828

Key management compensation includes consulting fees paid in 2024 and 2025 to Mill Street, a company controlled by Simon Ridgway, a Director and Chief Executive Officer of the Company.

The value of stock option grants issued to non-key management directors during the year ended December 31, 2024 was \$83,310. There were no options granted to key or non-key management directors during the year ended December 31, 2025.

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Company's significant accounting policies and future changes in accounting policies are presented in note 3 of the audited consolidated financial statements for the year ended December 31, 2025.

FUTURE ACCOUNTING CHANGES

The Company will be required to adopt the following standards and amendments issued by the IASB as described below:

IFRS 18, *Presentation and Disclosure in Financial Statements*

IFRS 18 is a new standard that will replace *IAS 1 Presentation of Financial Statements*, setting out a new presentation requirement for the statement of profit or loss, and providing new definitions and disclosures related to non-IFRS performance measures.

This standard will be effective for the Company's annual period beginning January 1, 2027 with early application permitted. The Company is currently assessing the impact of IFRS 18 on its consolidated financial statements.

RISKS AND UNCERTAINTIES

The operations of the Company are highly speculative due to the high-risk nature of its business in the mineral exploration industry. Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as, but not limited to, the following:

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include securing adequate funding to maintain and advance future exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Joint Venture Funding Risk

The Company's strategy may include seeking partners through joint ventures to fund future exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of future property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of any of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of projects. Exploration and development of future projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of exploration and development which could result in the loss of properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues and corresponding effect on the Company's financial position.

Political, Regulatory and Currency Risks

The Company's mineral property interests are located in Guatemala, an emerging nation. Properties in emerging nations may be subject to a higher level of risk compared to developed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in emerging nations can be affected by changing economic, regulatory, and political situations, the extent of which is yet to be determined with the new political leadership.

The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration and property maintenance expenditures in US dollars and Guatemalan quetzals. At this time there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the US dollar or Guatemalan quetzal could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to properties, facilities and equipment of the Company, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors, and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Social risks may be fairly significant in the Company's areas of operations. Violence, kidnapping, theft and other criminal activities, and community protests could disrupt the Company's exploration activities or supply chains and discourage qualified individuals from being involved with the Company's operations.

Competition

The Company competes with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of projects as well as for the recruitment and retention of qualified employees.