FORMATION METALS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2026

The effective date of this report is July 29, 2026

Management Discussion & Analysis:

Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of Formation Metals Inc. (the "Company" or "Formation") for the year ended March 31, 2026. The following management discussion and analysis, prepared as of July 29, 2026, should be read together with the financial statements for the year ended March 31, 2026, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A supplements, but does not form part of the financial statements. Management is responsible for the preparation of the financial statements and the MD&A for the year ended March 31, 2026. News releases and previous filings may be found on SEDAR+ at www.sedarplus.ca.

Forward Looking Statements:

This Management Discussion and Analysis contains certain forward-looking statements and information relating to Formation that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. When used in this document, the words "anticipate", "believe", "estimate", "expect", 'implied", "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted with the inflationary pressures, rising interest rates, the global financial climate and the conflicts in Ukraine and the Middle East affecting current economic conditions and increasing economic uncertainty. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein. Formation cautions that forward-looking statements involve risk and uncertainty.

Description of Business:

The Company was incorporated on March 1, 2022 under the laws of British Columbia. For the year ended March 31, 2026. The Company's head office address is Unit 401, 90 Adelaide Street W, Toronto, Ontario M5H 3V9, Canada. The registered and records office address is 400 – 1681 Chestnut Street, Vancouver BC, V7Y 1G5, Canada.

The Company is listed for trading on the Canadian Securities Exchange ("CSE") under the symbol FOMO, the OTCQB Venture Market ("OTCQB") under the symbol FOMTF, and in Germany under the symbol VF1. The Company's principal business activities include the acquisition and exploration of mineral property assets. Its portfolio comprises the Nicobat Nickel-Copper-Cobalt project ("Nicobat"), the N2 Gold-Copper-Zinc project ("N2"), and the Rio Titanium project ("Rio").

Overall Performance

The Company does not generate revenues from operations. The Company's net loss for the year ended March 31, 2026, was $7,349,359.

Working capital as at March 31, 2026, was $7,095,923 (March 31, 2025: $1,741,158), and comprised cash and cash equivalents of $5,337,009 (March 31, 2025: $1,305,758), receivables of

$705,702 (March 31, 2025: $66,129), prepaid expenses of $1,337,824 (March 31, 2025: $511,751) and accounts payable and accrued liabilities of $284,612 (March 31, 2025: $142,480).

During the year ended March 31, 2026, the Company issued 52,511,984 common shares as stated below:

i) 4,360,000 restricted share units were converted.

ii) 12,170,000 warrants were exercised at a price of $0.20 per share.

iii) 950,000 warrants were exercised at a price of $0.30 per share.

iv) 150,000 stock options were exercised at a price of $0.21 per share.

v) 500,000 stock options were exercised at a price of $0.20 per share.

vi) 1,000,000 common shares issued pursuant to acquisition of 100% interest in N2 property in Quebec.

vii) 6,178,286 common shares issued pursuant to flow-through private placement at a price of $0.35 per share.

viii) 2,652,519 common shares issued pursuant to flow-through private placement at a price of $0.435 per share.

ix) 2,185,000 common shares issued pursuant to flow-through private placement at a price of $0.50 per share.

x) 4,528,341 common shares issued pursuant to flow-through private placement at a price of $0.41 per share.

xi) 17,312,891 common shares issued pursuant to non-flow-through private placement at a price of $0.37 per share.

xii) 524,947 common shares issued pursuant to non-flow-through private placement at a price of $0.37 per share.

Following the issuance of the shares, there were 97,802,458 issued and outstanding common shares in the capital of the Company.

As at March 31, 2026, there were 984,393 (2025 – 1,476,648) shares in escrow.

Summary of Exploration and Corporate Activities

Corporate Activities

During the year ended March 31, 2026, the Company completed private placements for aggregate gross proceeds of $12,865,366 through the issuance of 33,381,984 common shares and units. This included an offering completed in two tranches on October 15, 2025, and October 31, 2025, for aggregate gross proceeds of $8,456,620, comprised of 17,837,838 units issued at $0.37 per unit ($6,600,000) and 4,528,341 flow-through units issued at $0.41 per unit ($1,856,620). During the year, the Company also received $2,719,000 from the exercise of 13,120,000 warrants and $131,500 from the exercise of 650,000 stock options.

During the year, the Company completed its listing on the OTCQB Venture Market under the symbol "FOMTF" and began trading on the Frankfurt Stock Exchange under the symbol "VF1", complementing its existing listing on the Canadian Securities Exchange.

In May 2025, the Company appointed Adrian Smith to its newly established advisory board. On February 19, 2026, the Company appointed Roger Rosmus as its second member.

In June 2025, the Company acquired, through direct staking, a 100% interest in the Rio Titanium Project. As the claims were acquired by staking, no consideration was payable to any vendor and the property is not subject to any option, earn-in or underlying royalty obligations.

Exploration Activities

At the N2 Gold Project, the Company received its final drill permits and mobilized to site in September 2025, commencing its maiden Phase 1 drill program on September 25, 2025. The planned multi-phase program of 20,000 metres was expanded to 30,000 metres on October 31, 2025, with a second drill rig mobilized in January 2026.

Assay results released during the year included 1.75 g/t Au over 30.4 metres (including 3.51 g/t Au over 10.5 metres) and 0.95 g/t Au over 61.1 metres (including 1.68 g/t Au over 26.5 metres).

On January 22, 2026, the Company announced its intention to commence a maiden NI 43-101 mineral resource estimate at N2 following completion of the ongoing Phase 1 program.

Exploration and evaluation costs incurred during the year ended March 31, 2026, were as follows:

Acquisition Costs	**Nicobat, Ontario**	**N2, Quebec**	**Rio, Quebec**	**Total**
Balance, March 31, 2024	$ 528,471	$ -	$ -	$ 528,471
Issuance of common shares	-	210,000	-	210,000
Cash consideration	-	50,000	-	50,000
Balance, March 31, 2025	$ 528,471	$ 260,000	$ -	$ 788,471
Issuance of common shares	-	360,000	-	360,000
Cash consideration	-	50,000	-	50,000
Balance, March 31, 2026	$ 528,471	$ 670,000	$ -	$ 1,198,471
Exploration Expenditures:				
Balance, March 31, 2024	$ 1,798	$ -	$ -	$ 1,798
Field Expenses	20,000	22,500	-	42,500
Title claim fees	190	-	-	190
Balance, March 31, 2025	$ 21,988	$ 22,500	$ -	$ 44,488
License costs	796	6,664	-	7,460
Claim management fees	-	1,217	-	1,217
Government assistance	-	(8,719)	-	(8,719)
Exploration expenses	-	4,050,668	-	4,050,668
Consulting fees	-	75,000	-	75,000
Balance, March 31, 2026	$ 22,785	$ 4,147,330	$ -	$ 4,170,115
Balance, March 31, 2025	**$ 550,459**	**$ 282,500**	**$ -**	**$ 832,959**
Balance, March 31, 2026	**$ 551,256**	**$ 4,817,330**	**$ -**	**$ 5,368,586**
Exploration Advances:				
Balance, March 31, 2023 and March 31, 2024	$ -	$ -	$ -	$ -
Exploration advance	114,985	-	-	114,985
Balance, March 31, 2025	$ 114,985	$ -	$ -	$ 114,985
Exploration advance	-	754,561	-	754,561
Balance, March 31, 2025	**$ 665,444**	**$ 282,500**	**$ -**	**$ 947,944**
Balance, March 31, 2026	**$ 114,985**	**$ 754,561**	**$ -**	**$ 869,546**

Nicobat Nickel Project

The Company's first acquisition is an 85% interest in the Nicobat Nickel-Copper-Cobalt Project and was acquired through an arrangement agreement between Usha Resources Ltd. ("USHA") and the Company whereby USHA shareholders were issued one (1) share of the Company with respect to every five (5) shares of USHA owned on April 12, 2023.

Pursuant to the arrangement agreement and on the payable date of April 20, 2023, USHA completed the transfer of the Property and distributed 9,480,474 common shares of the Company to the USHA shareholders on a pro rata basis. A 2% net smelter royalty (NSR) is held by Emerald Lake Development Corporation and Formation has the right to at any time acquire up to 1.5% of the NSR royalty, free and clear of any liens, charges or encumbrances whatsoever, upon payment of $CDN 2,000,000.

N2 Gold Project

The Company's second acquisition is an option to acquire a 100% interest in the N2 property by paying an aggregate of $550,000 in cash and issuing an aggregate of 4,000,000 common shares to Wallbridge Mining Company Limited ("Wallbridge") and completing $5,000,000 of work expenditures on the N2 property as indicated in the table below:

	Common shares	Cash payment	Work commitment
Signing	1,000,000	$ 50,000	$ -
1st Anniversary	1,000,000	50,000	400,000
2nd Anniversary	1,000,000	50,000	600,000
3rd Anniversary	-	100,000	1,200,000
4th Anniversary	-	100,000	-
5th Anniversary	-	100,000	-
6th Anniversary	1,000,000	100,000	2,800,000
	4,000,000	$ 550,000	$ 5,000,000

On January 23, 2025, the Company issued 1,000,000 common shares and on January 27, 2025 paid $50,000 to Wallbridge pursuant to the option agreement.

On January 14, 2026, the Company paid $50,000 and issued 1,000,000 common shares to Wallbridge pursuant to the first anniversary payment.

Rio Titanium Project

In June 2025, the Company acquired, through direct staking, a 100% interest in the Rio Titanium Project, comprising 136 mineral claims totaling 7,440.8 hectares located in the Côte-Nord region of northeastern Quebec, approximately 43 kilometres northeast of Havre-Saint-Pierre and immediately adjacent to Rio Tinto's Lac Tio mine. The property lies within the southern portion of the Havre-Saint-Pierre Anorthosite Complex and is prospective for ilmenite (titanium) mineralization. As the claims were acquired by staking, no consideration was payable to any vendor and the property is not subject to any option, earn-in or underlying royalty obligations.

Outlook and Planned Activities

The Company's principal focus for fiscal 2027 is the continued advancement of the N2 project. Planned activities include: completion of the Phase 1 drill program and continuation of the expanded drill program which, subsequent to year-end, was increased to a fully funded 75,000 metres following the completion of the Company's subsequent financing (see "Subsequent Events"); completion of a maiden NI 43-101 mineral resource estimate at N2, targeted for the third quarter of calendar 2026; continued evaluation of the base metal (Cu-Zn) potential identified at

N2; and the assessment of initial work programs for the Rio Titanium and Nicobat projects. The Company intends to fund its planned activities from its existing working capital and the net proceeds of the subsequent financing. The nature, extent and timing of planned activities are subject to, among other things, exploration results, the availability of contractors, permitting and prevailing market conditions, and constitute forward-looking information; see "Forward Looking Statements".

Critical accounting policies and estimates

The preparation of the annual financial statements in accordance with International Financial Reporting Standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates. A detailed description of these matters, as well as the significant accounting policies adopted by the Company, are disclosed in the notes to the audited financial statements for the year ended March 31, 2026.

Financial Instruments

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument.

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income (loss) ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial liability is classified and measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flow; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the

Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Asset or Liability	IFRS 9 Classification
Cash	Amortized cost
Receivables	Amortized cost
Prepaid expenses	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

A fuller description of financial instruments is provided in Note 4 to the audited financial statements for the year March 31, 2026.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee.

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments require the disclosure of ‘material’ rather than ‘significant’, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

Selected Annual Information

The following table sets out certain audited consolidated financial information for the Company for each of the last three fiscal years.

Fiscal year ended March 31	**2026**	**2025**	**2024**
Loss and comprehensive loss	$ 7,349,359	$ 3,133,327	$ 141,946
Exploration & evaluation assets	6,238,131	947,944	530,269
Total assets	13,879,799	2,831,582	1,251,899
Deficit	10,668,049	3,394,381	261,054

Summary of Quarterly Results & Results of Operations

The table below provides, for each of the last eight quarterly periods, a summary of corporate losses and is derived from unaudited quarterly financial statements prepared by management. The Company’s condensed interim financial statements were prepared in accordance with IFRS applicable to interim financial statements and are expressed in Canadian dollars.

	Loss per quarter	Loss per share	Property costs
April 1, 2024 – June 30, 2024	$ 15,105	$ -	$ -
July 1, 2024 – September 30, 2024	14,092	-	21
October 1, 2024 – December 31, 2024	1,081,981	0.04	-
January 1, 2025 – March 31, 2025	2,022,149	0.05	42,669
April 1, 2025 – June 30, 2025	976,981	0.02	22,514
July 1, 2025 – September 30, 2025	913,719	0.02	23,717
October 1, 2025 – December 31, 2025	2,277,266	0.04	1,386,689
January 1, 2026 – March 31, 2026	3,181,393	0.03	2,692,706

The variations in the Company's quarterly results reflect the staging of its corporate development. Through the first half of fiscal 2025, the Company had minimal activity and nominal losses. Losses increased significantly beginning in the third quarter of fiscal 2025, primarily reflecting share-based compensation and the increase in corporate activity associated with the acquisition of the N2 project and related financing and marketing initiatives. Quarterly losses remained elevated throughout fiscal 2026 and generally increased over the course of the year, driven primarily by shareholder communications and marketing expenses, consulting fees and share-based payments as the Company completed its OTCQB and Frankfurt listings, closed its financings and ramped up its drill programs at N2. Property costs rose sharply in the third and fourth quarters of fiscal 2026 ($1,386,689 and $2,692,706, respectively) as the Phase 1 drill program accelerated; these expenditures are capitalized to exploration and evaluation assets and are therefore not reflected in the quarterly losses. Quarterly loss per share has remained in the range of $nil to $0.05, as increases in quarterly losses were partially offset by growth in the weighted average number of shares outstanding.

Discussion of Operations for the year ended March 31, 2026

The Company had a net loss and comprehensive loss of $6,931,496 for the year ended March 31, 2026, (2025 – $3,133,327). The Company's significant operating expenses include the following:

- Consulting and management fees of $1,279,445 (2025 – $214,250)
- Shareholder communications' expenses of $3,272,704 (2025 – $96,801)
- Share-based payments of $2,816,480 (2025 – $2,655,612)
- Rent and administration of $65,000 (2025 – $30,000)
- Professional fees of $74,096 (2025 – $70,497)
- Regulatory and filing fees of $64,221 (2025 – $37,756)
- Office and miscellaneous of $144,220 (2025 – $43,275)

The overall expenses during the period were higher than the comparative period. The increase is mostly attributable to higher shareholder communications' and marketing expenses, consulting and management fees, share-based compensation expense, rent and administration, and professional fees.

Consulting and management fees of $1,279,445 (2025 – $214,250) relate to fees paid to consultants for the Company's business advisory, management, and corporate compliance services. These general consulting expenses cannot be directly attributed to any particular project and relate to the Company's activity; therefore, they have been expensed as general consulting. Consulting and management fees were higher than in the comparative period due to increase in corporate activity during the year, including completion of the Company's listing on the CSE, the OTCQB, and various German stock exchanges, and the acquisition and development of the N2 property.

Shareholder communications' expense of $3,272,704 (2025 – $96,801) consists of payments to arm's-length service providers for investor relations, digital marketing, advertising and investor-awareness programs in respect of the Company and its projects. The increase over the comparative period reflects the Company's significantly expanded corporate profile during the year, including its listings on the OTCQB and the Frankfurt Stock Exchange, marketing and investor-awareness engagements, and sustained news flow from the financings and the maiden drill program at the N2 Gold Project, which materially broadened the Company's investor outreach in North America and Europe.

Share-based payments of $2,816,480 (2025 – $2,655,612) relates to the vested fair value of the restricted share units and stock options issued to officers, directors and consultants of the Company pursuant to the Company's Share Option Plan.

Rent and administration expense of $65,000 (2025 – $30,000) relate to rent and office expenses. The increase from the prior year reflects the increase in activity at the Company during the year.

Professional fees of $74,096 (2025 – $70,497) consist of the legal, financial reporting, and audit expenses.

Regulatory and filing fees of $64,221 (2025 – $37,756) relates to the listing and filing fees during the year. The increase pertains to the application and related fees for listing the Company on the CSE, the OTCQB and various German stock exchanges.

Office and miscellaneous expenses of $144,220 (2025 – $43,275) consist primarily of office and administrative costs, together with insurance, bank charges, and foreign exchange. The increase from the comparative period reflects the overall increase in the Company's corporate activity, including its expanded listings, financings and marketing programs.

These expenses were partially offset by a recovery of flow-through share premium liability of $533,668 (2025 – $nil), recognized as the Company incurred qualifying exploration expenditures in respect of its flow-through share obligations, interest income of $167,997 (2025 – $23,397) earned on the Company's treasury balances, and an unrealized gain on investments of $111,533 (2025 – $nil).

During the year ended March 31, 2026, the Company granted 6,000,000 stock options (2025 – 7,290,000) having a total fair value of $686,005 (2025 – $618,612) and a weighted average exercise price of $0.29 (2025 – $0.18) per option. During the year ended March 31, 2026, the Company recognized share-based compensation of $686,005 (2025 – $618,612) relating to options vested during the year.

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

	March 31, 2026	March 31, 2025
Risk-free interest rate	2.57%	2.98%
Expected dividend yield	Nil	Nil

Expected stock price volatility	63.56%	88.81%
Expected life	2.37 years	2 years
Expected forfeiture rate	Nil	Nil

During the year ended March 31, 2026, the Company granted 6,650,000 restricted share units (RSUs) (March 31, 2025 – nil) having a total fair market value of $2,304,500 (March 31, 2025 - $nil) and recognized a share-based compensation of $2,119,167 (March 31, 2025 – $nil) relating to RSUs vested during the year.

During the year ended March 31, 2026, 4,360,000 of the outstanding RSUs were exercised. The corresponding amount of $1,172,600 was transferred from reserves to share capital.

During the year ended March 31, 2025, 6,190,000 of the outstanding RSUs were exercised. The corresponding amount of $1,138,900 was transferred from reserves to share capital.

Discussion of Operations for the three months ended March 31, 2026

Loss and comprehensive loss for the three months ended March 31, 2026, was $2,763,530 (2025: 2,022,149) of which $22,410 (2025: $27,852) was spent on audit, accounting, and legal fees. Regulatory and filing fees of $27,851 (2025: $11,101) were incurred for the three months ended March 31, 2026.

The increase in the loss from the comparative quarter primarily reflects the significant expansion of the Company's shareholder communications and marketing programs and higher consulting activity following the Company's listings and financings, together with share-based payments in respect of grants to officers, directors and consultants, partially offset by higher interest income earned on treasury balances and the flow-through premium recovery.

Liquidity, Capital Resources and Capital Expenditures

As at March 31, 2026, the Company's working capital, defined as current assets less current liabilities, was $7,095,923 (2025: $1,741,158).

Other sources of funds potentially available to the Company are through:

- Exercise of the non-flow through warrants to purchase up to 5,095,000 common shares at a price of $0.30 per share expiring on January 31, 2027.
- Exercise of the non-flow through warrants to purchase up to 4,701,286 common shares at a price of $0.60 per share expiring on June 13, 2027.
- Exercise of the non-flow through warrants to purchase up to 5,343,138 common shares at a price of $0.60 per share expiring on July 18, 2027.
- Exercise of the non-flow through warrants to purchase up to 928,381 common shares at a price of $0.60 per share expiring on August 6, 2027.
- Exercise of the non-flow through warrants to purchase up to 43,000 common shares at a price of $0.60 per share expiring on August 15, 2027.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital. The factors considered by management are disclosed in Note 1 of the financial statements. The successful completion of such financing is not guaranteed, and depends on a number of factors, including the general sentiment in the capital markets, the strength of commodities prices and the strength of the local and global economies.

<u>Use of Proceeds from Previous Financings</u>

The following table compares the intended use of proceeds with the Company's actual use of proceeds to March 31, 2026, together with an explanation of variances, if any:

Financing	Intended use of proceeds	Intended amount	Actual use to March 31, 2026
Flow-through private placements – spring 2025 6,178,286 FT shares at $0.35 ($2,162,400); 2,652,519 FT shares at $0.435 ($1,153,846); 2,185,000 charity FT units at $0.50 ($1,092,500); aggregate gross $4,408,746	Qualifying Canadian exploration expenditures ("CEE"), renounced to subscribers	$4,408,746	No variance.
LIFE offering – October 15 and 31, 2025 17,837,838 LIFE units at $0.37; gross $6,600,000	General corporate and administrative expenses Investor relations Unallocated working capital Selling commissions and fees Offering costs Exploration in activities in Canada	$6,600,000	No variance.
Flow-through units – October 15, 2025 4,528,341 FT units at $0.41; gross $1,856,620	Qualifying CEE, renounced to subscribers	$1,856,620	No variance.

Contractual Obligations

The Company has no contractual obligations.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

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 liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2026, the Company's cash and receivables exceeded its current liabilities. In order to meet future obligations as they become due, the Company may need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

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 is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at March 31, 2026, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) *Price risk*

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's business and operations could be adversely affected by general workforces, economies and financial markets globally. Examples include but are not limited to the inflationary pressures, rising interest rates, the global financial climate and the conflicts in Ukraine and the Middle East are affecting current economic conditions and increasing economic uncertainty, which may impact the Company's operating performance, financial position and the Company's ability to raise funds at this time. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Investments

During the year ended March 31, 2026, the Company invested $100,000 with Leede Financial to take part in two private placements. The fair value of the investments as at March 31, 2026 is $190,733.

On February 27, 2026, the Company invested in a private placement by Bolt Metals Corp. and received 160,000 common shares valued at 0.31 for a total consideration paid of $49,600. The fair value of these shares as at March 31, 2026 is $0.44 and fair value of the investment is $70,400.

		Investment in Bolt Metal Corp.		Investment in Leede Financials Inc.
Fair value as at March 31, 2025	$	-	$	-
Additions		49,600		100,000
Fair value adjustment		20,800		90,733
Fair value as at March 31, 2026	**$**	**70,400**	**$**	**190,733**

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended March 31, 2026, $67,916, (2025 – $92,871) due to related parties was included in accounts payable and accrued liabilities:

Name of the Key management personnel	Company's Name	Nature of Transaction	Year ended March 31, 2026	Year ended March 31, 2025
Navin Varshney, Director	Individual	Reimbursement	$ 2,000	$ 2,000
Deepak Varshney, CEO	Individual	Reimbursement	59,416	21,871
Deepak Varshney, CEO	1473632 BC Ltd.	Management and exploration consulting fees	160,000	63,000
Khalid Naeem, CFO	Aterna Advisors Inc.	Accounting fees	46,970	6,000

During the year ended March 31, 2026, $3,515 (2025 – $3,515) due from USHA was included in receivables.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

Outstanding Share Data

Authorized Capital

Unlimited common shares with no par value and unlimited preferred shares with no par value.

Issued and Outstanding Capital

97,802,458 common shares were issued and outstanding at March 31, 2026, and 45,290,474 as at March 31, 2025.

As at the date of this MD&A, 147,623,749 common shares were issued and outstanding, reflecting the 49,821,291 units issued under the private placement completed in May 2026 (see "Subsequent Events").

Stock Options, Restricted Share Units, and Warrants Outstanding

	Number	Exercise Price	Expiry Date
Non-flow through warrants	5,095,000	0.30	January 31, 2027
Non-flow through warrants	4,701,286	0.60	June 13, 2027
Agents' warrants	329,090	0.60	June 13, 2027
Non-flow through warrants	5,343,138	0.60	July 18, 2027
Agents' warrants	157,080	0.60	July 18, 2027
Non-flow through warrants	928,381	0.60	August 6, 2027
Non-flow through warrants	43,000	0.60	August 15, 2027
Agents' warrants	3,010	0.60	August 15, 2027
Agents' warrants	105,633	0.54	October 15, 2028
Flow through warrants	17,312,891	0.54	October 15, 2028
Flow through warrants	4,528,341	0.62	October 15, 2027
Agents' warrants	21,940	0.62	October 15, 2027
Flow through warrants	524,947	0.54	October 24, 2028
Stock options	2,600,000	0.20	November 8, 2026
Stock options	800,000	0.23	January 3, 2027
Stock options	200,000	0.21	February 5, 2027
Stock options	1,700,000	0.345	September 18, 2028
Stock options	3,000,000	0.25	November 25, 2027
Stock options	500,000	0.26	December 11, 2027
Stock options	300,000	0.38	February 5, 2028
Stock options	500,000	0.35	March 20, 2029
Restricted Share Units	250,000	-	September 1, 2028
Restricted Share Units	3,000,000	-	December 31, 2028
Restricted Share Units	700,000	-	February 05, 2029
Restricted Share Units	1,000,000	-	March 06, 2029
Restricted Share Units	600,000	-	March 20, 2029
Restricted Share Units	300,000	-	March 31, 2029

Subsequent Events

On April 20, 2026, the Company appointed Michael Dehn to its Board of Directors.

On April 29, 2026, the Company announced a proposed non-brokered private placement for aggregate gross proceeds of up to $15,000,000, which was announced as fully allocated on April 30, 2026 and subsequently upsized. The offering closed in two tranches: on May 19, 2026, the Company issued 31,141,021 units (16,412,113 hard-dollar units at $0.37, 13,024,363 flow-through units at $0.44 and 1,704,545 Quebec flow-through units at $0.44) for gross proceeds of approximately $12,553,201; and on May 21, 2026, the Company issued 18,680,270 units

(2,040,540 hard-dollar units at $0.37, 3,610,000 flow-through units at $0.44, 4,640,468 charity flow-through units at $0.548 and 8,389,262 Quebec charity flow-through units at $0.596) for gross proceeds of approximately $9,886,376 — in aggregate, approximately $22,439,577 through 49,821,291 units. Each unit comprises one common share (issued as a flow-through share where applicable) and one non-flow-through common share purchase warrant exercisable at $0.596 for 36 months from the applicable closing date. In connection with the offering, the Company paid cash finders' fees of $816,768 and issued 1,490,695 finder warrants on the same terms. The Company committed to renounce qualifying Canadian exploration expenditures to subscribers of the flow-through securities with an effective date of no later than December 31, 2026, in an amount not less than the aggregate gross proceeds of the flow-through securities, and to incur such expenditures on or before December 31, 2027.

On May 28, 2026, the Company announced that it had elected to rely on Coordinated Blanket Order 51-933, Exemptions to Permit Semi-Annual Reporting for Certain Venture Issuers, and move to semi-annual financial reporting (SAR).