FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **MERCADO MINERALS LTD.** (the "Issuer").

Trading Symbol: **MERC**

SCHEDULE A: FINANCIAL STATEMENTS

The unaudited interim financial statements for the three-month period ended May 31, 2026 are attached hereto as Schedule "A".

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

See Note 6, Related Party Balances Transactions, of the Condensed Interim Consolidated Financial Statements for the three months ended May 31, 2026, attached as Schedule A.

2. Summary of securities issued and options granted during the period.

See Note 5, Share Capital, of the Condensed Interim Consolidated Financial Statements for the three months ended May 31, 2026, attached as Schedule A.

3. Summary of securities as at the end of the reporting period.

The following information details the outstanding share capital of the Issuer for the three-month period May 31, 2026:

(a) Authorized:

The authorized share capital consists of an unlimited number of common voting shares.

(b) Issued and Outstanding,

Type of Share	Number of Issued and Outstanding
Common Shares	75,951,751

(c) Options and Warrants Outstanding:

Options:

As at May 31, 2026, the following options were outstanding entitling holders to purchase common shares in the capital of the Issuer as summarized below:

Date of Grant	Number of Options	Exercise Price	Expiry Date
December 4, 2025	3,785,000	$0.38	December 4, 2030
January 15, 2035	1,830,000	$0.10	January 15, 2030
October 17, 2025	350,000	$0.17	October 17, 2028
October 22, 2025	500,000	$0.18	October 22, 2028

Warrants:

As at November 30, 2025, the following warrants were outstanding entitling holders to purchase common shares in the capital of the Issuer as summarized below:

Date of Issue	Number of Warrants	Exercise Price	Expiry Date
December 23, 2024	3,550,100	$0.15	December 23, 2026
November 28, 2025	15,069,500	$0.35	November 28, 2028
December 4, 2025	2,512,500	$0.35	December 4, 2028

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As of May 31, 2026, the Company holds no common shares in escrow.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Directors: Daniel Rodriguez, John Fraser, Barry Devlin

Officers: Daniel Rodriguez (Chief Executive Officer), Mathew Lee (Chief Financial Officer, Corporate Secretary), John Fraser (VP, Business Development)

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis for the three month period ended May 31, 2026, as filed with securities regulatory authorities, is attached to this Form 5 – Quarterly Listing Statement as "Schedule B".

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated July 28, 2026.

Mathew Lee
Name of Director or Senior Officer

"Mathew Lee"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer Mercado Minerals Ltd.	For Quarter Ended May 31, 2026	Date of Report YY/MM/D 26/07/28
Issuer Address 615 – 625 Howe Street		
City/Province/Postal Code Vancouver, BC V6C 2T6	Issuer Fax No. N/A	Issuer Telephone No. 604-353-4080
Contact Name Mathew Lee	Contact Position CFO	Contact Telephone No. 604-353-4080
Contact Email Address mlee@mercadominerals.com	Web Site Address www.mercadominerals.com	

SCHEDULE "A"

MERCADO MINERALS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MAY 31, 2026

(Unaudited - Expressed in Canadian Dollars Unless Noted Otherwise)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Board of Directors.

The Company’s independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity’s auditors.

(Unaudited - Expressed in Canadian dollars)

	Note	May 31, 2026	February 28, 2026
ASSETS			
Current Assets			
Cash and cash equivalents		$ 3,784,468	$ 5,712,088
Amounts receivable		305,498	157,741
Prepaid expenses		299,292	255,233
		4,389,258	6,125,062
Non-current Assets			
Exploration and evaluation properties	4,7	4,144,979	3,470,767
Equipment		5,109	16,990
TOTAL ASSETS		**$ 8,539,346**	**$ 9,612,819**
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	6	$ 661,066	$ 1,126,625
Loan payable	6	-	100,000
Share subscriptions received	5	-	185,000
TOTAL LIABILITIES		661,066	1,411,625
SHAREHOLDERS' EQUITY			
Share capital	5	9,034,283	9,028,658
Shares to be issued	7	700,000	700,000
Reserves	5	2,089,675	2,089,675
Deficit		(3,945,678)	(3,617,139)
Total shareholders' equity		7,878,280	8,201,194
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 8,539,346**	**$ 9,612,819**

NATURE OF BUSINESS AND GOING CONCERN (NOTE 1)
CONTINGENCIES (NOTE 11)

"Daniel Rodriguez"
Director

"Barry Devlin"
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

(Unaudited - Expressed in Canadian dollars, except share information)

		Three Months Ended	
	Note	**May 31, 2026**	**May 31, 2025**
Operating expenses			
Consulting		$ 3,333	$ -
Investor communications	-	5,391	2,262
Management fees	6	114,000	57,000
Occupancy costs		2,700	2,700
Office		104,310	820
Project evaluation		3,153	22,338
Professional fees		-	2,000
Share-based payments	5	-	-
Transfer agent and filing fees		13,508	3,320
Travel and promotion		91,125	4,291
Total operating expenses		(337,520)	(94,731)
Other items:			
Interest income		20,396	-
Foreign exchange		(11,415)	-
Net and comprehensive loss		(328,539)	(94,731)
Loss per share, basic and diluted		$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		**75,926,683**	**32,820,599**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

(Unaudited - Expressed in Canadian dollars)

	Three Months Ended May 31, 2026	Three Months Ended May 31, 2025
OPERATING ACTIVITIES:		
Net loss	$ (328,539)	$ (94,731)
Net changes in non-cash working capital items:		
Amounts receivable	(147,757)	1,279
Prepaid expenses	(44,059)	-
Trade and other accounts payable	(465,559)	(3,492)
Cash used in operating activities	(985,914)	(96,944)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(674,212)	-
Purchase of equipment	11,881	-
Cash used in investing activities	(662,331)	-
FINANCING ACTIVITIES		
Proceeds from subscriptions	(185,000)	-
Proceeds from warrant exercise	5,625	174,150
Proceeds from loan	(100,000)	-
Cash provided by financing activities	(279,375)	174,150
Change in cash and cash equivalents	(1,927,620)	77,206
Cash and cash equivalents, beginning of period	5,712,088	728,723
Cash and cash equivalents, end of period	**$ 3,784,468**	**$ 805,929**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MERCADO MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian dollars, except share information)

		Share Capital					
	Note	Number	Amount	Shares to be issued	Reserves	Deficit	Total
			$	$	$	$	$
Balance, February 28, 2025		**32,204,001**	**1,708,628**	**-**	**286,638**	**(1,045,909)**	**949,357**
Shares issued for private placement	5	3,483,000	174,150	-	-	-	174,150
Net loss		-	-	-	-	(94,731)	(94,731)
Balance, May 31, 2025		**35,687,001**	**1,882,778**	**-**	**286,638**	**(1,140,640)**	**1,028,776**
Balance, February 28, 2026		**75,914,251**	**9,028,658**	**700,000**	**2,089,675**	**(3,617,139)**	**8,201,194**
Shares issued on exercise of warrants	5	37,500	5,625	-	-	-	5,625
Net loss		-	-	-	-	(328,539)	(328,539)
Balance, May 31, 2026		**75,951,751**	**9,034,283**	**700,000**	**2,089,675**	**(3,945,678)**	**7,878,280**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN

Mercado Minerals Ltd. (the "Company") was incorporated on March 24, 2021 under the laws of British Columbia. The Company changed its name from Heartfield Mining Corp. to Mercado Minerals Ltd. on November 8, 2024. The address of the Company's corporate office and its principal place of business is 615 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6.

The Company listed on the Canadian Securities Exchange ("CSE") on November 9, 2022. It trades under the symbol "MERC".

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at May 31, 2026, the Company has not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, and the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition.

The Company had an accumulated deficit of $3,945,678 as at May 31, 2026, which has been funded by the issuance of equity, recurring losses and net cash outflows from operations. The Company's ability to continue its operations and to realize its assets at their carrying value is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The outcome of these matters cannot be predicted at this time and these conditions indicate a material uncertainty that may cast doubt upon the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements (the "financial statements") do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These financial statements do not contain all of the information required for full annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company's audited February 28, 2026 annual financial statements, which were prepared in accordance with IFRS as issued by the IASB. These financial statements follow the same accounting policies and methods of application as the annual financial statements.

These financial statements were reviewed by and approved and authorized for issuance by the Board of Directors on July 28, 2026.

Basis of Consolidation

These financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Concordia Silver Company S.A. de C.V. ("Concordia"), Canmex Mining Company S.A. de C.V. and Auxico Resources S.A. de C.V., incorporated and located in Mexico. All significant intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are entities controlled by the Company and are included in the financial statements from the date that control commences until the date that control ceases. The Company controls an investee when it is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The accounting policies of investees are changed where necessary to align them with the policies adopted by the Company.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 3. The financial statements are also prepared using the accrual basis of accounting, except for cash flow information.

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

Significant Accounting Estimates and Judgments

The preparation of these financial statements 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 and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting judgments

i. the assessment of indications of impairment of the exploration and evaluation assets and related determination of the recoverable amount and impairment of the exploration and evaluation assets where applicable.

ii. Assessment of transaction as a business combination or asset acquisition

    Management's determination of whether a transaction constitutes a business combination, or an asset acquisition is determined based on whether the investee constitutes a business, as defined by IFRS 3. If the investee constitutes a business then the acquisition is accounted for as a business combination but if the investee does not meet the definition of a business, the acquisition is accounted for as an asset acquisition. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. Judgement is required to determine if an investee meets the definition of a business.

Significant accounting estimates

i. Estimating fair value for share-based payments requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the options or warrants, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 5.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as those applied and disclosed in the Annual Financial Statements.

4. EXPLORATION AND EVALUATION ASSETS

		Porter Property		Concordia Property		Total
Acquisition Costs						
Balance, February 28, 2025	$	110,000	$	-	$	110,000
Additions - shares (Note 7)		-		3,065,117		3,065,117
Balance, May 31, 2026 and February 28, 2026		110,000		3,065,117		3,175,117
Exploration Costs						
Balance, February 28, 2025	$	210,435	$	-	$	210,435
Assaying		-		443		443
Camp costs		-		22,814		22,814
Geological consulting		-		344,470		344,470
Equipment		-		4,969		4,969
Taxes, duties, and fees		-		29,140		29,140
Travel and transportation		-		3,814		3,814
Balance, February 28, 2026		210,435		405,650		616,085
Impairment		(320,435)		-		(320,435)
Balance, February 28, 2026		-		405,650		295,650
Assaying		-		691		691
Camp costs		-		56,419		56,419
Drilling		-		458,993		458,993
Geological consulting		-		127,686		127,686
Equipment		-		25,610		25,610
Travel and transportation		-		4,813		4,813
Balance, May 31, 2026		-		1,079,862		969,862
Balance, February 28, 2026		-		3,470,767		3,470,767
Balance, May 31, 2026		-		4,144,979		4,144,979

Porter Property option

On March 24, 2021, the Company entered into a Purchase Option Agreement (the "Agreement") with an arms-length party (the "Optionor"). Pursuant to the Agreement, the Company has an option to acquire 100% interest in five mineral claims known as Porter Property located near Port Alberni on Vancouver Island, British Columbia, Canada (the "Claims") from the Optionor.

Under the terms of the Agreement, the Optionor has granted the Company the option to acquire all rights, title and interest within five kilometers of the five mineral claims. In addition, the Claims are subject to Net Smelter Return Royalty of 1.5% which can be purchased at any time for $1,500,000 by the Company.

Under the Agreement, the Company will make cash payments totaling $40,000 and issue 300,000 common shares as follows:

a. make a cash payment of $6,000 (the “Initial Payment”) (paid) upon execution and delivery of the Agreement;
b. make a further cash payment of $6,000 (paid) and issue 300,000 (issued) common shares on November 9, 2022, the date upon which the common shares are listed on a stock exchange in Canada (“Listing date”);
c. make a further cash payment of $8,000 (paid) within 18 months of the Listing date (as renegotiated); and
d. make a further cash payment of $20,000 on or before December 18, 2025 (unpaid).

As at May 31, 2026, the Company did not intend on continuing with its Porter property option and consequently impaired the property to $Nil and recognized an impairment of $320,435.

Concordia Property option

The Concordia Property comprises the Copalito and Zamora projects. On October 17, 2025, the Company, through its acquisition of Concordia (Note 7), obtained an option agreement (the “Option Agreement”) in respect of the Copalito project. The Zamora project is wholly owned by the Company.

Under the Option Agreement, the Company will make cash payments as follows:

a. make a cash payment of US$50,000 once the main contract has been registered in the Public Mining Registry (paid)
b. make a further cash payment of US$100,000 on the first anniversary of the date of registration (unpaid)
c. make a further cash payment of US$300,000 on the second anniversary of the date of registration (unpaid)
d. make a further cash payment of US$550,000 on the third anniversary of the date of registration (unpaid)
e. make a further cash payment of US$700,000 on the fourth anniversary of the date of registration (unpaid)
f. make a further cash payment of US$800,000 on the fifth anniversary of the date of registration (unpaid)

US$500,000 will be reserved from the payments of any taxes or any liability to keep the mining concessions current.

5. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Issued and outstanding as at May 31, 2026 of 75,951,751 (February 28, 2026 – 75,914,251) common shares.

<u>Three Months Ended May 31, 2026</u>

The Company issued 37,500 common shares, pursuant to the exercise of warrants, with exercise price of $0.15 per share for gross proceeds of $5,625.

<u>Year ended February 28, 2026</u>

The Company issued 6,300,000 common shares at a fair value of $0.175 per common share as part of the acquisition of Concordia (Note 7). An amount of $1,102,500 has been recorded as acquisition costs and capitalized to exploration and evaluation assets on the consolidated statement of financial position.

On November 28, 2025, the Company issued 27,990,000 units at a price of $0.20 per unit for gross proceeds of $5,598,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of $0.35 per share for a period of three years from the date of issuance. In connection with this closing, the Company paid cash finder's fees of $215,045 and issued 1,074,500 broker warrants. The residual value of the warrants attached to the units was determined to be $nil. Each broker warrant will entitle the holder to purchase one common share of the Company at a price of $0.35 per share for a period of three years from the date of issuance. The broker's warrants were fair valued at $271,465 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 3.75%; expected volatility – 194%; expected dividend yield – 0.0%; expected warrant life in years – 3.

On December 4, 2025, the Company issued 5,025,000 units at a price of $0.20 per unit for gross proceeds of $1,005,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of $0.35 per share for a period of three years from the date of issuance. In connection with this closing, the Company paid cash finder's fees of $73,850 and 351,750 broker warrants. The residual value of the warrants attached to the units was determined to be $nil. Each broker warrant will entitle the holder to purchase one common share of the Company at a price of $0.35 per share for a period of three years from the date of issuance. The broker's warrants were valued at $121,098 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 3.75%; expected volatility – 195.82%; expected dividend yield – 0.0%; expected warrant life in years – 3.

The Company issued 4,095,250 common shares, pursuant to the exercise of warrants, with exercise prices ranging from $0.05 to $0.15 per share for gross proceeds of $265,988. The weighted average share price during the year was $0.28 per share.

The Company issued 300,000 common shares, pursuant to the exercise of stock options, at a price of $0.10 per share for gross proceeds of $30,000. The weighted average share price during the year was $0.28 per share.

The Company received $185,000 in share subscriptions prior to year-end. The shares relating to these subscriptions were not issued subsequent to year-end and the proceeds were returned. Accordingly, it has been classified as a financial liability.

<u>Year ended February 28, 2025:</u>

On May 22, 2024, the Company issued 4,616,000 units at a price of $0.0377 for gross proceeds of $174,023. Each unit is comprised of one common share and one common share purchase warrant exercisable at $0.05 per share until May 22, 2025. The warrants had a value of $Nil using the residual value method.

On December 23, 2024, the Company issued 8,105,000 units at a price of $0.10 per unit for gross proceeds of $810,500. Each unit is comprised of one common share and one half of one common share purchase warrant exercisable at $0.15 per share until December 23, 2026. The warrants had a value of $Nil using the residual value method. In connection with this issuance, the Company paid cash finders' fees of $18,235 and issued 147,350 agent warrants. The agent's warrants were fair valued at $12,576 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 3.03%; expected volatility – 217.66%; expected dividend yield – 0.0%; expected warrant life in years – 2.

During the year, the Company issued 1,958,000 common shares, pursuant to the exercise of warrants, at a price of $0.05 per share for gross proceeds of $97,900.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

c) Warrants

A Summary of the Company's warrants are as follows:

	Share Purchase Warrants	
	Number	Weighted average exercise price
		$
Balance, February 28, 2025	7,732,850	0.10
Issued	17,582,000	0.35
Exercised	(4,095,250)	0.15
Expired	(50,000)	0.05
Balance, February 28, 2026	21,169,600	0.10
Exercised	(37,500)	0.15
Balance, May 31, 2026	21,132,100	0.32

The following table summarizes information about warrants outstanding at May 31, 2026:

Expiry date	Warrants		Exercise Price
December 23, 2026	3,550,100	$	0.15
November 28, 2028	15,069,500		0.35
December 4, 2028	2,512,500		0.35
	21,132,100	$	0.316

The weighted average remaining contractual life of the warrants is 2.18 years.

d) Stock Options

The Company adopted a stock option plan, which authorizes the Board of Directors to grant stock options to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of the options will not be less than the closing market price of the Company's shares at the date of grant. The options can be granted for a maximum of 5 years, and the vesting of the options will be determined by the Board of Directors.

On October 17, 2025, the Company granted 350,000 stock options to consultants of the Company. The stock options vest immediately and have an exercise price of $0.17 per stock option and expire 3 years from the date of grant. The stock options were fair valued at $56,053 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 2. 38%; expected volatility – 196.24%; expected dividend yield – 0.0%; expected stock option life in years – 3.

On October 22, 2025, the Company granted 500,000 stock options to consultants of the Company. The stock options vest immediately and have an exercise price of $0.18 per stock option and expire 3 years from the date of grant. The stock options were fair valued at $91,806 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 2.39%; expected volatility – 196.02%; expected dividend yield – 0.0%; expected stock option life in years – 3.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

On December 4, 2025, the Company granted 3,785,000 stock options to directors, officers, and consultants of the Company. The stock options vest immediately and have an exercise price of $0.38 per stock option and expire 5 years from the date of grant. The stock options were fair valued at $1,262,616 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 2.45%; expected volatility – 140.34%; expected dividend yield – 0.0%; expected stock option life in years – 5.

On January 15, 2025, the Company granted 2,130,000 stock options to directors, officers, and consultants of the Company. The stock options vest immediately and have an exercise price of $0.10 per stock option and expire 5 years from the date of grant. The stock options were fair valued at $209,841 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 3.14%; expected volatility – 215.38%; expected dividend yield – 0.0%; expected stock option life in years – 5. The expected volatility assumption is based on the volatility of stock prices for comparable early-stage public companies due to limited trading history.

A Summary of the Company's stock options is as follows:

	Stock Options	
	Number	Weighted average exercise price
		$
Balance, February 28, 2025	2,130,000	0.10
Granted	4,635,000	0.34
Exercised	(300,000)	0.10
Balance, May 31, 2026 and February 28, 2026	6,465,000	0.28
Exercisable, May 31, 2026 and February 28, 2026	6,465,000	0.28

The following table summarizes information about stock options outstanding at May 31, 2026:

Expiry date	Options		Exercise Price
October 17, 2028	350,000		0.17
October 22, 2028	500,000		0.18
January 15, 2030	1,830,000	$	0.10
December 4, 2030	3,785,000		0.38
	6,465,000	$	0.27

The weighted average remaining contractual life of the stock options is 3.99 years.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

6. RELATED PARTY TRANSACTIONS AND BALANCES

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. Key management includes directors and officers of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

	For the three months ended	
	May 31, 2026	May 31, 2025
Management Fees		
Chief Executive Officer	$ 60,000	$ 24,000
Former Chief Executive Officer	-	10,500
Chief Financial Officer	18,000	-
Former Chief Financial Officer	-	15,000
VP - Business Development	36,000	-
Former Director	-	18,000
Total Management Fees	$ 114,000	$ 67,500
Share-based payments	-	-
Total	$ 114,000	$ 67,500

Included in accounts payable and accrued liabilities is $37,871 (February 28, 2026 - $51,401) owed to the directors and officers of the Company. These amounts are non-interest bearing with no specific terms of repayment.

The Company also received a loan in the amount of $100,000 from a shareholder of the Company. The loan is non-interest bearing with no specific terms of repayment. The loan was repaid during the period.

(Unaudited - Expressed in Canadian dollars unless otherwise stated)

7. ACQUISITION OF CONCORDIA

On September 26, 2025, the Company entered into a definitive agreement (the "Agreement") with Concordia Silver Company S.A. de C.V. ("Concordia"), an arm's-length party. Pursuant to the Agreement, the Company acquired all of the issued and outstanding shares of Concordia and its underlying property rights in Mexico (the "Transaction") (Note 4) for US$105,000 and the issuance of 6,000,000 common shares to the vendors. The Company will issue a further 2,000,000 common shares to the vendors on the first anniversary of the closing date and a further 2,000,000 common shares to the vendors on the second anniversary of the closing date for a total fair value of $700,000 representing shares to be issued. The Considerations Shares are subject to restrictions on resale from which they will be released in four equal tranches, every six months over a 24-month period. The Company also issued 300,000 common shares at a fair value of $52,500 to an arms-length third party who introduced the Transaction to the Company.

The Company completed the Transaction on October 17, 2025. Accordingly, Concordia became a wholly-owned subsidiary of the Company. As at the date of the acquisition, October 17, 2025, Concordia did not meet the definition of a business and as such, the acquisition does not qualify to be accounted for as a business combination under IFRS 3, Business Combinations. Accordingly, the transaction was accounted for as an asset acquisition. The asset acquisition method was applied whereby certain assets and liabilities acquired were first recorded at their fair value based on the applicable IFRS standard, and the excess of the consideration paid over the net liabilities assumed was attributed to the exploration and evaluation assets.

Share consideration issued (Note 5)	**$**	**1,050,000**
Cash consideration		**145,950**
Deferred share consideration		**700,000**
Loan previously advanced		**289,854**
Transaction costs (Note 5)		**52,500**
		2,238,304
Cash		25,307
Amounts receivable		82,635
Prepaid expenses		7,111
Exploration and evaluation assets (Note 4)		3,065,117
Accounts payable		(652,012)
Loan payable		(289,854)
Net assets acquired	**$**	**2,238,304**

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the identification, exploration and evaluation of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company's capital structure consists of the components of shareholders' equity which totalled $7,878,280 as at May 31, 2026 (February 28, 2026 - $8,201,194). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash. The Company's approach to the management of capital has not changed from the prior year.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value of financial instruments

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted 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); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, and accounts payable and accrued liabilities. The carrying amounts of accounts payable and accrued liabilities, and loan payable approximate their respective fair values due to the short-term to maturity of these financial instruments. Cash is measured at fair value based on Level 1 of the fair value hierarchy.

Financial risk management objectives and policies

The Company's financial instruments include cash, and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the Company is not exposed to material currency risk, interest rate risk or other price risk. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit-quality financial institution. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at May 31, 2026, the Company has cash of $3,784,468, to settle current liabilities of $661,066 all due within 30 days of receiving the invoice. The Company's management of liquidity risk has not changed materially from that of the prior year.

10. REPORTABLE SEGMENTS

The Company primarily operates in one reportable segment, being the exploration and evaluation of mineral resource properties. As at May 31, 2026, the Company's exploration and evaluation asset balance relates to expenditures incurred in Mexico including equipment. As at May 31, 2025, the Company's exploration and evaluation asset balance relates to expenditures incurred in Canada.

11. CONTINGENCIES

The Company is committed to making severance payments amounting to approximately $168,000 to certain officers and directors of the Company in the event that there is a change in control. Change in control is generally defined as follows: the acquisition by any unrelated party between 30% to 50% of the Company's shares, the change of 51% or more of the directors, the sale of all or substantially all of the assets of the Company, and/or a reorganization, merger or other transaction. As payment is contingent on a change in control, the amount and timing of any payment are uncertain and no provision has been recognized as at May 31, 2026.

The Management Discussion and Analysis ("MD&A"), prepared as of July 28, 2026, should be read in conjunction with the Company's condensed interim consolidated financial statements (the "financial statements") of Mercado Minerals Ltd. ("Mercado" or the "Company") for the three months ended May 31, 2026, which were prepared in accordance with IFRS Accounting Standards.

This MD&A may contain forward-looking information (as such term is defined under applicable securities laws) in respect of various matters including upcoming events. The results or events predicted in this forward-looking information may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

Mercado Minerals Ltd. was formed on March 24, 2021, under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is Suite 615 - 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. On November 8, 2024, the Company changed its name to Mercado Minerals Ltd.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at May 31, 2026, the Company has not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, and the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition.

The Company had an accumulated deficit of $3,945,678 as at May 31, 2026, which has been funded by the issuance of equity, recurring losses and net cash outflows from operations. The Company's ability to continue its operations and to realize its assets at their carrying value is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

EXPLORATION PROJECTS

Exploration and evaluation assets are as follows:

	Porter Property	Concordia Property	Total
Acquisition Costs			
Balance, February 28, 2025	$ 110,000	$ -	$ 110,000
Additions - shares (Note 7)	-	3,065,117	3,065,117
Balance, May 31, 2026 and February 28, 2026	110,000	3,065,117	3,175,117
Exploration Costs			
Balance, February 28, 2025	$ 210,435	$ -	$ 210,435
Assaying	-	443	443
Camp costs	-	22,814	22,814
Geological consulting	-	344,470	344,470
Equipment	-	4,969	4,969
Taxes, duties, and fees	-	29,140	29,140
Travel and transportation	-	3,814	3,814
Balance, February 28, 2026	210,435	405,650	616,085
Impairment	(320,435)	-	(320,435)
Balance, February 28, 2026	-	405,650	295,650
Assaying	-	691	691
Camp costs	-	56,419	56,419
Drilling	-	458,993	458,993
Geological consulting	-	127,686	127,686
Equipment	-	25,610	25,610
Travel and transportation	-	4,813	4,813
Balance, May 31, 2026	-	1,079,862	969,862
Balance, February 28, 2026	-	3,470,767	3,470,767
Balance, May 31, 2026	-	4,144,979	4,144,979

Porter Property option

On March 24, 2021, the Company entered into a Purchase Option Agreement (the "Agreement") with an arms-length party (the "Optionor"). Pursuant to the Agreement, the Company has an option to acquire 100% interest in five mineral claims known as Porter Property located near Port Alberni on Vancouver Island, British Columbia, Canada (the "Claims") from the Optionor.

Under the terms of the Agreement, the Optionor has granted the Company the option to acquire all rights, title and interest within five kilometers of the five mineral claims. In addition, the Claims are subject to Net Smelter Return Royalty of 1.5% which can be purchased at any time for $1,500,000 by the Company.

Under the Agreement, the Company will make cash payments totaling $40,000 and issue 300,000 common shares as follows:

a. make a cash payment of $6,000 (the “Initial Payment”) (paid) upon execution and delivery of the Agreement;
b. make a further cash payment of $6,000 (paid) and issue 300,000 (issued) common shares on November 9, 2022, the date upon which the common shares are listed on a stock exchange in Canada (“Listing date”);
c. make a further cash payment of $8,000 (paid) within 18 months of the Listing date (as renegotiated); and
d. make a further cash payment of $20,000 on or before December 18, 2025 (unpaid).

As at February 28, 2026, the Company did not intend on continuing with its Porter property option and consequently impaired the property to $Nil and recognized an impairment of $320,435.

Concordia Silver Properties

On October 17, 2025 the Company acquired all of the outstanding share capital of Concordia Silver Company S.A. DE C.V. The acquisition includes two silver - gold mineral properties held by Concordia, Copalito and Zamora, located in Sinaloa, Mexico. Under the terms of the agreement, Mercado acquired all of the outstanding share capital of Concordia in consideration for a cash payment US$105,000 and the issuance of 6,000,000 common shares (the "Consideration Shares") to Concordia shareholders (collectively, the "Vendors"). Mercado will issue a further 2,000,000 common shares to the Vendors on the first anniversary of closing the Acquisition and a further 2,000,000 common shares to the Vendors on the second anniversary of closing the Acquisition for a total fair value of $700,000 representing shares to be issued. The Considerations Shares will be subject to restrictions on resale following issuance from which they will be release in four equal tranches every six months over a 24-month period. The Company also issued 300,000 common shares at a fair value of $52,500 to an arms-length third party who introduced the Transaction to the Company.

Copalito Project

The Copalito project presents a district scale opportunity with known and drilled silver – gold low sulphidation vein mineralization that is open for expansion. Historical third-party high-grade silver and significant gold and base metal drill intercepts include: 347 g/t silver, 0.22 g/t gold, 0.17% lead and 0.38% zinc over 13.10 m in BDH-20-004 and 125 g/t silver, 2.00 g/t gold, 0.34% lead and 0.58% zinc over 23.00 m in BDH-21-055. Mercado acquired an option to purchase seven concessions covering 2,820 Ha. Six principle known veins on the project have a cumulative strike length of over 8 km. The Copalito project is located approximately 123 km northeast of Culiacan, Sinaloa. The property has good access, moderate topography, and infrastructure nearby. The neighboring property to Copalito is McEwen Mining's "El Gallo mine" complex, located 35 km to the west.

On October 17, 2025, the Company, through its acquisition of Concordia, obtained an option agreement (the "Option Agreement") in respect of the Copalito project.

Under the Option Agreement, the Company will make cash payments as follows:

a. make a cash payment of US$50,000 once the main contract has been registered in the Public Mining Registry (paid)
b. make a further cash payment of US$100,000 on the first anniversary of the date of registration (unpaid)
c. make a further cash payment of US$300,000 on the second anniversary of the date of registration (unpaid)
d. make a further cash payment of US$550,000 on the third anniversary of the date of registration (unpaid)
e. make a further cash payment of US$700,000 on the fourth anniversary of the date of registration (unpaid)
f. make a further cash payment of US$800,000 on the fifth anniversary of the date of registration (unpaid)

US$500,000 will be reserved from the payments of any taxes or any liability to keep the mining concessions current.

Zamora Project

The Zamora project and greater area presents district scale potential that, according to available historic reports, has never been drilled. Mercado acquired four (4) concessions covering 378 Ha, which covers small scale historic underground production at Campanillas, and the right to potentially bring another 2,999 Ha of concessions back into good standing with the government, thereby securing title. If successful, Mercado will own a total of 3,377 Ha covering a cumulative strike length of over 8 km of structures with 14 historic high grade silver gold mines on them.

SELECTED ANNUAL INFORMATION

The table below sets forth selected financial data, in Canadian dollars, relating to the Company for the years ended February 28, 2026, February 29, 2025 and February 28, 2024:

	2026	2025	2024
	$	$	$
Net loss for the year	(2,571,230)	(518,191)	(190,664)
Basic and diluted loss per share	(0.06)	(0.02)	(0.01)
Total assets	9,612,819	1,056,166	321,201
Total long-term liabilities	-	-	-

The Company is in the exploration stage and, therefore, does not have revenue from operations. The Company's operating activities are dependent on the Company's working capital.

The Company's total assets as at February 28, 2026 increased substantially compared to prior years due to the closing of a financing during the year ended February 28, 2026. Please also refer to "*Exploration Projects*" for details on new properties and projects acquired during the year.

OPERATIONS

Mercado is an exploration stage company, and its properties are in the early stages of exploration and not in production. Consequently, the Company's net loss is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective mineral properties. By acquiring and exploring projects of technical merit, the Company increases its chances of finding and developing an economic deposit.

At this time, the Company is not anticipating profit from operations in the near future. Until such time as the Company is able to realize profits from the production and marketing of commodities from its mineral interests, the Company will report an annual deficit and will rely on its ability to obtain equity or debt financing to fund on-going operations. Additional financing will be required for additional exploration and administration costs. Due to the inherent nature of the junior mineral exploration industry, the Company will have a continuous need to secure additional funds through the issuance of equity or debt in order to support its corporate and exploration activities.

For the three months ended May 31, 2026

The net loss for the three months ended May 31, 2026 (the "Current Period") was $328,539, compared to a net loss for the three months ended May 31, 2025 (the "Comparative Period") of $94,731. The increase in net loss between the two periods was primarily due to the following:

- Management fees increased from $57,000 in the Comparative Period to $114,000 in the Current Period primarily due to additional fees for the Company's CEO and Vice-President of Corporate Development and the addition of a new CFO and Corporate Secretary in the Current Period (see Transactions with Related Parties section below);
- Travel and promotion increased from $4,291 in the Comparative Period to $91,125 in the Current Period due investor communications and shareholder activities; and
- Office costs increased from $820 in the Comparative Period to $104,310 in the Current Period due to the general increase in operations in Canada and Mexico due to the property acquisition.

Overall, the Company saw an increase in expenditures due to the closing of a private placement and beginning additional operations on its interest in Mexico. The increase in operating costs is in line with the Company's activities in the Current Period compared to the Comparative Period.

SUMMARY OF QUARTERLY RESULTS

For the three months ended:	May 31, 2026 $	February 28 2026 $	November 30, 2025 $	August 31 2025 $
Total revenue	-	-	-	-
Net loss	(328,539)	(1,833,839)	(530,545)	(112,115)
Loss per share	$ (0.02)	$ (0.04)	$ 0.01	$ (0.00)

For the three months ended:	May 31, 2025 $	February 28, 2025 $	November 30, 2024 $	August 31 2024 $
Total revenue	-	-	-	-
Net loss	(94,731)	(359,801)	69,969	(41,774)
Loss per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.00)

LIQUIDITY AND CAPITAL RESOURCES

As of May 31, 2026, the Company had $3,784,468 in cash. The Company does not have any cash flow from operations because it is an exploration-stage company and therefore equity financing has been the sole source of funds.

At May 31, 2026, the Company had working capital of $3,728,192. The Company's current assets are not sufficient to support the Company's general administrative and operating requirements on an ongoing basis for the foreseeable future. Accordingly, further financing will be required, and the Company will have to raise additional funds to continue its operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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.

	For the three months ended May 31, 2026	For the three months ended May 31, 2025
Management Fees		
Chief Executive Officer	$ 60,000	$ 24,000
Former Chief Executive Officer	-	10,500
Chief Financial Officer	18,000	-
Former Chief Financial Officer	-	15,000
VP - Business Development	36,000	-
Former Director	-	18,000
Total Management Fees	$ 114,000	$ 67,500
Share-based payments	-	-
Total	$ 114,000	$ 67,500

Included in accounts payable and accrued liabilities is $37,871 (February 28, 2026 - $51,401) owed to the directors and officers of the Company. These amounts are non-interest bearing with no specific terms of repayment.

The Company also received a loan in the amount of $100,000 from a shareholder of the Company. The loan is non-interest bearing with no specific terms of repayment. The loan was repaid during the period.

COMMITMENTS

The Company does not have any significant commitments.

FOURTH QUARTER INFORMATION

Not required for this MD&A.

SUBSEQUENT EVENTS

No subsequent events to disclose.

SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The Company's critical accounting estimates are disclosed in Note 3 of the audited consolidated financial statements for the year ended February 28, 2026.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

International Financial Reporting Standards 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted 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); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, and accounts payable and accrued liabilities. The carrying amounts of accounts payable and accrued liabilities approximate their respective fair values due to the short-term to maturity of these financial instruments. Cash is measured based on Level 1 of the fair value hierarchy.

Financial risk management objectives and policies

The Company's financial instruments include cash, accounts payable and accrued liabilities, loan payable and share subscriptions received. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the Company is not exposed to material currency risk, interest rate risk or other price risk. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit-quality financial institution. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at May 31, 2026, the Company has cash of $3,784,468, to settle current liabilities of $661,066 all due within 30 days of receiving the invoice. The Company's management of liquidity risk has not changed materially from that of the prior year.

RISKS AND UNCERTAINTIES

The risk factors associated with the principal business of the Company are discussed below. Briefly, these include the highly speculative nature of the mining industry characterized by the requirement for large capital investment from an early stage and a very small probability of finding economic mineral deposits. In addition to the general risks of mining, there are country-specific risks associated with operating in a foreign country, including currency, political and economic conditions (including the outbreak of war or levying of sanctions), social, and legal risk.

Due to the nature of the Company's business and the present stage of exploration and development of its project, the Company may be subject to significant risks. Readers should carefully consider all such risks set out in the discussion below. The Company's actual exploration and operating results may be very different from those expected as at the date of this MD&A.

Exploration and Mining Risks

Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company will rely on consultants and others for exploration and development expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

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. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are:

- the particular attributes of the deposit, such as size, grade and proximity to infrastructure;
- metal prices, which are highly cyclical; and
- government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection.

The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Company's project and any other properties the Company may acquire, or its operations. Such restrictions may have a material adverse effect on the Company's business and results of operation.

Future Profits/Losses and Production Revenues/Expenses

The Company has no history of operations and expects that its losses will continue for the foreseeable future unless and until such time as the Company's project(s) advances or any other properties the Company may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. No deposit that has yet been shown to be economic has yet been found on the Company's projects. There can be no assurance that the Company will be able to acquire any additional properties. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's project and any other properties the Company may acquire are added. The amounts and timing of expenditures will depend on:

- the progress of ongoing exploration and development;
- the results of consultants' analysis and recommendations;
- the rate at which operating losses are incurred;
- the execution of any joint venture agreements with strategic partners; and
- the acquisition of additional properties and other factors, many of which are beyond the Company's control.

The development of mineral properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of the properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Additional Funding Requirements

Further exploration and development of the Company's project will require additional resources and funding. The Company currently does not have sufficient funds to fully explore and develop its project. Accordingly, to continue exploration and development of the Company's properties will depend upon its ability to obtain financing through debt and/or equity financing, joint ventures, or other means. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital.

Competitors in the Mining Industry

The mining industry is highly competitive in all of its phases. Considering the Company's current size and stage of operations, the Company faces strong competition from other mining companies, some with greater financial resources, operational experience and technical capabilities. As a result of this competition, the Company may not be able to obtain required financing and maintain personnel, technical resources or attractive mining properties on terms the Company considers acceptable.

Risks That Are Not Insurable

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure. The payment of such liabilities could result in increases in the Company's operating expenses which could, in turn, have a material adverse effect on the Company's financial position and its results of operations.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of exploration results, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Environmental Matters

All of the Company's mining operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether. The Company may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

All of the Company's exploration, development and any production activities will be subject to regulation under one or more environmental laws and regulations. Many of the regulations require the Company to obtain permits for its activities. The Company must update and review its permits from time to time, and is subject to environmental impact analyses and public review processes prior to approval of the additional activities. It is possible that future changes in applicable laws, regulations and perms or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of the Company's business, causing those activities to be economically re-evaluated at that time.

Conflicts of Interest

Certain of the Company's directors and officers may serve as directors or officers of other companies or companies providing services to the Company or they may have significant shareholdings in other companies. Situations may arise where these directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arise at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Lack of Revenues; History of Operating Losses

The Company does not have any operational history or earnings and has incurred net losses and negative cash flow from its operations since incorporation. Although the Company will hope to eventually generate revenues, significant operating losses are to be anticipated for at least the next several years and possibly longer. To the extent that such expenses do not result in the creation of appropriate revenues, the Company's business may be materially adversely affected. It is not possible to forecast how the business of the Company will develop.

Reliance on Key Personnel

The Company will be dependent on the continued services of its senior management team, and its ability to retain other key personnel. The loss of such key personnel could have a material adverse effect on the Company. There can be no assurance that any of the Company's employees will remain with the Company or that, in the future, the employees will not organize competitive businesses or accept employment with companies competitive with the Company. Furthermore, as part of the Company's growth strategy, it must continue to hire highly qualified individuals. There can be no assurance that the Company will be able to attract, assimilate or retain qualified personnel in the future, which would adversely affect its business.

General Economic Conditions

Market conditions and unexpected volatility or illiquidity in financial markets may adversely affect the prospects of the Company and the value of its shares.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

General Inflationary Pressures

General inflationary pressures may affect labour and other costs, which could have a material adverse effect on the Company's financial condition, results of operations and the capital expenditures required to advance the Company's business plans. There can be no assurance that any governmental action taken to control inflationary or deflationary cycles will be effective or whether any governmental action may contribute to economic uncertainty. Governmental action to address inflation or deflation may also affect currency values. Accordingly, inflation and any governmental response thereto may have a material adverse effect on the Company's business, results of operations, cash flow, financial condition and the price of the common shares.

SHARE CAPITAL

As of the date of this MD&A, the Company had 75,951,751 common shares, 6,465,000 stock options, and 21,132,100 warrants outstanding.

QUALIFIED PERSON

Kelson Willms, the Senior Technical Advisor for Mercado Minerals Ltd., is the Qualified Person as defined under National Instrument 43-101 who reviewed and approved the scientific and technical information in this MD&A.