Pecoy Copper Corp.

Management Discussion and Analysis (“MD&A”)

for the three and nine months ended January 31, 2026

Background and Date

The following Management Discussion & Analysis (“MD&A”) is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Pecoy Copper Corp. (“Pecoy” or the “Corporation”) for the three and nine months ended January 31, 2026. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended January 31, 2026 (the “Financial statements”) and the audited financial statements as at April 30, 2025 and for the 38-day period then ended. The Financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements under IAS 34, *Interim Financial Reporting*.

Management is responsible for the preparation of the Financial statements and other financial information relating to the Corporation included in this MD&A. Unless otherwise noted, all monetary amounts included in this MD&A are expressed in Canadian dollars, the Corporation's reporting currency. Assets and liabilities of the subsidiaries that have a functional currency other than the Canadian dollar are translated into Canadian dollars at the exchange rate in effect on the balance sheet date and revenues and expenses are translated at the average exchange rate over the reporting period. The information contained in this MD&A is as of March 24, 2026, the date the Board of Directors approved the Corporation's Financial statements, following the recommendation of the Corporation's Audit Committee.

Qualified Person

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

Cautionary Statement Regarding Forward-Looking Statements

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

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budgets", "scheduled", "estimates", "forecasts", "predicts", "projects", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information in this press release includes, but is not limited to, statements relating to: the Corporation's ability to continue drilling activities at the Pecoy Project, to drill up to 40,000 metres, test the priority exploration areas, test the Tororume area, work toward resource expansion and definition and complete its 2026 Exploration Program (defined herein). These statements are only predictions.

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

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

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

Highlights for the three-month period ended January 31, 2026

Corporate

- Began trading on the OTCQB on November 14, 2025 under the symbol "PCUUF," improving accessibility for U.S. investors.
- Obtained full DTC eligibility, enabling seamless electronic clearing, faster settlement, and broader access for U.S. investors, significantly enhancing liquidity and market efficiency.

Financing

- Released the 9,480,000 common shares held in escrow for the acquisition of a 13.342% interest in its Peruvian subsidiary, Pecoy Sociedad Minera S.A.C. ("Pecoy Peru"). The option was duly exercised and the shares released as scheduled in January 2026.

Operations

- Initiated, in December 2025, the first drilling program at the Pecoy Project since 2016, marking a significant milestone in advancing exploration efforts on the Pecoy Project.
- Reported in February 2026, initial Phase 1 drill results confirming large-scale, vertically continuous copper-gold mineralization over 1,186 metres from near surface and significantly extending the South Breccia system beyond the current resource, with mineralization remaining open at depth.
- Continued expanding its operational team to support project advancement, exploration activities and organizational growth, with the Corporation now employing 45 personnel in Peru.

Description of business

The Corporation, a Canadian exploration stage company, is focused on advancing exploration of the 9,975-hectare Pecoy Copper-Gold-Molybdenum-Silver Project (the "Pecoy Project") located in Condesuyos Province, Arequipa, Peru. The Pecoy Project hosts a current copper inferred resource of 865 million tonnes at 0.34% Cu, with significant associated gold, molybdenum, and silver credits. To date, less than 49,000 metres of historical drilling have been completed at the Pecoy Project, defining a broad and continuous mineralized system with potential for expansion along strike and at depth. The project benefits from its favourable elevation of approximately 1,650 metres above sea level, providing year-round access and reduced operating complexity compared to many high-altitude Andean deposits. Positioned within the prolific southern Peru copper belt, the Corporation is focused on delivering a world-class copper exploration and development project that supports the global demand for critical minerals and battery metals essential to the clean energy transition.

The Corporation also holds the Tororume property, which is located 8 kilometers from the Pecoy Project, is an exploration project that hosts an initial discovery (the "Tororume Project"). Only 9 holes and under 4,000 meters of drilling have been conducted on the Tororume Project, but all holes intersected mineralization and yielded results.

The Corporation was incorporated under the laws of the province of British Columbia on October 16, 2014 under the name of Priyanka Capital Inc. It changed its name to Pecoy Copper Corp. on July 23, 2025. The Corporation is domiciled in Canada and is incorporated under the *Business Corporation Act* (British Columbia). The address of the Corporation's registered office is 1055-1500 West Georgia Street, Vancouver, British Columbia, Canada. The Corporation is listed on the TSX Venture Exchange (TSXV) under the trading symbol "PCU" and also trades on the OTCQB market in the United States under the symbol "PCUUF." Since February 2026, the Corporation is eligible for electronic clearing and settlement through The Depository Trust Company ("DTC"), including admission to DTC's Fast Automated Securities Transfer program, providing enhanced accessibility to U.S. investors. These factors collectively contribute to increased market liquidity and improved overall market efficiency.

Overall performance and transactions

Reverse takeover ("RTO")

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

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

Consideration paid for the deemed acquisition of Pecoy:	$
3,000,000 common shares of SPV deemed issued to Pecoy 's existing shareholders(1)	1,800,000
Transaction costs, paid in cash	319,255
	2,119,255
Fair value of the assets deemed acquired and liabilities deemed assumed:	
Cash	49,097
Other assets	181,291
Accounts payable and accrued liabilities	(428,060)
Due to Copper X Mining Corp.	(31,500)
Due to SPV	(6,593)
	(285,765)
Listing expenses	2,405,020

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

Acquisition of assets

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

Acquisition of Pembrook Copper Corp. and minority shareholders

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

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

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

Refer to Note 5 to the Financial statements for details on the acquisition of Pembrook and the minority shareholders (namely, CCV and MCV).

Acquisition of Copper X Mining Corp.

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

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

Private placement

On July 8, 2025, the Corporation completed a private placement of 105,800,000 subscription receipts at a price of $0.60 per subscription receipt for a gross proceed of $63,480,000 (the "Concurrent Private Placement"). Each subscription receipt entitled the holder to receive one common share of the Corporation. Upon completion of the RTO described above, each subscription receipt was converted, for no additional consideration, into one Pecoy share. Gross proceeds were held in escrow until the completion of the RTO. Net proceeds from the subscription receipts were $59,625,660 after deducting agents' fees and other expenses.

Outlook and 2026 Exploration Program

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

In 2026, the Corporation will use proceeds from the Concurrent Private Placement to complete its exploration program, focused on testing and expanding higher-grade zones at Pecoy Project, growing the overall size of the deposit, and advancing the exploration on the Tororume Project to assess its district-scale potential (the "2026 Exploration Program"). The 2026 Exploration Program will test the recent geological reinterpretation of historical and current drilling, which point to multiple mineralized centres and strong upside from both extensions of known zones and new discoveries.

2026 Exploration Program Highlights:

- Up to 40,000 metres of diamond drilling planned during 2026 at Pecoy and Tororume Projects
- Up to five (5) drill rigs anticipated at peak activity
- Approximately 35,000 metres of drilling planed at the Pecoy Project
- Five priority target areas to be tested and advanced:
    - South Breccia
    - Center of the Pit & Central Breccia
    - EDM Vein Zone
    - West Pampa
    - Northwest Target Area
- Approximately 5,000 metres of drilling planned at the Tororume Project

Key Upcoming Catalysts for 2026:

The Corporation anticipates several value-driving catalysts, including:

- Ongoing drill results and program updates from the Pecoy Project and the Tororume Project

- Initial metallurgical testwork results
- Updated geological modelling and target refinement
- Analyst and institutional site visits

Together, these efforts are designed to systematically advance the Corporation toward becoming a large, multi-centre copper system with both near-term growth potential and a clear pathway toward long-term resource definition.

Exploration activities

Pecoy Project

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

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

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

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

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

Notes

- Mineral Resources are not Mineral Reserves and have not demonstrated economic viability.
- The MRE has been categorized in accordance with the CIM Definition Standards (CIM, 2014).
- All figures are rounded to reflect the relative accuracy of the estimates. Minor discrepancies may occur due to rounding to appropriate significant figures.
- The Mineral Resource was estimated by Ms. Muñoz QP (MAIG) of Mining Plus, Independent Qualified Person under NI 43-101.
- The effective date of the Mineral Resource Estimate is 30 April 2025.
- The Mineral Resource is reported inside a whittle pit shell with a cut-off grade of 0.23 % copper, estimated using a copper price of US$/lb 3.25, molybdenum price of US$ 8/lb, gold price of US$ 1,400/oz and silver price of US$ 20/oz.
- Mining Plus is not aware of any legal, political, environmental, or other risks that could materially affect the potential development of the Mineral Resource Estimate

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

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

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

Summary of Recoveries from the Flotation Test Results

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

Over 48,500 metres of drilling across 121 diamond drill holes have defined the current mineral resource. Historical exploration included surface mapping, soil and rock geochemistry, IP/resistivity surveys, and magnetics.

The Pecoy Project remains open in all directions, with four key target areas defined around the current pit outline: the Center Pit, West, and East–Southeast, and South Breccia zones. Drilling and geophysical data indicate strong potential for porphyry expansion beneath existing holes to the south, where chargeability and alteration anomalies suggest a deeper mineralized system. The South Breccia Zone also presents opportunities for higher-grade extensions within the broader porphyry system.

Initial assay results from the 2026 Exploration Program

In February 2026, the Corporation reported initial assay results at the Pecoy Project. The Corporation's first diamond drill hole, PEC-25-065, intersected approximately 1,186 metres of continuous copper-gold-molybdenum-silver mineralization, beginning near surface. This hole confirms the scale and vertical continuity of the South Breccia system and significantly extends the mineralization below the current resource pit shell.

Highlights:

- Drillhole PEC-25-065 intersected 1,014 metres at 0.37% Cu, 0.13 g/t Au, 1.33 g/t Ag and 0.015% Mo from 17 metres depth.
- Extending mineralization below the current resource pit shell located approximately 624 metres downhole.
- Mineralization remains open at depth; hole ended in chalcopyrite-bearing intrusive
- The broad interval includes higher-grade sections:
  - 700 metres at 0.43% Cu, 0.14 g/t Au, 1.49 g/t Ag, 0.019% Mo from 246 metres;
  - 301 metres at 0.53% Cu, 0.15 g/t Au, 1.81 g/t Ag, 0.018% Mo from 450 metres; and
  - 297 metres at 0.52% Cu, 0.07 g/t Au, 1.94 g/t Ag, 0.033% Mo from 624 m located below the existing resource pit shell.

Hole PEC-25-065 provides the first continuous deep section through the South Breccia system, demonstrating vertically persistent hydrothermal brecciation and stockwork-style veining from surface transitioning to a magmatic system at depth. The hole did not exit the mineralized system and transitioned at depth into intrusive-dominated altered host rocks, supporting the interpreted porphyry architecture. The hole ended in a transitional brecciation zone.

Hole PEC-25-065 targeted the South Breccia Zone, where mineralization is hosted within brecciated and altered intrusive and is characterized by chalcopyrite, gold, silver and molybdenite, consistent with a large porphyry-related system. Magnetite abundance appears, at times, spatially associated with higher gold values.

The hole was drilled at a steep northeast orientation to test the system at depth and toward the east, with the objective of testing:

- the hydrothermal magmatic breccia-hosted mineralization;
- the underlying porphyry at depth; and

- the continuity of the near surface higher grade gold zone.

2026 Exploration Program on the Pecoy Project

Collectively, the five initial areas represent different structural levels and expressions of the same evolving hydrothermal system consistent with large porphyry-related copper systems. This provides for multiple independent opportunities for scale and grade discovery. Drilling to date has tested the Pecoy system over approximately 1.9 km of strike, 1.5 km in width, to an average depth of 400 metres. Within the system Pecoy has identified multiple breccia bodies characterized by matrix and clast-supported sulphide mineralization remaining that remain open laterally and at depth. To date, approximately 3,000 metres have been drilled during the Phase 1 of the 2026 Exploration Program, with two holes completed in the South Breccia Zone and two additional holes currently in progress.

Two drill rigs are currently operating at the Pecoy Project, focused on the South Breccia, with one drill hole nearing completion. Drilling is expected to progress toward the Central Breccia and EDM Vein Zone. Information generated from current drilling will be continuously integrated into the 2026 Exploration Program to refine targeting and optimize drill allocation.

South Breccia

South Breccia represents one of the most advanced and best-defined mineralized breccia bodies at the Pecoy Project and hosts the higher-grade mineralization encountered to date. Drilling has outlined a coherent geometry with strong continuity, and the breccia remains open laterally and at depth, including toward the west beneath alluvial cover. The 2026 Exploration Program will focus on testing and expanding this higher-grade ore body through step-out drilling under cover, continued evaluation of depth potential, and further refinement of breccia geometry and internal controls on mineralization.

Center of the Pit & Central Breccia

Center of the Pit and Central Breccia areas are interpreted as a potentially concealed magmatic-hydrothermal breccia centre that has only been intersected tangentially by historical drilling and remains largely untested. The planned work program for 2026 includes directional drilling designed to penetrate the interpreted breccia body, step-outs to test open extensions, particularly to the west with the Center of the Pit target and integration of geological vectoring to optimize drill pierce points.

EDM Vein Zone

The Early Dark Micaceous ("EDM") vein zone represents an important vectoring and plumbing feature within the Pecoy Project system, characterized by early-stage veining associated with copper mineralization and interpreted to occur at depth. Drilling will aim to better define the extent, continuity and vertical distribution of EDM veining, evaluate relationships to breccia development and higher-grade mineralization, and use vein density and alteration patterns as key vectoring tools to guide further targeting.

West Pampa

The West Pampa area represents a priority under-explored zone beneath cover, with geological, geophysical and alteration features consistent with potential extensions of the Pecoy Project system. The planned activities include first-pass and step-out drilling beneath cover, testing for concealed breccia bodies or mineralized porphyry phases, and integration of surface and subsurface data to refine targets.

Northwest Target Area

The Northwest area represents a less explored portion of the Pecoy Project with geological characteristics that suggest is proximal to the broader mineralized system, including the presence of EDM veins and high molybdenum values.

The 2026 Exploration Program will focus on reconnaissance and follow-up drilling, defining alteration and structural controls and assessing potential connections to known mineralized zones.

Tororume Project

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

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

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

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

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

2026 Exploration Program on the Tororume Project

The 2026 program includes approximately 5,000 metres of drilling to expand known mineralization and test high-priority targets.

Minandex property

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

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

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

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

The first three installments are paid as a prerequisite for exercising the mining option. The first installment of US$199,000 ($286,716) was paid in cash on February 10, 2025. The second and third installments having a value of US$3,050,00 ($3,802,062) and US$3,000,000 (representing 6,894,500 common shares with a fair value of $4,826,150 at issuance date), respectively, were completed concurrently with the RTO and the option was exercised in September 2025.

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

The fourth and fifth installments consist respectively of an additional cash payment of US$1,500,000 and US$1,500,000 of the Corporation common shares for a total amount of US$3,000,000 ($4,068,000) payable originally in one year from the date the option is exercised. On December 26, 2025, the date of the payment of the fourth and fifth installment was modified and postponed to October 15, 2026.

Exploration expenses

For the three- and nine-months periods ended January 31, 2026, the Corporation incurred the following exploration expenses, reflecting the increased level of drilling activities on the Pecoy Project, as described above:

	$	$
	For the three months ended January 31, 2026	**For the nine months ended January 31, 2026**
Compensation	272,081	328,840
Drilling	662,988	662,988
Assay and sample management	128,334	142,277
Camp operations, supplies and infrastructure	231,423	258,494
Community relations	102,483	125,738
Contractors	266,996	303,090
Transportation and logistics	65,571	104,641
Other exploration expenses	10,198	10,197
Total exploration expenses	**1,740,074**	**1,936,265**

Discussion of Operations

Summary of Quarterly Results

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

	For the three months ended January 31, 2026	**For the three months ended October 31, 2025**	**For the three months ended July 31, 2025**	**For the 38-d[illegible] period end[illegible] April 30, 202[illegible]**
		$	$	
Interest Income, net	236,681	40,887	1,091	
Net Loss	(3,177,144	(3,003,733)	(3,944,556)	(39,41[illegible]
Net Loss per share – Basic and Diluted	(0.02)	(0.02)	(0.17)	(0.0[illegible]

Review of Performance for the three months ended January 31, 2026

Operating results:

The Corporation recorded a net loss of $3,177,144 for the three months ended January 31, 2026. The expenses during the period were related to Professional fees, Listing expenses, Exploration expenses, General and administrative expenses and Foreign exchange losses resulting from U.S. dollar-denominated GICs. These expenses were partially offset by interest income earned on guaranteed investment certificates held during the period.

- *Professional fees – $134,550*
  These costs consist mainly of consulting fees paid to external consultants for investor relations activities.

- *Listing expenses* – $50,000
  This expense of $50,000 arises from the difference of $2,405,020 between the consideration paid for the

acquisition of Pecoy Copper Corp. and the net liabilities assumed. The $50,000 represents an adjustment to the net liabilities assumed of Pecoy Copper Corp. during the quarter.

- *Exploration expenses* – $1,740,074
  These expenses relate directly to exploration activities on the Pecoy Project and include the following:
  - *Drilling and compensation*: Drilling expenses total $662,988, while compensation expenses amount to $272,081. Together, these two categories represent approximately half of total exploration expenses. Drilling activities commenced in December 2025 using a single drill.
  - *Contractor expenses*: Contractor costs total $266,996 and include various consultants, such as geological, drilling, and environmental specialists.
  - *Camp operations, supplies and infrastructure*: These expenses amount to $231,423 and include costs associated with refurbishing and fully equipping two camps that had been inactive for more than 10 years. They also cover site security, full board for workers, utilities, and ongoing facility maintenance.
  - *Community relations*: Community relations expenses amount to $102,483 and relate to payments and donations made to local communities in accordance with existing agreements. These contributions support long-term development initiatives in education, healthcare, and economic development. This category also includes fees paid to a specialized firm managing local stakeholder relations.
  - *Assay and sample management and Transportation, and logistics*: The remaining exploration expenses consist of Assay and sample management costs of $128,334 and transportation and logistics costs of $65,571. Assay and sample management includes laboratory analysis and sample warehousing, while transportation and logistics cover transport to the mine site as well as road security and maintenance.

- *General and administrative expenses* – $826,202

  The main expenses in this category are related to compensation totaling $376,898 and legal expenses of $67,164. Legal expenses primarily relate to general corporate matters for the Corporation's newly acquired subsidiaries. General and administrative expenses also include the following costs: cost of rent and other initial expenses associated with establishing offices in Canada and Peru ($40,357), travel fees from Canada to Peru ($106,543), recurring and initial costs of implementing IT environment and Corporation's website ($22,887) and public company fees such as the TSXV fees and other related regulatory filing fees, the investors relations fees and the initial and registration fees on the OTCQB ($165,222).

- *Foreign exchange loss* – $662,999
  The foreign exchange loss is primarily attributable to the depreciation of the Canadian dollar against the U.S. dollar between October 31, 2025 and January 31, 2026. During this period, the exchange rate moved from 1.4018 to 1.3562. As the Corporation held a net U.S. dollar-denominated monetary asset position, this depreciation resulted in a foreign exchange loss for the quarter.

Review of performance for the nine months ended January 31, 2026

Operating results:

The Corporation recorded a net loss of $10,125,433 for the nine months ended January 31, 2026. The expenses during the period were related to Professional fees, Listing expenses, Share-based compensation, Exploration expenses, General and administrative expenses and foreign exchange losses resulting from U.S. dollar-denominated GICs. These expenses were partially offset by interest income earned on guaranteed investment certificates held during the period.

- *Professional fees* – $2,522,157
  These costs consist mainly of the fair value of the 6,000,000 warrants issued in May 2025 to founders and shareholders in consideration for services for an amount of $2,214,191 and consulting fees paid to external consultants for investor relations activities for an amount of $199,166.

- *Listing expenses* – $2,405,020
  These expenses are primarily driven by the difference between the consideration paid for the acquisition of Pecoy Copper Corp. in connection with the RTO and the net liabilities assumed.

- *Stock-based compensation expenses* – $1,476,297

  These expenses relate to the 3,750,000 stock options granted in May 2025 to directors and officers and consultants of the Corporation. These options all vested when granted and as such the total fair value was recognized as an expense immediately at grant date.

- *Exploration expenses* – $1,936,265

  These expenses relate directly to exploration activities on the Pecoy Project and include the following:

  - *Drilling and compensation*: Drilling expenses total $662,988, while compensation expenses amount to $328,840. Together, these two categories represent approximately half of total exploration expenses. Drilling activities commenced in December 2025 using a single drill.
  - *Contractor expenses*: Contractor costs total $303,090 and include various consultants, such as geological, drilling, and environmental specialists.
  - *Camp operations, supplies and infrastructure*: These expenses amount to $258,494 and include costs associated with refurbishing and fully equipping two camps that had been inactive for more than 10 years. They also cover site security, full board for workers, utilities, and ongoing facility maintenance.
  - *Community relations*: Community relations expenses amounts to $125,738 and relate to payments and donations made to local communities in accordance with existing agreements. These contributions support long-term development initiatives in education, healthcare, and economic development. This category also includes fees paid to a specialized firm managing local stakeholder relations.
  - *Assay and sample management and Transportation, and logistics*: The remaining exploration expenses consist of Assay and sample management costs of $142,277 and Transportation and logistics costs of $104,641. Assay and sample management includes laboratory analysis and sample warehousing, while transportation and logistics cover transport to the mine site as well as road security and maintenance.

- *General and administrative expenses* – $1,441,912
  The main expenses in this category are related to compensation totaling $542,975 and the legal expenses of $447,619. Legal expenses primarily relate to general corporate matters for the Corporation's newly acquired subsidiaries. General and administrative expenses also include the following costs: cost of rent and other initial expenses associated with establishing offices in Canada and Peru ($139,672), travel fees to from Canada to Peru, including the meals during these travels ($180,077), recurring and initial costs of implementing IT environment and Corporation's website ($74,590) and public company fees such as the TSXV fees and other related regulatory fees, the investors relations fees and the initial and registration fees on the OTCQB ($219,092).

- *Foreign exchange loss* – $622,441
  The foreign exchange loss is primarily attributable to the depreciation of the Canadian dollar against the U.S. dollar during the nine-month period ended January 31, 2026. The Corporation invested a portion of the proceeds from the issuance of subscription receipts in U.S. dollars beginning in September 2025. During the period, the exchange rate declined to 1.3562, and as the Corporation maintained a net U.S. dollar–denominated monetary asset position, this depreciation resulted in a foreign exchange loss for the nine-month period ended January 31, 2026.

Statement of financial position

The consolidated statement of financial position as at January 31, 2026 was significantly impacted by the transformational asset acquisitions completed on September 3, 2025, as well as by the RTO and the concurrent private placement completed in connection with those transactions. The following discussion highlights the main variations compared to April 30, 2025.

- *Cash and cash equivalents* – $43,935,208 (April 30, 2025 – $703,915)
  The increase in cash and cash equivalents is primarily attributable to Concurrent Private Placement of 105,800,000 subscription receipts completed in July 2025, which generated net proceeds of $59,625,660. These proceeds were partially used to finance the asset acquisitions completed on September 3, 2025, to pay the second installment for the Minandex property in the amount of $3,802,062 (US$3,050,000) and to fund the operations, including the exploration activities.

- *Other Receivable* – $548,791 (April 30, 2025 – Nil)
  Other receivables consist mainly of amounts recoverable from government authorities for sales and income taxes and interest receivables from guaranteed investment certificates. The balance of amounts recoverable from the government authorities arose mainly as a result of the acquisition of Pembrook.

- *Prepaids expenses* – $263,326 (April 30, 2025 – Nil)
  Prepaid expenses primarily relate to filing fees, software licenses, insurance and other subscription costs paid in advance, covering a period of less than 12 months.

- *Exploration and evaluation of assets* – $69,610,498 (April 30, 2025 – Nil)
  Exploration and evaluation assets comprise the acquisition of assets from Pembrook, Minority shareholders and Copper X, as well as payments made toward, and the remaining balance of, the purchase price for the Minandex property as described above.

- *Accounts payable and accrued liabilities* – $1,389,739 (April 30, 2025 – Nil)
  The increase in accounts payable and accrued liabilities reflect higher levels of operating activities in Canada and Peru following the acquisitions and the start of the exploration and drilling program in Peru.

- *Amount payable to a dissenting shareholder* – $1,163,386 (April 30, 2025 – Nil)
  In connection with the Pembrook acquisition, one shareholder holding 13,220,000 Pembrook shares, which would have entitled them to receive 1,938,977 common shares of the Corporation, exercised dissent rights. As of the date of this MD&A, no settlement has been reached with the dissenting shareholder. The amount recorded represents the fair value of the 13,220,000 Pembrook shares as at September 3, 2025.

- *Minandex acquisition payable* – $4,071,414 (April 30, 2025 – Nil)
  This payable represents the remaining balance of purchase price of US$3,000,000 for the Minandex property.

- *Shareholders' equity* – $107,601,020 (April 30, 2025 – $1,054,564)
  Shareholders' equity increased significantly as a result of the equity instruments issued in connection with the RTO, the Concurrent Private Placement and the acquisitions of Pembrook and the Minority shareholders, Copper X, and the Minandex property. This increase is partially offset by the net loss of the nine months period ended January 31, 2026.

Cash flows

Operating activities

For the nine months ended January 31, 2026, net cash flows used in operating activities totaled $12,340,535. This outflow primarily reflected a net loss of $10,125,433, partially offset by non-cash items including professional fees of $2,214,191 (issuance of warrants), listing expenses of $2,085,765, stock-based compensation of $1,476,297 and foreign exchange loss of 487,924.

The most significant use of cash in operating activities relates to payments of accounts payable and accrued liabilities. This elevated cash outflow is primarily driven by increased exploration activities in Peru since December 2025, as well as the settlement of Pembrook's outstanding creditors. Pursuant to the Pembrook Share Purchase Agreement, the Corporation committed to funding Pembrook's creditor obligations, which were settled in the days immediately following its acquisition.

Investing activities

For the nine months ended January 31, 2026, cash flows used in investing activities totaled $5,797,978. This outflow primarily reflects the second option payment under the Minandex Option Agreement of $3,802,062 (US$3,050,000), as well as the annual NSR payment for the Tororume Project of $138,790 (US$100,000). The outflow also includes $54,472 in purchases of property, plant and equipment, mainly related to operations in Peru.

The cash used in investing activities also reflects the cash consideration transferred in connection with acquisitions, including $1,800,000 paid to CCV for the purchase of Pecoy Peru minority interests, along with associated transaction costs of $155,104. Transaction costs related to the acquisition of Copper X totaled $155,105.

These cash outflows were partially offset by cash acquired as part of these acquisitions.

Financing activities

For the nine months ended January 31, 2026, financing activities generated cash flows of $61,845,138. These inflows primarily reflect the Concurrent Private Placement completed in July 2025 for an amount of $63,480,000 as well as the seed financing completed earlier in the period for an amount of $2,000,000 partially offset by their corresponding issuance costs totalling $3,671,349.

Liquidity and capital resources

As at January 31, 2026, the Corporation had a working capital of $38,122,786, which includes a cash and cash equivalents balance of $43,935,208. The Corporation has an accumulated deficit of $10,164,846 and a net loss of $10,125,433 for the nine months ended January 31, 2026.

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

Use of Proceeds from Financing

Over the coming months, the Corporation will use proceeds from the Concurrent Private Placement to execute its 2026 Exploration Program, including exploration drilling, metallurgical and geotechnical studies, and advance the Pecoy Project toward a Preliminary Economic Assessment (PEA).

Contractual obligations and commitments

The Corporation has no commitment.

Outstanding Share Capital

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

Off-Balance Sheet items

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

Transactions between related parties

During the nine months ended January 31, 2026 (nil for the three months ended January 31, 2026), key management personnel and other related parties participated in the private placement of common shares for a total consideration of $777,000 under the same terms as other investors.

Critical accounting estimates, assumptions and judgements

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

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

Material accounting policies

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

Adoption of new accounting standards

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

Risk Factors

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

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

Uninsurable risks

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

Environmental regulations, permits and licenses

The Corporation's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Corporation intends to comply fully with all environmental regulations. The current or future operations of the Corporation, including development activities and commencement of production on its properties, require permits from various federal, provincial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

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

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Exploration and development risks

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors that are beyond the control of the Corporation and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Corporation's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Corporation's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Lack of availability of resources

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

Mineral exploration and mining carry inherent risks

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

Metal prices are volatile

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

Infrastructure

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

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

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

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

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

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

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

Operations in Peru

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

Political risks in Peru

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

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

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

Community and social risks in Peru

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

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

Labour and employment relations in Peru

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

Reliance on key personnel

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

Competition

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

Financing risks

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

Global financial conditions

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

Risk associated with an emerging and developing market

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

Trade tariffs

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

Dividend policy

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

Risk of litigation

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

Internal controls

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

Conflicts of interest

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