EDM RESOURCES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the six months ended June 30, 2026

Dated August 28, 2026 | Expressed in Canadian Dollars

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of EDM Resources Inc. ("EDM" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance as at and for the six months ended June 30, 2026. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2026, together with the notes thereto. Information contained herein is presented as at August 28, 2026, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of EDM's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

> **EDM is a Canadian-based exploration and mining development company focused on advancing its 100%-owned Scotia Mine in Nova Scotia toward a restart of commercial production.**

During 2026, the Company has made significant progress in de-risking and advancing the Scotia Mine. A major regulatory milestone was achieved with the receipt of an amended Industrial Approval from the Province of Nova Scotia in July 2026, providing an updated provincial regulatory framework for the planned restart of operations. The Company is also continuing to advance its Fisheries Act Authorization ("FAA") application with the Department of Fisheries and Oceans Canada ("DFO"), which was submitted in February 2026 and remains an important federal authorization required for the planned mine restart.

In parallel with the regulatory process, EDM has commenced a comprehensive update of the Scotia Mine's technical and economic studies. This work includes an updated Mineral Resource Estimate and an updated Pre-Feasibility Study ("PFS"), incorporating current commodity prices, operating and capital cost assumptions, mine planning, processing improvements and other opportunities identified since completion of the 2021 PFS. The Company is also evaluating ore-sorting and pre-concentration technologies as potential opportunities to improve processing efficiency, reduce waste and tailings volumes, and enhance the overall economics of the Scotia Mine.

The Company continues to advance its exploration strategy across its extensive mineral tenure in Nova Scotia. During 2026, EDM initiated additional exploration activities focused on evaluating the gold potential associated with the Scotia Mine property, while continuing to assess opportunities to expand and improve the existing zinc-lead resource base.

EDM's financial position strengthened considerably during the first half of 2026. As at June 30, 2026, the Company had approximately $2.25 million in cash and working capital of approximately $2.93 million. During the six-month period, the exercise of warrants and stock options provided additional capital to the Company, while the sale of shares received through the 2025 silver royalty transaction generated approximately $1.19 million in net proceeds. These transactions have provided additional financial flexibility as EDM advances its permitting, technical studies and pre-development activities.

The Company continues to evaluate project financing alternatives and strategic partnerships, including potential concentrate offtake arrangements, royalty financing and other sources of project capital. The existing long-term

gypsum offtake agreement provides a committed sales channel for significant quantities of gypsum and off-specification gypsum/anhydrite expected to be produced as part of future Scotia Mine operations.

Management's principal objective for the remainder of 2026 is to continue advancing the Scotia Mine toward a targeted restart of production in 2027. Key activities include progressing the Fisheries Act Authorization, completing the updated Mineral Resource Estimate and PFS, advancing project financing and offtake discussions, continuing exploration activities, and undertaking the engineering, procurement and operational planning necessary to prepare the Scotia Mine for development.

The Scotia Mine continues to benefit from a constructive commodity environment for zinc, lead and gypsum, together with a Canadian-dollar cost base and predominantly U.S.-dollar commodity revenues. Management believes that the combination of an established mineral resource, existing processing infrastructure, substantially advanced permitting, contracted gypsum sales and ongoing technical optimization provides EDM with a differentiated pathway toward becoming a Canadian producer of critical minerals.

The Company believes that the progress achieved during 2026 has materially advanced and de-risked the Scotia Mine and positions EDM to continue creating long-term value for its shareholders, local communities and the Province of Nova Scotia.

Current Global Financial Conditions and Trends

Securities of mining and mineral development companies, including the common shares of the Company, continue to experience volatility as a result of global economic conditions, commodity price movements, geopolitical developments and changing investor risk appetite. While uncertainty remains elevated, market conditions for advanced-stage critical mineral and mine development projects have generally improved where projects demonstrate established mineral resources, advanced permitting and a credible pathway toward production.

As at the date of this MD&A, Canadian monetary policy has stabilized following the easing cycle of 2024 and 2025. The Bank of Canada has held its target for the overnight rate at 2.25% throughout 2026, compared with an average of approximately 2.83% during the first half of 2025. The lower rate environment reduced the Company's interest income to $20,782 for the six months ended June 30, 2026 (H1 2025 – $41,725), earned principally on cash held for reclamation, and is reflected in the 3.17% discount rate applied to the Company's decommissioning liability. In the United States, the Federal Reserve has maintained the federal funds target range at 3.50%–3.75%, citing continued economic growth and inflation above its target. The resulting differential between U.S. and Canadian policy rates has been supportive of a weaker Canadian dollar relative to the U.S. dollar, which is favourable to the Company given its Canadian-dollar cost base and the U.S.-dollar denomination of zinc, lead and gypsum prices.

Although the future direction of interest rates remains uncertain, the stability of Canadian monetary policy and the reduction in policy rates from the restrictive levels of 2023 and 2024 may support improved access to project financing for resource development companies, including the financing the Company will require to advance the Scotia Mine toward a restart of production.

Global economic conditions remain subject to significant geopolitical and trade uncertainty, including developments in the Middle East, changing U.S. trade and tariff policies, and disruptions to international supply chains. These factors may contribute to volatility in energy, commodity and currency markets and could affect both project development costs and commodity prices.

The market environment for zinc has strengthened materially during 2026. Zinc prices have risen substantially from the levels assumed in the Company's 2021 Pre-Feasibility Study, supported by low exchange inventories, tight availability of metal outside China and constrained economics for a number of global zinc smelters. In August 2026, London Metal Exchange zinc prices reached approximately US$3,850 per tonne (~US$1.75/lb), representing the strongest pricing environment in several years. Management believes that current zinc market conditions highlight the strategic importance of developing new sources of zinc supply in stable jurisdictions.

Lead prices have also remained supportive, underpinned by continuing demand from automotive and industrial battery applications and constrained investment in new primary supply. The Scotia Mine's planned production of both zinc and lead concentrates provides exposure to both metals and potential diversification of future revenues.

Demand for gypsum and related construction materials remains supported by residential, commercial and infrastructure activity. The Company's existing long-term gypsum offtake agreement provides a contracted sales channel for significant volumes of gypsum and off-specification gypsum/anhydrite expected to be produced in conjunction with future mining operations.

The Company expects that a substantial portion of future Scotia Mine revenues will be denominated in U.S. dollars, while a significant proportion of operating and development costs will be incurred in Canadian dollars. Accordingly, the CAD:USD exchange rate remains an important factor affecting the future economics of the Scotia Mine. A relatively weaker Canadian dollar may provide a favourable impact on operating margins, although currency movements remain subject to market volatility.

Government policy in Canada continues to place increased emphasis on the development of domestic critical mineral supply chains and the acceleration of responsible mine development. Zinc is recognized by Canada as a critical mineral, and management believes that this policy environment may provide additional opportunities for Canadian projects capable of contributing to domestic and allied critical mineral supply chains.

Taken together, the current environment of strong zinc fundamentals, supportive lead and gypsum markets, a favourable revenue-cost currency structure and increased policy emphasis on Canadian critical mineral development provides a constructive backdrop for the Company as it advances the Scotia Mine toward its targeted restart of production. Access to sufficient development capital, however, remains an important component of the Company's ability to execute its development strategy.

SIGNIFICANT MILESTONES AND DEVELOPMENTS

Scotia Mine Regulatory Advancement

During 2026, the Company achieved significant progress toward completing the regulatory requirements necessary for the planned restart of the Scotia Mine.

In February 2026, EDM submitted its Fisheries Act Authorization ("FAA") application to the Department of Fisheries and Oceans Canada ("DFO") for the planned extension of the Scotia Mine Main Pit. The application followed approximately three years of additional environmental, engineering and regulatory work and included hydrological and hydrogeological modelling, fish and fish habitat assessments, environmental monitoring and mitigation measures, Indigenous engagement and a proposed habitat offsetting program.

During the second quarter of 2026, the FAA application continued to progress through the federal review process, including engagement with First Nations. The Company continues to work collaboratively with DFO, First Nations and its environmental consultants to respond to information requirements and advance the application toward a regulatory decision.

In July 2026, subsequent to the end of the reporting period, the Nova Scotia Department of Environment and Climate Change issued an amended Industrial Approval ("IA") for the Scotia Mine. The amended IA approves the updated mine plan and processing facility for the planned restart and authorizes modifications to the mine layout, processing facilities, waste rock and tailings management infrastructure and associated environmental protection measures.

Management considers receipt of the amended Industrial Approval to be one of the most significant regulatory milestones achieved by the Company since acquiring the Scotia Mine.

Updated Pre-Feasibility Study and Mineral Resource Estimate

During 2026, EDM commenced a comprehensive update to the Scotia Mine NI 43-101 Pre-Feasibility Study ("PFS") and Mineral Resource Estimate ("MRE"). The updated MRE is being prepared to incorporate current geological information and revised resource modelling. In parallel, the updated PFS will incorporate the updated MRE, current capital and operating costs, commodity price assumptions, revised mine planning, processing optimization opportunities and the project configuration reflected in the amended Industrial Approval.

Ore Sorting and Processing Optimization

Following completion of the positive Dense Media Separation ("DMS") study in 2025, the Company has continued to evaluate opportunities to improve the Scotia Mine processing flowsheet.

During 2026, EDM expanded this work to include evaluation of modern ore-sorting technologies for the proposed crushing circuit, including the potential application of sensor-based ore sorting technologies such as XRF and other advanced ore characterization and sorting systems. These technologies may provide opportunities to identify and reject waste rock prior to milling, potentially increasing mill feed grades, reducing the volume of material processed and reducing associated processing and tailings requirements.

The potential application of ore sorting and other processing improvements will be evaluated as part of the updated PFS.

Gold Exploration Program

During 2026, EDM commenced a gold exploration program at the Scotia Mine property following previous identification of gold in historical exploration data and metallurgical concentrate samples.

The first phase of the program is focused on compiling and evaluating historical exploration information, geological interpretation, sampling and identification of prospective gold targets across the Company's mineral tenure.

The gold exploration program represents an opportunity to evaluate additional mineral potential on the Scotia Mine property separate from the established zinc-lead and gypsum resources. Any future mineral resource associated with gold would require additional exploration, technical evaluation and appropriate disclosure in accordance with NI 43-101.

Strengthened Financial Position and Warrant Exercises

The Company materially strengthened its financial position during the first half of 2026.

During the six months ended June 30, 2026, holders exercised an aggregate of 15,219,288 warrants at an exercise price of $0.14 per warrant, together with 350,000 stock options at an exercise price of $0.09 per option. These exercises provided significant additional capital to the Company while increasing shareholder participation in the advancement of the Scotia Mine.

As at June 30, 2026, the Company had cash of approximately $2.25 million and working capital of approximately $2.93 million, compared with cash of approximately $0.54 million and working capital of approximately $0.60 million at December 31, 2025.

The Company continues to have outstanding warrants which, if exercised, could provide additional capital to support the advancement of the Scotia Mine.

Silver Royalty

In August 2025, the Company entered into a Silver Royalty Purchase Agreement with Silver Crown Royalties Inc. (“SCRi”) in respect of future silver production from the Scotia Mine.

As part of the consideration received under the agreement, EDM received cash and securities of SCRi. During the first half of 2026, the Company sold its 60,000 SCRi common shares for net proceeds of approximately $1.19 million and recognized a realized gain on investments of approximately $745,000. The Company continues to hold 60,000 SCRi share purchase warrants.

The transaction has provided the Company with a source of non-dilutive capital while establishing a long-term relationship with SCRi in connection with potential future silver production from the Scotia Mine.

Gypsum Offtake Agreement

The Company continues to maintain its long-term gypsum offtake agreement for gypsum and related by-products expected to be produced from the Scotia Mine.

The agreement provides for the exclusive sale of gypsum and related by-products for an initial five-year term commencing upon commercial operations and includes take-or-pay commitments for 250,000 tonnes per year of gypsum and 500,000 tonnes per year of off-specification gypsum/anhydrite.

During 2026, the required commencement date for commercial operations under the agreement was extended to December 31, 2027, aligning the agreement with the Company’s current targeted timetable for restarting the Scotia Mine.

Management believes the agreement provides an important contracted sales channel for the gypsum and related by-products expected to be generated by future Scotia Mine operations.

U.S. Capital Markets Expansion

On June 1, 2026, the Company’s common shares commenced trading on the OTCQB® Venture Market in the United States under the symbol “EDMFF”, expanding access to EDM securities for U.S. investors.

Subsequent to the end of the second quarter, the Company obtained eligibility for electronic clearing and settlement of its common shares in the United States through The Depository Trust Company (“DTC”). DTC eligibility is expected

to simplify electronic trading and settlement for U.S. investors and improve accessibility to the Company's common shares.

Path Toward Production

Following the progress achieved during 2025 and 2026, EDM continues to advance the Scotia Mine toward its targeted restart of production.

The Company's principal development activities include completing the Fisheries Act Authorization process, completing the updated Mineral Resource Estimate and Pre-Feasibility Study, advancing project financing and concentrate offtake discussions, evaluating processing optimization opportunities, progressing detailed engineering and procurement planning, and completing the remaining activities required to support a production decision and mine restart.

The timing of the restart remains subject to completion of permitting, financing, engineering, procurement and construction activities.

PROPERTY INFORMATION, COMPLETED ACTIVITIES AND OUTLOOK

Scotia Mine

EDM owns 100% of the Scotia Mine, a past-producing zinc-lead mine located approximately 60 kilometres northeast of Halifax, Nova Scotia. The property includes the Scotia Mine processing facilities and infrastructure together with an extensive mineral claims package. The Company acquired the Scotia Mine in 2011 and has maintained the project and its principal mineral rights and regulatory approvals while undertaking exploration, technical studies and permitting activities directed toward restarting operations.

Following acquisition, EDM completed additional drilling, exploration and technical studies to improve the geological understanding of the Scotia Mine deposits and evaluate opportunities to restart and optimize the operation. The project was placed on care and maintenance in 2013 in response to prevailing commodity prices and mine-development financing conditions. Since that time, the Company has continued to maintain the property while progressively advancing the technical and regulatory basis for a restart.

Mineral Resources and Technical Studies

In December 2019, the Company announced an updated Mineral Resource Estimate (“2019 MRE”) that significantly increased the measured and indicated mineral resources available for evaluation at the Scotia Mine. In February 2020, Ausenco Engineering Canada Inc. completed a mill optimization trade-off study that identified opportunities for relatively low-cost improvements to the existing processing facility.

These studies formed the basis for the Company's first NI 43-101 Pre-Feasibility Study (“2020 PFS”), completed in July 2020, which included the Scotia Mine's first NI 43-101 Mineral Reserve Estimate.

In March 2021, the Company announced an updated Mineral Resource Estimate (“2021 MRE”), which included significant gypsum mineral resources in addition to the established zinc-lead resources.

The 2021 MRE reported total Measured and Indicated zinc-lead resources of 25.45 million tonnes grading 1.89% zinc and 0.99% lead, together with 5.18 million tonnes of Measured and Indicated gypsum resources grading 91.8% gypsum. Inferred zinc-lead resources totaled 5.01 million tonnes grading 1.50% zinc and 0.66% lead, together with 0.79 million tonnes of inferred gypsum resources grading 91.2%. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Scotia Mine 2021 Mineral Resource Estimation, March 22, 2021 – MineTech International Limited

Classification	Zone	Tonnage (kt)	Zn (%)	Pb (%)	ZnEq. (%)	Gypsum Tonnage (kt)	Gypsum (%)
Measured	Getty	60	1.38	1.25	2.58	0	0
	Main	4,130	2.57	1.30	3.81	1,310	93.0
	North East	130	3.18	1.88	4.98	220	91.9
	Total	4,320	2.57	1.32	3.83	1,530	92.8
Indicated	Getty	8,090	1.24	0.81	2.02	0	0
	Getty South	840	1.58	0.25	1.82	0	0
	Main	9,870	1.92	1.01	2.89	2,500	92.7
	North East	2,330	2.88	1.15	3.98	1,150	88.7
	Total	21,130	1.75	0.92	2.64	3,650	91.4
Measured & Indicated	Getty	8,150	1.24	0.82	2.03	0	0
	Getty South	840	1.58	0.25	1.82	0	0
	Main	14,000	2.11	1.09	3.16	3,810	92.8
	North East	2,460	2.89	1.19	4.04	1,370	89.2
	Total	25,450	1.89	0.99	2.84	5,180	91.8
Inferred	Getty	950	1.35	0.54	1.87	0	0
	Getty South	770	1.53	0.25	1.77	0	0
	Main	2,980	1.49	0.79	2.25	250	92.2
	North East	310	2.01	0.74	2.72	540	90.7
	Total	5,010	1.50	0.66	2.13	790	91.2

Source: MineTech 2021

- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that any part of the Mineral Resources estimated will be converted into Mineral Reserves;*
- *Determination of reasonable prospects of eventual economic extraction was based on assumed prices for Zinc of US$1.35/lb, and for Lead of US$1.14/lb, a Zinc recovery of 86% and a Lead recovery of 93%, mining and processing costs varying by zone, and pit slopes of 45 degrees in rock and 22 degrees in overburden;*
- *Near surface resources are reported based on a Zinc equivalent ("ZnEq") grade of 0.90% and a Gypsum grade of 80%. The ZnEq grade incorporates Zinc and Lead sales costs of US$0.19/lb and US$0.11/lb respectively, and a 2% royalty to the Government of Nova Scotia; and*
- *Numbers in the table have been rounded to reflect the accuracy of the estimate and may not sum due to rounding.*

2021 Pre-Feasibility Study

In November 2021, the Company completed an updated NI 43-101 Pre-Feasibility Study ("2021 PFS"), incorporating the updated mineral resources and establishing mineral reserves for both the zinc-lead and gypsum components of the Scotia Mine.

The 2021 PFS contemplated a conventional open-pit mining operation utilizing the existing Scotia Mine processing infrastructure at a throughput rate of approximately 2,700 tonnes per day. The study contemplated a 14.3-year mine life and estimated average annual production during the first five years of approximately 35 million pounds of zinc and 15 million pounds of lead.

The 2021 PFS reported an after-tax net present value at an 8% discount rate of $128 million, an after-tax internal rate of return of 65%, pre-production capital expenditures of approximately $30.6 million and an estimated payback period of 1.3 years. The economic analysis assumed long-term zinc and lead prices of US$1.22/lb and US$1.04/lb, respectively, and a CAD:USD exchange rate of 0.80.

2021 Pre-Feasibility Study Highlights

Pre-Tax Net Present Value (Discount Rate 8%)	**$174M**
Pre-Tax Internal Rate of Return	69%
After-Tax Net Present Value (Discount Rate 8%)	**$128M**
After-Tax Internal Rate of Return	65%
EBITDA (Annual Average)	$18M
Payback Period (Years)	**1.3**
Pre-Production CAPEX (incl. $2.7M Contingency)	$30.6M
Metal Production Zinc (5 Year Annual Average)	35M lbs
Metal Production Lead (5 Year Annual Average)	15M lbs
Zinc Concentrate Grade (LOM Average)	57%
Lead Concentrate Grade (LOM Average)	71%
Processing Throughput Rate (Tonnes Per Day)	2,700
Life of Mine ("LOM") (Years)	**14.3 Years**
Ore Reserves Mined (LOM Total)	13.66Mt
Zinc Ore Grade (LOM Average)	2.03% Zn
Lead Ore Grade (LOM Average)	1.10% Pb
Gypsum Grade (LOM Average)	91.8%
Net Revenue After Royalty & Treatment Charges	**$875M**
Operating Cash Flow Before Taxes	$357M
C1 Costs Over LOM[1]	**US$0.50/lb**
Total Operating Cost (Per tonne Milled LOM)	$52.56/t
All-In-Sustaining-Cost (ZnEq.)[1,2]	US$0.52/lb
Zinc Price (LOM Average)	US$1.22/lb
Lead Price (LOM Average)	US$1.04/lb
Gypsum Crude Price (LOM Average)	US$8.60/t
Foreign Exchange Rate (CAD: USD)	0.80

All dollar amounts are expressed in Canadian Dollars unless otherwise noted

1 After Lead credits deducted

2 All-In-Sustaining-Costs ("AISC") are C1 Costs plus Sustaining Capital and Financing Costs

Project Advancement – 2022 to 2025

Following completion of the 2021 PFS, the Company's principal activities focused on advancing the regulatory, commercial and technical requirements for restarting the Scotia Mine.

This work included environmental and engineering studies supporting amendments to the project's regulatory approvals, advancement of the Fisheries Act Authorization process, First Nations engagement, evaluation of processing and pre-concentration opportunities, and development of commercial arrangements for future production.

During 2025, the Company completed a Dense Media Separation study that identified potential opportunities to reject waste material prior to milling and improve processing efficiency. The Company also entered into a long-term gypsum offtake agreement covering future gypsum and off-specification gypsum/anhydrite production and completed a silver royalty transaction that provided additional non-dilutive capital to support advancement of the Scotia Mine.

2026 Activities and Outlook

During 2026, the Scotia Mine has advanced from regulatory and technical preparation toward pre-development planning. Key developments include submission of the Fisheries Act Authorization application, receipt of the amended Industrial Approval, commencement of the updated Mineral Resource Estimate and Pre-Feasibility Study, and continued evaluation of processing optimization opportunities. These developments are described in greater detail under “Significant Milestones and Developments” above.

Management’s principal objective is to advance the Scotia Mine toward a targeted restart of production. Key remaining activities include completion of the FAA process and updated MRE and PFS, advancement of project financing and concentrate offtake arrangements, detailed engineering and procurement planning, and completion of the remaining development activities required to support a production decision.

The timing and execution of a restart remain subject to receipt of remaining regulatory approvals, availability of financing, completion of engineering and procurement, construction and commissioning activities, and other customary mine-development risks.

SUMMARY OF QUARTERLY RESULTS

The selected financial information is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Amounts are expressed in thousands of Canadian dollars, except for loss per share, which is rounded to the nearest cent.

	30-Jun 2026	31-Mar 2026	31-Dec 2025	30-Sep 2025	30-Jun 2025	31-Mar 2025	31-Dec 2024	30-Sep 2024
Interest income	10	10	86	10	32	10	305	9
Net income (loss) for the period	543	(378)	434	(321)	(400)	(453)	(485)	(488)
Income (loss) per share	0.01	(0.01)	0.01	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

RESULTS OF OPERATIONS

Results of Operations for the Six Months Ended June 30, 2026 vs. Six Months Ended June 30, 2025

For the six months ended June 30, 2026, the Company reported net and comprehensive income of $164,678, compared to a net and comprehensive loss of $853,415 during the six months ended June 30, 2025. The improvement in overall results was primarily attributable to realized and unrealized gains on marketable securities, partially offset by higher consulting, regulatory, office and general, and stock-based compensation expense, and lower interest income.

Operating expenses increased to $1,056,803 during the six months ended June 30, 2026, from $663,559 in the comparative period, reflecting increased regulatory and corporate activity associated with advancing the Scotia Mine project and corporate initiatives.

Salaries and benefits decreased to $197,577 during the period (H1 2025 – $211,565), reflecting lower personnel costs and continued cost management efforts.

Office and general expenses increased to $222,533 (H1 2025 – $131,863). The increase reflects $39,000 of office and related service fees under the Company's Toronto office arrangement, which was not in place during the comparative period, a $15,908 increase in travel and accommodation associated with site attendance and environmental baseline field work, a $20,945 increase in repairs and maintenance at the Scotia Mine as the site is maintained in a state of operational readiness, a $13,302 charge for interest and penalties on a legacy payroll tax liability, a $12,000 increase in corporate development fees, and higher bank charges of $7,341 arising from increased financing activity. These increases were partially offset by a $21,659 decrease in insurance expense, reflecting a change to monthly amortisation of premiums, and a $6,722 decrease in office supplies.

Legal and accounting fees decreased to $94,924 (H1 2025 – $131,416), reflecting lower levels of professional advisory, regulatory and transaction-related activity during the quarter.

Investor relations expense increased to $22,909 (H1 2025 – $5,979), reflecting continued shareholder communication and market outreach activities.

Consulting expense increased to $210,000 (H1 2025 – $80,000), reflecting expanded financial advisory support to the Company.

Stock-based compensation increased to $201,074 (H1 2025 – $67,500), reflecting equity-based compensation granted during the period in connection with the Company's efforts to incentivize and retain directors, officers, employees and consultants.

Regulatory fees increased significantly to $102,062 (H1 2025 – $29,329), primarily due to increased permitting, environmental and regulatory compliance activities associated with advancing the Scotia Mine toward restart.

Amortization expense remained consistent at $5,723 (H1 2025 – $5,907), reflecting the continued depreciation of capital assets.

Other gains and losses had a positive impact on results during the period. Interest income decreased to $20,782 (H1 2025 – $41,725), reflecting interest earned on reclamation deposits and cash balances. The Company recognized a realized gain on investments of $745,471 during the six months ended June 30, 2026 (H1 2025 – nil) arising from the disposition of an aggregate of 60,000 common shares of Silver Crown Royalties Inc. ("SCRi"), which had been received as part of the consideration under the Company's silver royalty agreement entered into in 2025. In addition, an unrealized gain of $691,842 (H1 2025 – nil) was recognized on the revaluation of the 60,000 SCRi share purchase warrants held at period end.

Accretion of the decommissioning liability increased to $236,614 (H1 2025 – $231,581) due to the continued unwinding of the discount associated with the Company's rehabilitation obligations.

Overall, results for the period reflect increased expenditures associated with permitting and corporate advancement activities, more than offset by realized and unrealized investment gains, and continued financial discipline as the Scotia Mine is advanced toward completion of its remaining regulatory requirements and planned restart of operations.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2026, the Company had working capital of $2,926,718 compared to working capital of $599,702 at December 31, 2025. Working capital is defined as current assets less current liabilities and, while not a measure recognized under IFRS, is used by management to assess short-term liquidity.

The improvement in working capital during the period was primarily driven by a significant reduction in accounts payable and accrued liabilities, proceeds received from warrant and stock option exercises, and the settlement of indebtedness through the issuance of common shares. Current assets totaled $3,173,813 as at June 30, 2026 (December 31, 2025 – $1,138,041), while current liabilities decreased to $247,095 (December 31, 2025 – $538,339).

The Company's primary assets consist of cash, reclamation deposits, restricted cash, property, plant and equipment, and exploration and evaluation assets related to the Scotia Mine. As the Company has not yet commenced revenue-generating operations, it continues to rely on external financing and strategic transactions to fund its activities.

During the six months ended June 30, 2026, the Company reported an increase in cash of $1,708,679 compared to a decrease of $425,242 during the six months ended June 30, 2025. Cash as at June 30, 2026 totaled $2,249,665 (December 31, 2025 – $540,986). In addition, the Company held restricted cash of

$406,000 (December 31, 2025 – $nil), representing funds deposited into a guaranteed investment certificate pledged as collateral in support of a performance bond associated with the Fisheries Act Authorization ("FAA") process.

Cash used in operating activities during the period primarily reflected expenditures on salaries and benefits, consulting, regulatory and corporate activities associated with advancing the Scotia Mine project, partially offset by interest income and realized gains on marketable securities. Investing activities continued to relate primarily to expenditures on exploration and evaluation assets and minor additions to property, plant and equipment.

During the period, the Company sold an aggregate of 60,000 common shares of Silver Crown Royalties Inc. ("SCRi"), generating net proceeds of approximately $1,185,998 and recognizing a realized gain on investments of $745,471. The Company no longer holds any SCRi common shares. The 60,000 SCRi share purchase warrants received under the same agreement continue to be classified as marketable securities and measured at fair value through profit or loss.

Financing activities during the period included the exercise of 15,219,288 warrants at an exercise price of $0.14 per warrant and the exercise of 350,000 stock options at an exercise price of $0.09 per option. In addition, the Company issued 1,962,546 common shares in settlement of indebtedness totaling $214,500. These transactions strengthened the Company's liquidity position and reduced outstanding obligations.

The Company also continued to benefit from the upfront prepayment received under its gypsum offtake agreement, which has been recorded as deferred revenue and will be applied against future product deliveries. In addition, during

2025, the Company entered into a silver royalty transaction with Silver Crown Royalties Inc., pursuant to which the Company received upfront cash and equity consideration in exchange for a ten-year royalty on silver production from the Scotia Mine.

The Company ended the period with cash of $2,249,665 and continues to manage expenditures in line with available resources while advancing Scotia Mine toward completion of its remaining regulatory requirements and planned restart of operations.

The Company has not yet generated revenue from mining operations and continues to incur expenditures associated with maintaining and advancing the Scotia Mine. Its ability to continue as a going concern is dependent upon its ability to raise additional financing, advance the Scotia Mine toward production, and ultimately generate positive cash flows. There can be no assurance that sufficient funding will be available on acceptable terms, or at all. If adequate financing is not obtained, the Company may be required to curtail its activities.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, as described in Note 1 to the interim condensed consolidated financial statements.

RISK FACTORS

The operations of the Company may require licenses and permits from various local, provincial, and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out mineral exploration, development, or mining operations at its project.

Even if the Company's exploration and development programs are successful, factors beyond the control of the Company may affect the marketability of any minerals discovered. Mineral and metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, geopolitical conflicts, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and worldwide production levels. The effect of these factors cannot accurately be predicted.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and while retaining ultimate responsibility for them, it has delegated the authority for designing policies and systems that ensure the effective execution of the objectives and policies to the Company's finance function.

Market Risk

Market risk is the risk that changes in market prices will affect the fair value of future cash flows of a financial instrument. Market prices are comprised of three types of risk for the Company: currency risk, interest rate risk, and commodity price risk.

Currency Risk

Currency risk is the risk that fluctuation in exchange rates between the Canadian dollar or other foreign currencies will affect the Company's financial results. The Company's operations and financing activities are conducted primarily in Canadian dollars and as a result, it is not currently exposed to significant foreign currency risk. However, the Company may be exposed to currency risk in the future as the prices for the metals produced by the Company's Scotia Mine, which is currently in care-and-maintenance, are sold throughout the world based principally upon the United States dollar price. The appreciation of the Canadian dollar against the United States dollar may reduce the Company's future revenues relative to the costs at the Company's operations, making such operations less profitable. As a result, currency fluctuations may affect its future operations, operating results, and cash flows when the Scotia Mine is restarted.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest risk arising primarily from its cash held

mainly in short-term interest-bearing accounts with Canadian chartered banks. The impact of a change in interest rates is not significant.

Commodity Price Risk

The success of the Company's Scotia Mine and its other prospects will be primarily dependent on the future price of zinc and lead. Metal prices have historically been subject to significant price fluctuation. No assurance may be given that metal prices will remain stable and significant reductions or volatility in metal prices may have an adverse effect on the Company's business, including the economic attractiveness of the Company's projects, the Company's ability to obtain financing and the amount of the Company's revenue or profit or loss. Significant price fluctuations over short periods of time may be generated by numerous factors beyond the control of the Company, including domestic and international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and increases or decreases in production due to improved mining and production methods. The Company does not currently have an operating mine and does not have any derivative commodity contracts or other commodity-based risks in respect of operations.

Credit Risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. To minimize credit risk, cash is deposited in a Canadian chartered bank and may be redeemed on demand and cash held for reclamation is held by government authorities where credit risk is minimal. Amounts receivable primarily consist of GST/HST refunds amounting to $117,509 from the Canadian Government. The Company monitors the collectability of its amounts receivable and has not had difficulty collecting amounts receivable. Consequently, management considers credit risk to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. The Company reviews its expenditure budgets against actual expenditures routinely to ensure there is sufficient working capital to discharge all financial obligations.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as of the date of this document.

DECOMMISSIONING LIABILITY

The Company has estimated the present value of future rehabilitation costs required to remediate the Scotia Mine facility based on its current condition. Although the ultimate amount of the rehabilitation liability is uncertain, the best estimate of these obligations is based on information currently available. Significant closure and rehabilitation activities currently contemplated include dismantling and removing facilities, equipment removal, and remediation of the mine site.

The total amount of estimated undiscounted cash flows required to settle the Company's rehabilitation obligation as at June 30, 2026 was $14,778,917 (December 31, 2025 – $14,778,917; December 31, 2024 – $14,806,219). The calculation of the present value of estimated future cash flows assumed a discount rate of 3.17% (December 31, 2025 – 3.17%) and an inflation rate of 2.9% (December 31, 2025 – 2.9%), which resulted in a net present value of $15,164,943 (December 31, 2025 – $14,928,329). During the six months ended June 30, 2026, the Company recognized accretion expense of $236,614 (six months ended June 30, 2025 – $231,581) related to the unwinding of the discount on the decommissioning liability. Rehabilitation costs are estimated to be settled at various dates between 2032 and 2035.

The continuity of the Company's decommissioning liability is as follows:

Balance, December 31, 2024	**$14,610,788**
Change in estimate	(145,622)
Accretion	463,162
Balance, December 31, 2025	$14,928,328
Accretion	236,614
Balance, June 30, 2026	**$15,164,943**

SHARE CAPITAL

As at the date of this MD&A, the Company had the following securities issued and outstanding:

Common Shares	**80,990,749**	
Stock Options	5,690,000	Exercisable at a price between $0.09 and $0.75
Warrants	21,624,743	Exercisable at a price of $0.14
Share price	$0.69	

There are no restricted stock units ("RSUs") outstanding as of the date of this document.

DISCLOSURE CONTROLS AND PROCEDURES

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that:

(i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and

(ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The consolidated financial statements were prepared by the Company's management in accordance with International Financial Reporting Standards. The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the consolidated financial statements are presented fairly in all material respects.

POTENTIAL DILUTION

The issue of common shares of the Company upon the exercise of stock options and/or the warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

DEPENDENCE ON KEY PERSONNEL

The Company's business and operations are dependent on retaining the services of a small number of key personnel. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these people. The loss of one or more of these key people could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key people.

TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Except as noted, amounts with related parties are non-interest bearing, unsecured, payable on demand and have arisen from the provision of services and expense reimbursements described.

Key Management Personnel Compensation

Management and key personnel compensation is as follows:

Current Board of Directors, Officers and Key Management Personnel	June 30, 2026	June 30, 2025
Mark Haywood – Chief Executive Officer	$60,000	$60,000
Arnab De – Chief Financial Officer	$30,250	$33,000
Share-based Compensation	$160,859	$67,500
Totals	$251,109	$160,500

Advisory services paid to a company in which a Director of the Company is also a Director was $25,000 (2025: $20,000). Rent of $39,000 (2025: $nil) was also charged by that company during the period. As at June 30, 2026, amounts due to related parties totaled $Nil (December 31, 2025 –$22,871) pertaining to amounts payable for key management remuneration, director's fees, and reimbursement of expenses paid on behalf of the Company.

The Company issued 1,962,546 common shares at a deemed issue price of approximately $0.11 per share in settlement of indebtedness totaling $214,500. The shares were issued to settle outstanding obligations and were recorded at the fair value of the liability extinguished.

PROPOSED TRANSACTIONS

There are no proposed transactions as of the date of this MD&A.

EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to June 30, 2026, the Nova Scotia Department of Environment and Climate Change issued an amended Industrial Approval for the Scotia Mine, providing an updated provincial regulatory framework for the planned restart of operations.

The Company also obtained eligibility for electronic clearing and settlement of its common shares in the United States through The Depository Trust Company ("DTC").

Subsequent to June 30, 2026, holders exercised 1,113,227 warrants at an exercise price of $0.14 per warrant, generating gross proceeds of $155,852.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Financial statements in conformity with IFRS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. Actual results may differ from those estimates. A full description of the Company's significant accounting policies may be found in Note 3 of the Company's December 31, 2025, audited consolidated financial statements. A summary of the Company's critical accounting estimates is set out below.

Exploration and Evaluation Assets and Property, Plant and Equipment

The Company reviews capitalized costs on its property interests on a periodic, or annual, basis and will determine whether any persuasive evidence exists that indicates impairment. In assessing impairment of exploration and evaluation properties, and associated property, plant and equipment, management makes certain assumptions about whether the capitalized costs are unlikely to be recovered in full from successful development or by sale.

Decommissioning Liability

The Company conducts its operations in compliance with applicable laws and regulations governing protection of the environment. Reclamation and remediation obligations arise throughout the life of the Scotia Mine. The Company estimates future reclamation costs based on the level of current activity and estimates of costs required to fulfill its future obligations.

Share-based payments and Warrant Values

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees and to estimate the fair value of warrants issued in connection with private placements. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based payment calculation value.

FINANCIAL AND OTHER INSTRUMENTS

The carrying values of cash, amounts receivable, cash held for reclamation, accounts payable and accrued liabilities, and amounts due to related parties approximate their fair value due to the short-term nature of

DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Office and General expenses for the six months ended June 30, 2026 and 2025 are comprised of the following:

For the six months ending	2026	2025
	$	$
Bank Charges	2,576	962
Computer and Information Technology	1,899	2,232
Insurance	8,523	29,769
Travel	39,509	44,027
Property Tax	0	0
Utilities	7,279	5,822
Repairs and Maintenance	29,527	8,582
General and Other	133,295	57,679
	222,608	149,073

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR+ (www.sedarplus.ca).

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements within the meaning of Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the timing and receipt of regulatory approvals, including the Fisheries Act Authorization, completion and results of the updated Mineral Resource Estimate and Pre-Feasibility Study, potential benefits of ore sorting and processing optimization, project financing, offtake arrangements, the timing of development and restart of the Scotia Mine, the future price of metals, the estimation of Mineral Reserves and Resources, the realization of Mineral Reserve and Resource estimates, the timing and amount of estimated future production, costs of production and capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, the possibility of title disputes or claims, limitations on insurance coverage, and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might" or "will be taken," "occur" or "be achieved."

Forward-looking statements and other information contained in this MD&A concerning the mining industry and our general expectations concerning the mining industry are based on estimates prepared by us using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which we believe to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While we are not aware of any misstatements regarding any industry data presented in this MD&A, the mining industry involves risks and uncertainties and is subject to change based on various factors. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things, our ability to carry on exploration and development activities, the timely receipt of required approvals, the price of zinc, lead and other metals, our ability to operate in a safe, efficient and effective manner and our ability to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to operations; risks associated with current exploration and development activities; uncertainties associated with conclusions of economic evaluations; changes in project parameters as plans continue to be refined; assumptions related to the future prices of metals; possible variations in Mineral Reserves or Mineral Resources, the grade of contained metals or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; and risks related to joint venture operations. Although we have attempted to identify important factors that could affect us and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this MD&A to reflect the occurrence of unanticipated events save and except as required by applicable securities laws.