FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: ____Headwater Gold Inc.__________________________ (the "Issuer").

Trading Symbol: HWG____

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

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

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

Please see Schedule A

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

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

Please see Schedule A

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

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

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Please see Schedule A

(b) number and recorded value for shares issued and outstanding,

Please see Schedule A

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Please see Schedule A

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

Please see Schedule A

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

The following are the directors of the Issuer:
Graeme Currie
Tero Kosonen
Caleb Stroup
Alistair Waddell
Wendell Zerb
Fraser MacCorquodale

The following are the officers of the Issuer:
Caleb Stroup – President and Chief Executive Officer
Alistair Waddell – Chairman
Gregory Derring - Vice President (Exploration)
Sandra Wong – Corporate Secretary
Dave Cross - Chief Financial Officer

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

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

Certificate Of Compliance

The undersigned hereby certifies that:

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

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

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

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

Dated October 30, 2025.

Dave Cross
Name of Director or Senior Officer

"Dave Cross"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer Headwater Gold Inc.	For Quarter Ended August 31, 2025	Date of Report YY/MM/D 25/10/30
Issuer Address Suite 1210 – 1130 West Pender Street		
City/Province/Postal Code Vancouver, British Columbia, V6E 4A4	Issuer Fax No. (604) 681-9101	Issuer Telephone No. (604) 681-9100
Contact Name Dave Cross	Contact Position CFO	Contact Telephone No. (604) 681-9100
Contact Email Address dcross@crossdavis.com	Web Site Address www.headwatergold.com	

HEADWATER GOLD INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED AUGUST 31, 2025

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Notice of No Auditor Review of

Unaudited Condensed Consolidated Interim Financial Statements

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these unaudited condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the unaudited condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Headwater Gold Inc. (the "Company") for the six months ended August 31, 2025 (the "Interim Financial Statements") have been prepared by and are the responsibility of the Company's management. The Interim Financial Statements are stated in terms of Canadian dollars, unless otherwise indicated, and are prepared in accordance with International Accounting Standards 34 ("IAS 34") *Interim Financial Reporting* under International Financial Reporting Standards ("IFRS").

The Company's independent auditor has not performed a review of these Interim Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

(Expressed in Canadian Dollars)

	Notes		August 31, 2025		February 28, 2025
ASSETS					
Current Assets					
Cash and cash equivalents		$	**2,932,590**	$	**2,671,959**
Restricted cash			**2,016,584**		**4,318,350**
Short-term investments	7		**109,850**		**71,825**
Amounts and other receivable	14		**87,796**		**85,216**
Prepaid expenses and deposits			**102,591**		**70,952**
Total Current Assets			**5,249,411**		**7,218,302**
Non-Current Assets					
Right-of-use assets	11		**199,061**		**213,860**
Deposits	8		**191,777**		**151,599**
Property and equipment, net	9		**54,357**		**79,470**
Exploration and evaluation assets	10		**4,419,379**		**3,620,703**
Total Non-Current Assets			**4,864,574**		**4,065,632**
Total Assets		$	**10,113,985**	$	**11,283,934**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade and other payables	14	$	**433,383**	$	**265,053**
Current portion of lease liabilities	11		**132,480**		**141,405**
Other liabilities	10, 12		**2,717,046**		**4,230,208**
Total Current Liabilities			**3,282,909**		**4,636,666**
Non-Current Liabilities					
Lease liabilities	11		**99,736**		**91,322**
Total Non-Current Liabilities			**99,736**		**91,322**
Total Liabilities			**3,382,645**		**4,727,988**
Shareholders' Equity					
Share capital	13(a)		**13,453,238**		**12,467,441**
Reserve for share-based payments	13(c, d)		**1,364,716**		**1,233,238**
Accumulated other comprehensive (loss) gain			**(84,304)**		**154,379**
Deficit			**(8,002,310)**		**(7,299,112)**
Total Shareholders' Equity			**6,731,340**		**6,555,946**
Total Liabilities and Shareholders' Equity		$	**10,113,985**	$	**11,283,934**

Nature of operations and going concern (Note 1)
Subsequent event (Note 16)

APPROVED ON BEHALF OF THE BOARD ON October 30, 2025:

/s/ *"Alistair Waddell"*
Director

/s/ *"Caleb Stroup"*
Director

HEADWATER GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

		Three Months ended August 31,		Six Months ended August 31,	
	Notes	**2025**	2024	**2025**	2024
Expenses:					
Accounting and audit		$ 68,767	$ 6,925	**$ 70,186**	$ 17,626
Accretion of lease liability	11	5,567	8,158	**10,397**	14,005
Consulting		56,214	-	**56,214**	-
Depreciation	9, 11	89,217	56,337	**145,619**	104,807
General exploration		82,158	48,036	**161,491**	121,390
Legal		2,530	754	**3,782**	1,534
Office and sundry		64,353	40,795	**99,355**	79,262
Regulatory		30,802	12,913	**40,792**	22,670
Salaries, management, directors and benefits	14	85,485	105,866	**193,945**	195,003
Share-based payments	13(c), 14	-	295,214	**131,478**	304,131
Shareholder relations		73,828	50,839	**146,681**	117,434
Total expenses		**(558,921)**	(625,837)	**(1,059,940)**	(977,862)
Other income (expenses):					
Management fee income	10	**82,621**	278,827	**120,345**	383,741
Rental income		**82,535**	106,189	**164,650**	154,568
Finance and interest income		**15,993**	21,183	**29,804**	29,375
Foreign exchange gain (loss)		**60**	(85,622)	**4,285**	(48,014)
Unrealized gain (loss) on investments	7	**3,858**	(12,343)	**37,658**	1,240
Impairment of mineral exploration projects	10	**-**	(3,219,372)	**-**	(3,219,372)
Total other income (expenses)		**185,067**	(2,911,138)	**356,742**	(2,698,462)
Net loss		**(373,854)**	(3,536,975)	**(703,198)**	(3,676,324)
Other comprehensive income (loss):					
Items that may be reclassified to comprehensive income (loss):					
Cumulative translation adjustment		**(149,239)**	45,632	**(238,683)**	42,054
Comprehensive loss		**$ (523,093)**	$ (3,491,343)	**$ (941,881)**	$ (3,634,270)
Basic and diluted (loss) earnings per share:					
Basic		**$ (0.01)**	$ (0.06)	**$ (0.01)**	$ (0.06)
Diluted		**$ (0.01)**	$ (0.06)	**$ (0.01)**	$ (0.06)
Weighted average number of common shares outstanding:					
Basic		**70,824,005**	63,099,985	**70,768,463**	62,657,050
Dilutive effect of stock options and warrants		**-**	-	**-**	-
Diluted		**70,824,005**	63,099,985	**70,768,463**	62,657,050

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

HEADWATER GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Share Capital		Reserve for	Accumulated Other		
	Number of Shares	Amount	Share Based Payments	Comprehensive Income (Loss)	Deficit	Total
Balance, February 29, 2024	62,214,115	$ 10,689,535	$ 1,012,923	$ (184,837)	$ (3,119,693)	$ 8,397,928
Exercise of stock options	1,500,000	240,581	(90,581)	-	-	150,000
Share-based payments	-	-	304,131	-	-	304,131
Comprehensive income (loss) for the period	-	-	-	42,054	(3,676,324)	(3,634,270)
Balance, August 31, 2024	63,714,115	10,930,116	1,226,473	(142,783)	(6,796,017)	5,217,789
Private placement	7,000,000	1,540,000	-	-	-	1,540,000
Share issue expenses	-	(2,675)	-	-	-	(2,675)
Share-based payments	-	-	6,765	-	-	6,765
Comprehensive income (loss) for the period	-	-	-	297,162	(503,095)	(205,933)
Balance, February 28, 2025	70,714,115	12,467,441	1,233,238	154,379	(7,299,112)	6,555,946
Private placement	3,333,333	1,000,000	-	-	-	1,000,000
Share issue expenses	-	(14,203)	-	-	-	(14,203)
Share-based payments	-	-	131,478	-	-	131,478
Comprehensive loss for the period	-	-	-	(238,683)	(703,198)	(941,881)
Balance, August 31, 2025	74,047,448	$ 13,453,238	$ 1,364,716	$ (84,304)	$ (8,002,310)	$ 6,731,340

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

HEADWATER GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED AUGUST 31, 2025 AND 2024
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

	Six Months ended August 31,			
		2025		2024
Cash provided from (used by):				
Operations:				
Net loss for the period	**$**	**(703,198)**	$	(3,676,324)
Items not involving cash:				
Accretion of lease liability		**10,397**		14,005
Depreciation		**145,619**		104,807
Share-based payments		**131,478**		304,131
Unrealized loss on investments		**(37,658)**		(1,240)
Impairment of mineral property interests		**-**		3,219,372
		(453,362)		(35,249)
Changes in non-cash working capital items:				
Amounts and other receivables		**(2,580)**		18,068
Prepaid expenses and deposits, current		**(31,639)**		(54,130)
Trade and other payables		**168,330**		304,320
Cash provided from (used by) operating activities		**(319,251)**		233,009
Financing:				
Proceeds from share issuances		**1,000,000**		150,000
Share issue expenses		**(14,203)**		-
Lease payments		**(109,737)**		(101,259)
Cash provided from financing activities		**876,060**		48,741
Investing:				
Expenditures on exploration and evaluation assets		**(149,213)**		(467,670)
Expenditures on earn-in exploration and evaluation assets		**(2,364,347)**		(4,145,890)
Cash received from third party earn-in expenditures		**208,409**		6,339,669
Reclamation bond		**(47,924)**		-
Purchase of property and equipment		**(9,363)**		(5,012)
Cash used by investing activities		**(2,362,438)**		1,721,097
Foreign exchange (loss) gain on cash held in foreign currency		**(235,506)**		(78,247)
Change in cash and cash equivalents		**(2,041,135)**		1,924,600
Cash and cash equivalents, beginning of the period		**6,990,309**		4,994,323
Cash and cash equivalents, end of the period	**$**	**4,949,174**	$	6,918,923
Cash and equivalents	**$**	**2,932,590**	$	6,898,918
Restricted cash		**2,016,584**		20,005
Total cash and cash equivalents	**$**	**4,949,174**	$	6,918,923
Supplemental disclosure with respect to cash flows:				
Interest paid	**$**	**-**	$	-
Income taxe paid	**$**	**-**	$	-
Recognition of right of use assets and lease liability	**$**	**102,781**	$	208,190
Exercise of stock options	**$**	**-**	$	90,581

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

1. Nature of Operations and Going Concern

Headwater Gold Inc. (the "Company") was incorporated on January 14, 2019 under the laws of British Columbia (Canada). The Company's principal business activities include the acquisition and exploration of mineral property assets in the United States. The address of the Company's corporate office and its principal place of business is Suite 1210 – 1130 West Pender Street, Vancouver, British Columbia, Canada. The Company's shares were approved for trading on the Canadian Securities Exchange ("CSE") under the symbol "HWG" on June 8, 2021.

The Company has one wholly owned subsidiary: CP Holdings Corporation. The accounts of the subsidiary are consolidated with the Company.

These condensed consolidated interim financial statements for the six months ended August 31, 2025 (the "Interim Financial Statements") have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. For the six months ended August 31, 2025, the Company had a net loss of $703,198 (August 31, 2024 - $3,676,324), and as at August 31, 2025 had a working capital of $1,966,502 (February 28, 2025 - $2,581,636) and an accumulated deficit of $8,002,310 (February 28, 2025 - $7,299,112). Although the Company has been successful in raising capital to date, there can be no assurance that adequate or sufficient capital will be available in the future or available under terms acceptable to the Company. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

2. Basis of Preparation and Summary of Material Accounting Policies

(a) Statement of Compliance

These Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the interpretations of the International Financial Reporting Standards Interpretations Committee. These Interim Financial Statements do not include all of the information and disclosures required for full and complete annual financial statements, and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 28, 2025. The Company has consistently applied the same accounting policies for all periods as presented.

(b) Approval of the Interim Financial Statements

These Interim Financial Statements were approved by the Company's Board of Directors on October 30, 2025.

(c) Basis of Consolidation and Presentation

The Interim Financial Statements incorporate the financial statements of the Company and its sole wholly owned subsidiary, CP Holdings Corporation, which is incorporated in the United States. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated.

The Interim Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. In addition, the Interim Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Material Accounting Policies

(a) Exploration and Evaluation Assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs will be amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties for impairment and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

3. Material Accounting Policies (continued)

(a) Exploration and Evaluation Assets (continued)

The recoverability of the carrying amounts of exploration and evaluation assets ("E&E Asset") is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain.

(b) Foreign Currency Translation

The presentation and functional currency of the Company is the Canadian dollar as this is the principal currency of the economic environment in which it operates. The functional currency of the subsidiary is the United States dollar.

The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary and non monetary assets and liabilities are translated at the exchange rates in effect at the condensed consolidated interim statement of financial position date. The resulting exchange gains or losses are recognized in the condensed consolidated interim statement of comprehensive income (loss).

A subsidiary that has a functional currency different from the presentation currency, is translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each statement of comprehensive income (loss) are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income (loss) as cumulative translation adjustments.

4. Critical Accounting Judgments, Estimates and Risks

The preparation of the Interim Financial Statements requires management to make certain estimates, judgments and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period.

Although management used historical experience and its best knowledge of the amount, events, or actions to form the basis for judgements and estimates, actual results could differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management has made judgments regarding going concern assumption, functional currency and accounting for mineral property interests, all of which have the most significant effect on the amounts recognized in the Interim Financial Statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are provision for environmental rehabilitation and inputs used in the valuation of share-based payments and warrants. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

5. Management of Capital

The Company is an exploration stage company and this involves a high degree of risk. The Company has not determined whether its mineral property interests contain reserves of ore and currently has not earned any revenues from its mineral property interests and, therefore, does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital and proceeds from debt and from management fees earned from its exploration programs (Note 10). The Company is not subject to any externally imposed capital requirements.

The Company defines its capital as debt and share capital. Capital requirements are driven by the Company's exploration activities on its mineral property interests. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future. The Company will continue to rely on debt and equity financings and management fees earned from its exploration programs (Note 10) to meet its commitments as they become due, to continue exploration work on its mineral property interests, and to meet its administrative overhead costs for the coming periods.

There were no changes in the Company's approach to capital management during the six months ended August 31, 2025.

6. Management of Financial Risk

The Company's financial instruments include cash, restricted cash, term deposits, short term investments, amounts and other receivables, deposits, trade and other payables, and other liabilities. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

Short term investments are measured using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk and market risk which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian and USA financial institutions.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable, which may include amounts receivable from certain related parties, and records an expected credit loss based on its best estimate of potentially uncollectible amounts. Management believes that the credit risk with respect to these financial instruments is remote.

The financial instruments that potentially subject the Company to credit risk comprise investments, cash and cash equivalents and certain amounts receivable, the carrying value of which represents the Company's maximum exposure to credit risk.

As at August 31, 2025, the Company has no financial assets that are past due or impaired due to credit risk defaults.

6. Management of Financial Risk (continued)

(b) Liquidity risk:

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

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financings. As at August 31, 2025, the Company had a working capital (current assets less current liabilities) of $1,966,502 (February 28, 2025 – $2,581,636).

The following schedule provides the contractual obligations related to leases for the Company's office, warehouse and vehicle (Note 11) as at August 31, 2025:

	Payments due by Period (CAD$)				Payments due by Period (US$)			
	Total	Less than 1 year	1-3 years	3-5 years	Total	Less than 1 year	1-3 years	3-5 years
Office lease	$ 249,614	$ 149,768	$ 99,846	$ -	$ 7,195	$ 7,195	$ -	$ -
Warehouse lease	-	-	-	-	76,061	39,684	36,377	-
Vehicle lease	-	-	-	-	1,510	1,510	-	-
Total, August 31, 2025	$ 249,614	$ 149,768	$ 99,846	$ -	$ 84,766	$ 48,389	$ 36,377	$ -

Trade and other payables are due in less than 90 days

(c) Market risk:

The significant market risk exposures to which the Company is exposed are foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

Certain of the Company's mineral property interests and operations are in the USA which are incurred in US dollars. Fluctuations in the US dollars would affect the Company's condensed consolidated interim statements of comprehensive income (loss) as the reporting currency is the Canadian dollar, and fluctuations in the US dollar would impact its cumulative translation adjustment as its condensed consolidated interim financial statements are presented in Canadian dollars.

	Stated in Canadian Dollars (Held in US Dollars)	
	August 31, 2025	February 28, 2025
Cash	$ 2,597,931	$ 5,182,087
Marketable securities	109,850	71,825
Receivables	11,086	10,344
Accounts payable and accrued liabilities	(227,383)	(164,069)
Lease liabilities	(106,080)	(73,944)
Other liabilities	(2,717,046)	(4,230,208)
Net financial assets (liabilities)	$ (331,642)	$ 796,035

Based upon the above net exposure as at August 31, 2025 and assuming all other variables remain constant, a 5% (2025 - 5%) depreciation or appreciation of the U.S. dollar relative to the Canadian dollar could result in a decrease (increase) of approximately $16,000 (February 28, 2025 - $39,800) in the cumulative translation adjustment in the Company's shareholders' equity.

(Expressed in Canadian Dollars)

6. Management of Financial Risk (continued)

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest excess cash at rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. The Company's investments in guaranteed investment certificates bear a fixed rate and are cashable at any time prior to maturity date. Interest rate risk is not significant to the Company as it has no interest bearing debt at period-end.

(iii) Other price risk:

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Company's other price risk includes equity price risk, whereby investment in marketable securities are held for trading financial assets with fluctuations in quoted market prices recorded at FVTPL.

As certain of the Company's marketable securities are carried at market value and are directly affected by fluctuations in value of the underlying securities, the Company considers its financial performance and cash flows could be materially affected by such changes in the future value of the Company's marketable securities.

7. Short Term Investments

Short-term investments consist of term deposits and marketable securities. As at August 31, 2025 and February 28, 2025, the fair values of the short-term investments are as follows:

	August 31, 2025	February 28, 2025
Marketable securities:		
Balance, begin of period	$ 71,825	$ 28,391
Change in fair value of marketable securities	37,658	41,961
Foreign currency translation adjustment	367	1,473
Balance, end of period	$ 109,850	$ 71,825

8. Deposits

The Company has established a surety bonding arrangement with a third party (the "Surety Agent") under which 50% of the Company's reclamation bonding obligations will be replaced by deposits made by the Surety Agent. A finance fee of 2.5% will be charged on the balance of the amounts advanced and deposited by the Surety Agent. The bonds were executed to provide state-wide coverage for operations conducted by the Company on its mining claims in Nevada and Oregon. The bond deposit is returnable to the Company only after the government agencies are satisfied that there is no outstanding reclamation liability associated with the land or after the bond is replaced by another bond.

As at August 31, 2025, the Surety Agent has provided the Company with a bonding of US$698,917 (February 28, 2025 – US$242,839).

As at August 31, 2025, the Company has a collateral of $191,777 with the Surety Agent and government agencies (February 28, 2025 - $151,599).

(Expressed in Canadian Dollars)

9. Property and Equipment

	Computer Equipment	Furniture and Equipment	Field Equipment	Leasehold Improvements	Total
Cost:					
Balance, February 29, 2024	$ 4,633	$ 20,682	$ 116,191	$ 34,010	$ 175,516
Acquisitions	5,240	5,012	-	-	10,252
Dispositions	-	-	-	-	-
Foreign currency translation adjustment	-	-	7,432	2,176	9,608
Balance, February 28, 2025	9,873	25,694	123,623	36,186	195,376
Acquisitions	-	-	9,363	-	9,363
Dispositions	-	-	-	-	-
Foreign currency translation adjustment	-	-	(6,176)	(1,744)	(7,920)
Balance, August 31, 2025	9,873	25,694	126,810	34,442	196,819
Accumulated depreciation:					
Balance, February 29, 2024	2,680	12,767	40,018	14,645	70,110
Depreciation	1,062	3,502	23,315	12,870	40,749
Dispositions	-	-	-	-	-
Foreign currency translation adjustment	-	-	4,111	936	5,047
Balance, February 28, 2025	3,742	16,269	67,444	28,451	115,906
Depreciation	6,131	9,425	8,881	6,914	31,351
Dispositions	-	-	-	-	-
Foreign currency translation adjustment	-	-	(3,872)	(923)	(4,795)
Balance, August 31, 2025	9,873	25,694	72,453	34,442	142,462
Net book value:					
Balance, February 28, 2025	$ 6,131	$ 9,425	$ 56,179	$ 7,735	$ 79,470
Balance, August 31, 2025	$ -	$ -	$ 54,357	$ -	$ 54,357

(Expressed in Canadian Dollars)

10. Exploration and Evaluation Assets

	USA			
	Idaho	Nevada	Oregon	Total
Acquisition costs:				
Balance, February 29, 2024	$ 647,686	$ 471,710	$ 300,060	$ 1,419,456
Additions	122,496	1,207,597	11,183	1,341,276
Recovery from third party earn in	-	(871,292)	(2,492)	(873,784)
Impairment	(116,695)	(33,069)	(315,145)	(464,909)
Foreign exchange	39,291	12,188	6,394	57,873
Balance, February 28, 2025	692,778	787,134	-	1,479,912
Additions	93,089	859,305	6,947	959,341
Recovery from third party earn in	-	(282,795)	-	(282,795)
Foreign exchange	(33,839)	(20,669)	(1,039)	(55,547)
Balance, August 31, 2025	752,028	1,342,975	5,908	2,100,911
Exploration costs:				
Balance, February 29, 2024	511,481	479,192	2,703,005	3,693,678
Additions:				
Administration	8,359	175,395	-	183,754
Drilling	11,181	4,593,912	64,141	4,669,234
Geology	24,314	2,332,591	12,615	2,369,520
Mapping, sampling geochemistry	-	182,853	-	182,853
Safety and social perfrormance	1,615	35,994	-	37,609
Recovery from third party earn-in	-	(6,142,147)	(43,324)	(6,185,471)
Impairment	(106,161)	(91,848)	(2,804,734)	(3,002,743)
Foreign exchange	29,946	94,114	68,297	192,357
Balance, February 28, 2025	480,735	1,660,056	-	2,140,791
Additions:				
Administration	5,035	71,818	-	76,853
Drilling	7,579	472,946	1,897	482,422
Geology	34,273	767,319	375	801,967
Mapping, sampling geochemistry	-	72,124	-	72,124
Safety and social perfrormance	18	1,803	-	1,821
Recovery from third party earn-in	-	(1,129,064)	-	(1,129,064)
Foreign exchange	(22,792)	(106,592)	938	(128,446)
Balance, August 31, 2025	504,848	1,810,410	3,210	2,318,468
Net book value:				
Balance, February 28, 2025	$ 1,173,513	$ 2,447,190	$ -	$ 3,620,703
Balance, August 31, 2025	$ 1,256,876	$ 3,153,385	$ 9,118	$ 4,419,379

(a) Earn-In Agreements with Newmont Corporation

Pursuant to four separate definitive option and earn-in agreements (each, an "Earn-In Agreement") with a wholly-owned subsidiary of Newmont Corporation (namely, Newcrest Mining Limited) ("Newmont") dated August 15, 2022 (the "Execution Date"), Newmont will have an option to acquire up to a 75% interest in each of the Company's Mahogany project in Oregon and Agate Point, Midas North and Spring Peak projects in Nevada for a cash payment of US $612,989, cumulative earn-in exploration expenditures of US $145 million, and the completion of Pre-Feasibility Studies which include a minimum resource of 1.5 million gold or gold equivalent ounces per project. Effective May 8, 2023, Newmont terminated the option to acquire an interest in the Agate Point project after having completed US $500,000 in minimum expenditure commitment on the project. Effective August 15, 2024, Newmont terminated the Mahogany and Midas North projects.

Pursuant to a definitive option and earn-in agreement with Newmont dated May 8, 2023, Newmont has an option to acquire up to a 75% interest in the Company's Lodestar project in Nevada for a cash payment of US $77,759, cumulative earn-in exploration expenditures of US $30 million, and the completion of a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces.

10. Exploration and Evaluation Assets (continued)

(b) Idaho Properties

Crane Creek Property

Crane Creek is comprised of various mineral claims, a state mining lease and a fee lease located in Washington County, Idaho.

Pursuant to an agreement dated July 22, 2020, the Company has acquired a 100% undivided interest in certain unpatented mining claims and State Mineral Lease E500007 located in Idaho for consideration of US $60,000 and 200,000 common shares of the Company (issued October 1, 2020 with a fair value of $44,000). The unpatented mining claims are subject to a 1% net smelter returns ("NSR") royalty which the Company may purchase for US $1 million at any time. State Mineral Lease E500007 expired on February 28, 2021. The Company has acquired a fresh lease in its place: State Mineral Lease E500034 with a twenty year term, beginning March 1, 2021 and terminating February 28, 2041.

Pursuant to a mining lease agreement effective October 28, 2020, the Company has agreed to lease certain fee lands in Washington County, Idaho for a twenty year term that may be extended by ten year increments, for consideration of US $5,000 payable upon execution of the agreement and subsequent payments of US $3,250 on each anniversary of the effective date. The property is subject to a NSR royalty of 2%, of which the first 1% may be purchased for US $1 million at any time and the second 1% may be purchased for US $2 million at any time.

(c) Nevada Properties

(i) Midas North Property

Midas North is comprised of various mineral claims located in Elko County, Nevada. The Company holds a 100% interest in the project. On June 6, 2023, the Company signed a surface rights agreement with the owner of certain surface estate fee lands within the project boundaries.

Pursuant to the Midas North Earn In Agreement with Newmont dated August 15, 2022, Newmont had an option to acquire up to a 75% interest in the project by making a cash payment of US $88,629 (paid) representing historical land fees, staking costs and certain exploration costs, sole fund guaranteed exploration expenditures of US $2 million (incurred) over a 24 month period (the "Minimum Commitment"), completing cumulative earn-in exploration expenditures of US $30 million, and completing a Pre-Feasibility Study which included a minimum resource of 1.5 million gold or gold equivalent ounces. Newmont terminated the Midas North Earn In Agreement on August 15, 2024.

On June 6, 2023, the Company entered into a 30 year exploration lease with option to purchase a 100% interest in the Ellis Ranch property within the Midas North property. Under the Agreement, the Company has the right to purchase the Property for US $900,000, for annual minimum payments of US $5,000 within 30 days upon execution of the Agreement, US $5,000 on the first to ninth anniversary of the Effective date, US $10,000 on the tenth to nineteenth anniversary of the Effective Date, and US $20,000 on the twentieth and each succeeding anniversary of the Effective Date. The Property is subject to an annual surface disturbance fee of US $250 for each full acre of disturbed and unreclaimed surface of the Property, such fee to increase by US $100 annually beginning on the fifth anniversary of the Effective Date. The Company has the right to construct a water well on the Property and up to US $25,000 of the cost of the well construction and permit shall be credited in the Company's favour against the minimum payment obligations and surface disturbance fee obligations. If the Company transfers its interest in the Agreement to an unaffiliated third party, the Company must pay a US $10,000 transfer fee.

10. Exploration and Evaluation Assets (continued)

(c) Nevada Properties (continued)

(ii) Spring Peak Property

The Company had entered into an Option to Purchase Agreement (the "Agreement") dated July 12, 2021 to acquire a 100% interest, subject to retained royalties, in the Spring Peak gold/silver project located in Nevada from Renaissance Exploration Inc. ("REI"), a wholly owned subsidiary of Orogen Royalties Inc. The Company's interest in the project is subject to Newmont's option to acquire 75% of the project following certain expenditures and preparation of a pre-feasibility study within a designated timeframe.

Pursuant to the Agreement and in order to exercise the option to acquire a 100% interest in the Property, the Company shall make the following payments:

(a) Pay US $10,000 upon signing the Agreement (paid);
(b) Incur US $250,000 in exploration expenditures within 24 months of execution of the Agreement (incurred);
(c) Pay US $250,000 upon receipt of final approval from the United States Forest Service of the Company's full Plan of Operations for exploration, which sum may be paid in common shares of the Company at the Company's election;
(d) Grant to REI a 0.5% NSR royalty of which the Company shall have the right of first offer to purchase the NSR if REI elects to sell it;
(e) Grant to REI the option to purchase an additional 0.5% royalty for US $1 million, exercisable prior to the commencement of commercial production; and
(f) Pay all costs and payments due and payable under the Underlying Kuzma Mining Lease and Option to Purchase Agreement dated January 20, 2012, as amended September 5, 2013 and April 12, 2016, as follows:
    (i) Pay annual lease payments on or before the anniversary of the receipt of approval of a notice of intent to operate or a plan of operations for drilling from the United States Forest Service (the "Permit Date", December 1, 2019) as follow:
        - Second anniversary of Permit Date: US$40,000 (paid);
        - Third through eleventh anniversaries of Permit Date: US $50,000;
        - Twelfth through fifteenth anniversaries of Permit Date: US $60,000;
        - Sixteenth and each succeeding anniversary of Permit Date: US $60,000, as adjusted for inflation;
    (ii) Pay US $500,000 to exercise the Option at any time within one year after the completion of a Technical Report complying with NI 43-101 standards which documents a minimum 500,000 ounce gold equivalent inferred resource on the Property; and pay a 2.5% NSR royalty of which the Issuer shall have the right to purchase 1.5% of the NSR for US $1.5 million.

The underlying Kuzma lease consists of various mineral claims. The Company has acquired 100% interest in additional mineral claims through staking.

Pursuant to the Spring Peak Earn-In Agreement with Newmont, Newmont shall make a cash payment of US $438,660 (paid) representing historical land fees, staking costs and certain expenditures, and sole fund guaranteed exploration expenditures of US $2.5 million (incurred) over a 24 month period (the "Minimum Commitment"). Newmont is obligated to spend an additional US $2.5 million, bringing the total guaranteed exploration expenditures to US $5 million, within a 12-month period following the later date of both receipt of a full Plan of Operations exploration permits and the end of the Option Period. If the exploration permit is not obtained within 24 months, then Newmont may elect to proceed to Stage 1 without having to fund the additional Minimum Commitment of US $2.5 million. During this phase, the Company shall be the manager of the project and earn a 10% management fee on expenditures.

During Stage 1, Newmont may elect to earn a 51% interest in the project by sole funding expenditures of US $15 million, inclusive of the Minimum Commitment, within 36 months of the Execution Date. If Newmont fails to meet either the Minimum Commitment or the Stage 1 earn-in expenditure amount, the Company will retain 100% ownership of the project with no interest earned by Newmont. Newmont has the option to extend the Stage 1 period by 12 months with the payment of US $150,000.

During Stage 2, Newmont may earn an additional 14% interest in the project, for a total 65% interest, by sole funding additional expenditures of US $40 million within 36 months from the date Newmont notifies CP Holdings. If Newmont initiates but does not complete Stage 2, its interest will revert to 49%, which the Company retains the right to purchase at a mutually agreed price or, if a price cannot be mutually agreed within a specified period, for Fair Value. Newmont has the option to extend the Stage 2 period by 12 months with the payment of US $250,000.

(Expressed in Canadian Dollars)

10. Exploration and Evaluation Assets (continued)

(c) Nevada Properties (continued)

(ii) Spring Peak Property (continued)

During Stage 3, Newmont may earn an additional 10% interest in the project, for a total 75% interest, by completing the following: (i) granting a 1% net smelter return ("NSR") royalty to the Company, which Newmont retains the right to buy back 0.5% NSR for Fair Value at any time; and (ii) delivering a Pre-Feasibility Study, solely funded by Newmont, which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period from the date Newmont notifies CP Holdings. Newmont has the option to extend the Stage 3 period by 12 months with the payment of US $500,000.

As at August 31, 2025, Newmont has advanced US $16.93 million (February 28, 2025 - US $16.93 million) and incurred US $16.49 million (February 28, 2025 - US $16.24 million) in earn-in expenditures on the Spring Peak project (Note 12).

On October 1, 2023, the Company entered into a 30 year exploration lease with option to purchase a 100% interest (the "Arrache Agreement") in certain mineral estate and surface estate fee lands (the "Private Property") within the Spring Peak property. Under the Arrache Agreement, the Company has the right to purchase the Private Property for US$1 million:

Within 30 days of the Arrache Agreement	US$10,000 (paid)
First anniversary of the Effective Date	US10,000 (paid)
Second and each anniversary of the Effective Date and up to tenth anniversary of the Effective Date	US$10,000 plus $2,000 times number of previous lease years
Eleventh and each anniversary of the Effective Date and up to twentieth anniversary of the Effective Date	US$30,000 plus $3,000 times number of previous lease years
Twenty first and each succeeding anniversary of the Effective Date	US$60,000 plus $6,000 times number of previous lease years

The Private Property is subject to an annual surface disturbance fee of US $250 for each full acre of disturbed and unreclaimed surface of the Private Property, such fee to increase by US $100 annually beginning on the fifth anniversary of the Effective Date. The Company also granted the owner a production NSR of 5% of which the initial 2.5% NSR can be purchased for US$500,000 and the remaining 2.5% NSR can be purchased for US$1 million before commencement of commercial production on the Private Property.

On October 1, 2023, the Company entered into a 30 year exploration lease with option to purchase a 100% interest (the "SHRA Agreement") in certain mineral estate and surface estate fee lands (the "Private Property") within the Spring Peak property. Under the SHRA Agreement, the Company has the right to purchase the Private Property for US$1.6 million anytime prior to the tenth anniversary of the SHRA Agreement:

Within 30 days of the SHRA Agreement	US$10,000 (paid)
First anniversary of the Effective Date	US10,000 (paid)
Second and each anniversary of the Effective Date and up to tenth anniversary of the Effective Date	US$5,000 plus $500 times number of previous lease years
Eleventh anniversary of the SHRA Agreement	US$100,000
Eleventh and each anniversary of the Effective Date and up to twentieth anniversary of the Effective Date	US$10,000 plus $1,000 times number of previous lease years
Twenty first anniversary	US$200,000
Twenty first and each succeeding anniversary of the Effective Date	US$21,000 plus $2,000 times number of previous lease years

The Private Property is subject to an annual surface disturbance fee of US $250 for each full acre of disturbed and unreclaimed surface of the Private Property, such fee to increase by US $100 annually beginning on the fifth anniversary of the Effective Date. If the Company completes a transfer of any part of its interest in the SHRA Agreement, then the Company shall pay a one time transfer fee of US$200,000.

10. Exploration and Evaluation Assets (continued)

(c) Nevada Properties (continued)

(iii) TJ Property

TJ is comprised of various mineral claims that the Company staked and a mining lease of various mineral claims located in Elko County, Nevada.

Pursuant to an exploration lease and option to purchase agreement effective October 31, 2022, the Company has agreed to lease certain lands in Elko County, Nevada for a thirty year term for the following annual minimum payments ("Minimum Payment"):

- Upon execution of agreement ("Effective Date"): US $15,000; (paid)
- First anniversary of Effective Date: US $20,000; (paid)
- Second anniversary of Effective Date: US $25,000; (paid)
- Third anniversary of Effective Date: US $35,000;
- Fourth anniversary of Effective Date: US $50,000;
- Fifth through tenth anniversary of Effective Date: US $50,000 adjusted for inflation; and
- Eleventh and each succeeding anniversary of Effective Date: US $100,000 adjusted for inflation.

The lease is further subject to a work commitment of US $250,000 to be incurred on or before the second anniversary of the Effective Date.

The leased property is subject to NSR royalties of 2.5% on the leased claims and 1.5% applicable on claims within an area of interest, of which 40% of the NSR may be purchased for US $2,000,000 adjusted for inflation at any time and 40% of the NSR may be purchased for fair value within 90 days after completion of a NI 43-101 compliant pre-feasibility report.

The Company retains an option to acquire 100% interest in the leased property, subject to the NSR, for US $1.5 million and the Minimum Payments shall be applied towards the purchase price.

(iv) Lodestar Property

Lodestar is comprised of various mineral claims totalling 1,237 hectares that the Company staked and a mining lease of various mineral claims located in Mineral County, Nevada.

Pursuant to an exploration lease and option to purchase agreement effective February 15, 2023, the Company has agreed to lease 12 unpatented mining claims (the "Vendor Claims") for a 30 year term, subject to the Company's right to purchase the Vendor Claims for US $1.5 million (the "Option"), for annual minimum payments of US $20,000 upon execution of the Agreement (paid), US $25,000 on the first anniversary of the Effective Date (paid), US $30,000 on the second anniversary of the Effective Date (paid), US $40,000 on the third anniversary of the Effective Date, and US $50,000 on the fourth and each succeeding anniversary of the Effective Date, such minimum payments to be credited against the purchase price should the Company elect to exercise the Option to purchase the Vendor Claims, and such obligation to make the minimum payments to cease should the Company exercise and close the Option.

The Vendor Claims are subject to a 3.0% production royalty of which the Company may purchase 1.0% for US $1 million and 1.0% for US $2 million at any time. The Company is further obligated to incur US $50,000 in exploration expenditures on or before the first anniversary of the Effective Date and US $250,000 in qualified expenditures within twelve (12) months after the US Forest Service approves the Company's notice of intent or plan of operations which authorizes exploration drilling on the Vendor Claims.

Pursuant to an option and earn-in agreement with Newmont dated May 8, 2023 (the "Execution Date"), Newmont will have an option to acquire up to a 75% interest in the Company's Lodestar project in Nevada.

Newmont shall make a cash payment of US $77,759 (paid) as a reimbursement of 100% of the Company's acquisition and exploration expenditures incurred to date on the project, and sole fund guaranteed exploration expenditures of US $2 million over a 24-month period as a minimum commitment or pay the difference to the Company. Upon completion of the upfront cash payment and minimum commitment expenditures, Newmont may elect to proceed to the earn-in phase of the transaction.

10. Exploration and Evaluation Assets (continued)

(c) Nevada Properties (continued)

(iv) Lodestar Property (continued)

During Stage 1, Newmont may elect to earn a 51% interest in the project by sole funding expenditures of US $10 million (which includes the Minimum Commitment) within 36 months of the Execution Date. If Newmont fails to meet the Stage 1 earn-in expenditure amount, the Company will retain 100% ownership of the project with no interest earned by Newmont.

During Stage 2, Newmont may elect to earn an additional 14% interest in the project, for a total 65% interest, by sole funding additional expenditures of US $20 million within 36 months following completion of Stage 1. If Newmont initiates but does not complete Stage 2, its interest will revert to 49%, which the Company retains the right to purchase at a mutually agreed price or, if a price cannot be mutually agreed within a specified period, for fair value.

During Stage 3, Newmont may elect to earn an additional 10% interest in the project, for a total 75% interest, by completing the following:

(i) Granting a 2% NSR royalty to the Company on claims owned outright by the Company, and a 1% NSR royalty on claims subject to an underlying option agreement. Newmont retains the right to buy back 50% of the NSR for fair value at any time; and
(ii) Delivering to the Company a pre-feasibility study for the project, solely funded by Newmont, and which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period following the completion of Stage 2.

As at August 31, 2025, Newmont has advanced US$2.39 million (February 28, 2025 - US$2.39 million) and incurred US $765,153 (February 28, 2025 - US $722,764) in earn-in expenditures on the Lodestar project (Note 12).

(v) Whiskey

In April 2024, the Company entered into two exploration lease and option to purchase agreements (each, an “Agreement”) with separate private arm’s length vendors, securing the right to acquire 100% interests in pre-existing project claims (the “Vendor Claims”). Each Agreement provides for an initial payment of US$4,000 and, beginning on the third anniversary, annual minimum payments of US$10,000. Annual payments increase by US$5,000 per year until US$30,000 is payable on the seventh and each succeeding anniversary over a twenty-year term. These minimum payments may be credited towards the purchase price of US$1,500,000 under each Agreement should the Company elect to exercise its option to purchase a 100% interest in the Vendor Claims. The Vendor Claims under each Agreement are subject to a 2.0% net smelter return (“NSR”) royalty, of which the Company may purchase 1.5% of the NSR for US$2,000,000 and reduce the royalty to 0.5%.

(vi) Jake Creek

In August 2024, the Company acquired a 100% interest in the Jake Creek project from an arm’s length party. Under the terms of the agreement, the Company paid for the 2025 BLM claim maintenance fees, securing full ownership of certain unpatented mining claims owned by the vendor. The acquisition is subject to a retained 1.0% net smelter return (“NSR”) royalty, with an option for the Company to buy down half of the NSR (0.5%) for US$1,000,000 at any time prior to commercial production, reducing the royalty to 0.5%.

(vii) Other properties

The Company continues to hold interests in the Dome Hill, Rock Creek, Hot Creek (Note 16), Jupiter and Long Valley mineral
properties in Nevada.

(Expressed in Canadian Dollars)

10. Exploration and Evaluation Assets (continued)

(d) Oregon Properties

(i) Mahogany Property

Mahogany is comprised of various mineral claims located in Malheur County, Oregon. The Company holds a 100% interest in the project.

Pursuant to the Mahogany Agreement with Newmont dated August 15, 2022, Newmont had an option to acquire up to a 75% interest in the project by making a cash payment of US $55,016 (paid) representing historical land fees, staking costs and certain exploration costs, sole funded guaranteed exploration expenditures of US $1 million (incurred) over a 24 month period (the "Minimum Commitment"), completing cumulative earn-in exploration expenditures of US $30 million, and completing a Pre-Feasibility Study which included a minimum resource of 1.5 million gold or gold equivalent ounces. Newmont terminated the Mahogany North Earn-In Agreement on August 15, 2024.

(ii) In fiscal 2025, impairments of $20,523 for Bannock and $57,594 for Hot Tub properties were recognized as the claims comprising the properties were not renewed and no further exploration.

11. Right of Use Assets and Lease Liabilities

A summary of the Company's right-of-use asset balances by class of assets at August 31, 2025 and February 28, 2025 and the changes for the periods then ended is presented below:

	Office	Warehouse	Vehicle	Total
Balance, February 29, 2024	$ 85,910	$ 59,749	$ 33,471	$ 179,130
Additions	208,190	-	-	208,190
Depreciation	(111,576)	(45,545)	(22,510)	(179,631)
Foreign exchange	192	3,807	2,172	6,171
Balance, February 28, 2025	182,716	18,011	13,133	213,860
Depreciation	(30,145)	(11,570)	(5,719)	(47,434)
Foreign exchange	1,294	(2,669)	(951)	(2,326)
Balance, August 31, 2025	$ 153,865	$ 3,772	$ 6,463	$ 164,100

(Expressed in Canadian Dollars)

11. Right of Use Assets and Lease Liabilities (continued)

A summary of the Company's lease liability by class of assets at August 31, 2025 and February 28, 2025 and the changes for the periods then ended is presented below:

	Office	Warehouse	Vehicle	Total Lease Liability
Balance, February 29, 2024	$ 97,474	$ 66,686	$ 36,792	$ 200,952
Lease liabilities recognized	208,190	-	-	208,190
Lease payments	(131,279)	(54,073)	(25,074)	(210,426)
Accretion	21,303	4,134	1,787	27,224
Foreign exchange	3,305	2,126	1,356	6,787
Balance, February 28, 2025	198,993	18,873	14,861	232,727
Lease liabilities recognized	-	102,782	-	102,782
Lease payments	(69,584)	(27,568)	(12,585)	(109,737)
Accretion	8,178	1,832	387	10,397
Foreign exchange	(1,605)	(1,760)	(588)	(3,953)
Balance, August 31, 2025	$ 135,982	$ 94,159	$ 2,075	$ 232,216
Current portion	$ 82,224	$ 48,181	$ 2,075	$ 132,480
Non-current portion	53,758	45,978	-	99,736
Balance, August 31, 2025	$ 135,982	$ 94,159	$ 2,075	$ 232,216

At August 31, 2025, the annual maturities of undiscounted lease payments are below:

	Payments due by Period (CAD$)				Payments due by Period (US$)			
	Total	Less than 1 year	1-3 years	3-5 years	Total	Less than 1 year	1-3 years	3-5 years
Office lease	$ 249,614	$ 149,768	$ 99,846	$ -	$ 7,195	$ 7,195	$ -	$ -
Warehouse lease	-	-	-	-	76,061	39,684	36,377	-
Vehicle lease	-	-	-	-	1,510	1,510	-	-
Total, August 31, 2025	$ 249,614	$ 149,768	$ 99,846	$ -	$ 84,766	$ 48,389	$ 36,377	$ -

(Expressed in Canadian Dollars)

12. Other Liabilities

Other liabilities consist of net cash advances from Newmont that the Company is committed to spend on qualifying earn-in expenditures (Note 10).

Balance, February 29, 2024	$ 1,634,308
Add:	
Cash call receipts	10,156,591
Less:	
Exploration expenditures	(7,059,225)
Management fees	(708,284)
Foreign exchange	206,818
Balance, February 28, 2025	4,230,208
Add:	
Cash call receipts	-
Less:	
Exploration expenditures	(1,203,450)
Management fees	(119,033)
Foreign exchange	(190,680)
Balance, August 31, 2025	$ 2,717,045

13. Share Capital

(a) Authorized

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

(b) Issued

(i) Six months ended August 31, 2025

On August 28, 2025, the Company closed a non brokered private placement for 3,333,333 units at $0.30 per unit for total proceeds of $1,000,000. Each Unit consists of one common share and one non-transferable share purchase warrant exercisable into one further share at a price of $0.50 for a period of 36 months. Centerra exercised its participation rights and maintained its 9.9% interest in the Company. The shares are subject to a 1 year hold period from the closing date and such other restrictions as may be required by applicable securities laws and stock exchange rules. 15 months after the closing date, the Company will have the right to accelerate the expiry date of the Warrants (the "Acceleration") if the weighted average closing price of the Company's common shares on the CSE equals or exceeds $0.75 for 20 consecutive trading days (the "Acceleration Event"). Upon the occurrence of the Acceleration Event, the expiry date of the Warrants will then be 30 days from the date of issue of a news release announcing the Acceleration.

Share issue expenses of $14,203 were incurred during the period.

(ii) Year ended February 28, 2025

On September 16, 2024, the Company closed a non brokered private placement for 7,000,000 common shares at $0.22 per share for total proceeds of $1,540,000 with Centerra Gold Inc. (“Centerra”) resulting in Centerra having a 9.9% interest in the issued and outstanding common shares of the Company. Centerra has the right to participate in future equity transactions to maintain its percentage interest in the Company.

In July and August 2024, the Company issued 1,500,000 common shares priced at $0.10 for gross proceeds of $150,000 pursuant to stock option exercises and with fair values of $90,581.

Share issue expenses of $2,675 were incurred during the year.

(Expressed in Canadian Dollars)

13. Share Capital (continued)

(c) Stock Options

The Company has a Stock Option Plan dated May 16, 2019 (the "Plan"). Because it is a rolling stock option plan, the Company may grant options to a maximum of 10% of the issued and outstanding common shares, from time to time, under the Plan. However, share compensation awards under all share compensation arrangements of the Company may not exceed, in aggregate, 10% of the total number of issued and outstanding common shares. The Plan is administered by the Board and stock options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other requirements under the Plan. Options granted under the Plan are subject to vesting terms determined by the Board. The term of the stock option grants shall not be more than ten years after the grant date.

A summary of the Company's stock options activity is presented below:

	Number of Stock Options	Weighted average exercise price
Outstanding balance, February 29, 2024	6,050,000	$0.24
Grant	1,850,000	$0.21
Exercised	(1,500,000)	$0.10
Expired/cancelled	(405,000)	$0.36
Outstanding balance, February 28, 2025	5,995,000	$0.25
Grant	1,075,000	$0.18
Expired/cancelled	(50,000)	$0.24
Outstanding balance, August 31, 2025	7,020,000	$0.24

Details of stock options outstanding as at August 31, 2025 are as follows:

Expiry Date	Exercise Prices	Number Outstanding at August 31, 2025	Number Exercisable at August 31, 2025
August 12, 2025*	$0.20	1,300,000	1,300,000
November 24, 2025	$0.22	735,000	735,000
July 2, 2026	$0.36	1,100,000	1,100,000
October 28, 2027	$0.27	485,000	485,000
March 16, 2028	$0.38	300,000	300,000
September 1, 2028	$0.32	200,000	200,000
April 10, 2029	$0.27	150,000	150,000
July 22, 2029	$0.20	1,675,000	1,675,000
May 8, 2030	$0.18	1,075,000	1,075,000
		7,020,000	7,020,000

* subsequently extended

At August 31, 2025, the Company's options had a weighted average remaining life of 2.73 years (2024 – 2.18 years).

(Expressed in Canadian Dollars)

13. Share Capital (continued)

(c) Stock Options (continued)

On May 8, 2025, 1,075,000 stock options with an exercise price of $0.18 and expiry date of May 8, 2030 were granted to directors, officers, employees and consultants of the Company. The stock options fully vested on the grant date.

The Company applies the fair value method in accounting for its stock options applying the Black-Scholes Option Pricing Model using the following estimates for stock options awarded in the respective periods:

	Six months ended August 31,	
	2025	2024
Risk-free interest rate	2.77%	3.29%
Expected dividend yield	0%	0%
Expected stock price volatility	99.61%	152.29%
Forfeiture rate	0%	0%
Expected option life in years	5.00	5.00

For the purposes of estimating the fair value of options using the Black-Scholes Option Pricing Model, certain assumptions are made such as expected dividend yield, volatility of the market price of the Company's shares, risk-free interest rates and expected average life of the stock options.

During the six months ended August 31, 2025, the Company recognized $131,478 (August 31, 2024 - $304,131) in share-based compensation for the stock options vested during the period. The value of which is captured in the equity reserves account until such time as the stock options are exercised, upon which the corresponding amount will be transferred to share capital.

(d) Share Purchase Warrants

A summary of the Company's warrant activity is presented below:

	Number of Warrants	Weighted average exercise price
Outstanding balance, February 29, 2024	3,644,960	$0.55
Expired	(3,644,960)	$0.55
Outstanding balance, February 28, 2025	-	$0.00
Grant	3,333,333	$0.50
Outstanding balance, August 31, 2025	3,333,333	$0.50

Details of warrants outstanding as at August 31, 2025 are as follows:

Expiry Date	Exercise Prices	Number Outstanding at August 31, 2025
August 28, 2028	$0.50	3,333,333
		3,333,333

(Expressed in Canadian Dollars)

14. Related Party Transactions

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management is disclosed in the table below.

Except as disclosed elsewhere in the Interim Financial Statements, the Company had the following general and administrative costs with related parties:

	Six months ended August 31,		Net balance receivable (payable)	
	2025	2024	August 31, 2025	February 28, 2025
Key management compensation:				
Executive salaries and benefits [1]	$ 262,871	$ 240,333	$ (1,585)	$ (33,609)
Directors fees	88,926	65,750	(4,200)	(4,000)
Share-based payments	45,865	238,038	-	-
	$ 397,662	$ 544,121	$ (5,785)	$ (37,609)
Net office, sundry, rent and salary allocations reimbursed from (to) companies sharing certain common directors	$ 33,777	$ 51,152	$ 6,206	$ 30,242

(1) Includes key management compensation which is included in employee and director remuneration, mineral property interests, and corporate development.

The above transactions are incurred in the normal course of business.

15. Segmented Information

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States:

	August 31, 2025		
	Canada	USA	Total
Current assets	$ 2,523,270	$ 2,726,141	$ 5,249,411
Right-of-use-assets	115,661	83,400	199,061
Property & equipment	-	54,357	54,357
E&E assets	-	4,419,379	4,419,379
Deposits	-	191,777	191,777
Total assets	2,638,931	7,475,054	10,113,985
Total liabilities	332,137	3,050,509	3,382,646
Net (loss) income	(584,764)	(118,434)	(703,198)

(Expressed in Canadian Dollars)

16. Subsequent event

Subsequent to August 31, 2025, the Company entered into a definitive agreement with a subsidiary of OceanaGold Corporation ("OceanaGold") for OceanaGold to acquire an option to earn up to a 75% interest in the Company's TJ, Jake Creek and Hot Creek projects in Nevada (collectively, the "Projects") through staged exploration expenditures totalling up to US$65,000,000 and the completion of pre-feasibility studies ("PFS"). The earn in structure would be as follows:

	Project Specific Expenditures (US$)				
	TJ	**Jake Creek**	**Hot Creek**	**OceanaGold Interest (%)**	**Maximum Time for Each Stage**
Minimum commitment (firm)	$1,000,000	$1,000,000	$500,000	0%	October 14, 2027
Stage 1	$10,000,000	$10,000,000	$5,000,000	51%	October 14, 2029
Stage 2	+$15,000,000	+$15,000,000	+$10,000,000	65%	4 years from commencement of Stage 2
Stage 3	Completion of PFS and 1% NSR to the Company	Completion of PFS and 1% NSR to the Company	Completion of PFS and 1% NSR to the Company	75%	4 years from commencement of Stage 3

Stage 1: OceanaGold may elect to earn a 51% interest in each Project by sole funding expenditures of US$10,000,000 per Project for each of TJ and Jake Creek and US$5,000,000 for Hot Creek within 48 months of the Execution Date. Stage 1 includes a firm commitment to fund a minimum of US$1,000,000 in exploration expenditures on both TJ and Jake Creek and US$500,000 at Hot Creek within the first two years .

Stage 2: OceanaGold may elect to earn an additional 14% interest (to 65%) in each Project by sole funding additional expenditures of US$15,000,000 per Project for each of TJ and Jake Creek and US$10,000,000 for Hot Creek within 48 months following the completion of Stage 1.

Stage 3: OceanaGold may earn an additional 10% interest (to 75%) in each Project by completing a Pre-Feasibility Study for the respective Project and granting a 1% NSR royalty to Headwater, within 24 months following completion of Stage 2. .

Pursuant to the definitive agreement on October 14, 2025, the OceanaGold agreed to the following:

i) a non-refundable payment of US$250,000 to the Company that was used to fund pre-drilling expenses on the Projects (subsequently received), which will be included toward the initial program and expenditure commitments.

ii) US$100,000 to the Company upon execution of the agreement and an additional US$100,000 will be paid on the first anniversary of the agreement if OceanaGold elects to continue into the second year on at least one Project.

HEADWATER GOLD INC.
(An Exploration Stage Company)

SECOND QUARTER REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED AUGUST 31, 2025

(Expressed in Canadian Dollars)

CAUTIONARY NOTE – FORWARD LOOKING STATEMENTS

Certain statements contained herein regarding the Company and its operations constitute “forward-looking statements”. All statements that are not historical facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations of future performance, are “forward-looking statements”. We caution you that such “forward looking statements” involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Such risks and uncertainties include fluctuations in precious metal prices, unpredictable results of exploration activities, uncertainties inherent in the estimation of mineral reserves and resources, if any, fluctuations in the costs of goods and services, problems associated with exploration and mining operations, changes in legal, social or political conditions in the jurisdictions where the Company operates, lack of appropriate funding and other risk factors, as discussed in the Company’s filings with Canadian securities regulatory agencies. The Company expressly disclaims any obligation to update any forward-looking statements, other than as may be specifically required by applicable securities laws and regulations. Readers are cautioned not to place undue reliance on these forward-looking statements.

1. Preliminary Information and Overview

This Management’s Discussion and Analysis (the "MD&A") of Headwater Gold Inc. (the “Company”) should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the six month period ended August 31, 2025 and 2024 (the "Interim Financial Statements"), and other corporate filings available under the Company’s profile on SEDAR+ at www.sedarplus.ca, including the consolidated financial statements of the Company for the years ended February 28, 2025 and February 29, 2024 (the "Annual Financial Statements").

Financial information in this MD&A is prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* (“IAS 34”) based upon the principles of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All information contained in the MD&A is as of October 30, 2025 unless otherwise indicated.

The Company was incorporated on January 14, 2019 under the laws of British Columbia and is a reporting issuer in British Columbia, Alberta and Ontario. The Company’s common shares were approved for listing on the Canadian Securities Exchange (“CSE”) and commenced trading on June 8, 2021 under the symbol “HWG”. The Company also trades on the OTCQB under the symbol “HWAUF”. The Company’s principal business activities include the acquisition and exploration of mineral property interests in the United States.

The Company has one wholly owned subsidiary: CP Holdings Corporation.

The Company is focused on high-grade precious metal exploration in the mining-friendly western United States. The Company has access to a proprietary target generation software combined with extensive local knowledge to generate new projects. Through its wholly owned subsidiary, CP Holdings Corporation, the Company has acquired a 100% interest in a portfolio of royalty free mineral projects in Idaho, Nevada and Oregon that it has staked predominately on federal land. The Company has acquired additional mineral projects through third party agreements and property options, and certain projects are subject to NSRs.

Newmont Corporation (“Newmont”) has acquired a 51% interest in the Spring Peak project in Nevada by completing US$15,000,000 in earn-in exploration expenditures, and may acquire up to a 75% interest in the project for cumulative earn-in exploration expenditures of US$55,000,000 and the completion of a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces. Newmont also holds an option to acquire a 75% interest in the Lodestar project in Nevada for cumulative earn-in exploration expenditures of US$30,000,000 and the completion of a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces.

OceanaGold Corporation (“OceanaGold”) holds options to acquire up to a 75% interest in Headwater’s TJ, Jake Creek and Hot Creek projects in Nevada through staged exploration expenditures totalling up to US$65,000,000 and the completion of Pre-Feasibility Studies.

As at August 31, 2025, the Company's material mineral resource property interests include the following:

Nevada:	Lodestar (Mineral County), Spring Peak (Mineral County), Midas North (Elko County), TJ (Elko County), Jake Creek (Humboldt County) and Hot Creek (Elko County);
Idaho:	Crane Creek (Washington County);
Other:	Dome Hill, Rock Creek, Jupiter, and Long Valley mineral properties in Nevada; Katey and Mahogany mineral properties in Oregon.

See Section 3 "Exploration and Evaluation Activities" below for discussion of mineral property interests and work programs.

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca.

2. Highlights from the Six Months ended August 31, 2025 to the Date of this Report

- In May 2025, the Company announced discovery of outcropping high-grade epithermal veins at the newly identified Doug target, which is part of the Spring Peak project being explored in partnership with Newmont.
- In September 2025, Newmont completed Stage 1 of the Spring Peak project Earn-In Agreement by completing US$15,000,000 in exploration expenditures to acquire a 51% interest in the project. Newmont has elected to advance the project to Stage 2 under which it may acquire a 65% interest in the project by incurring an additional US$40,000,000 within 36 months.
- In October 2025, the Company entered into a definitive agreement with a subsidiary of OceanaGold under which OceanaGold has an option to earn up to a 75% interest in the Company's TJ, Jake Creek and Hot Creek projects in Nevada through staged exploration expenditures totalling up to US$65 million and the completion of pre-feasibility studies.
- In October 2025, the Company commenced drilling on the TJ project in partnership with OceanaGold.
- In October 2025, the Lodestar Plan of Operations was approved by the U.S. Forest Service and the Company commenced drilling activities on the Lodestar project in partnership with Newmont.
- In October 2025, the Company's exploration permit on the Spring Peak project, referred to as the Burnt Rock Plan of Operations, was selected for the United States Federal Permitting Improvement Steering Council's FAST-41 program Transparency List.

3.0 Exploration and Evaluation Activities

The Company is in the mineral exploration stage and as such has no operating revenues except for management fees earned from Newmont and OceanaGold earn in properties. Mineral property interests totalled $4.42 million as at August 31, 2025 (February 28, 2025 - $3.62 million).

Total costs incurred on exploration and evaluation assets for the six months ended August 31, 2025 and year ended February 28, 2025 are summarized as follows:

	USA			
	Idaho	Nevada	Oregon	Total
Acquisition costs:				
Balance, February 29, 2024	$ 647,686	$ 471,710	$ 300,060	$ 1,419,456
Additions	122,496	1,207,597	11,183	1,341,276
Recovery from third party earn in	-	(871,292)	(2,492)	(873,784)
Impairment	(116,695)	(33,069)	(315,145)	(464,909)
Foreign exchange	39,291	12,188	6,394	57,873
Balance, February 28, 2025	692,778	787,134	-	1,479,912
Additions	93,089	859,305	6,947	959,341
Recovery from third party earn in		(282,795)	-	(282,795)
Foreign exchange	(33,839)	(20,669)	(1,039)	(55,547)
Balance, August 31, 2025	752,028	1,342,975	5,908	2,100,911
Exploration costs:				
Balance, February 29, 2024	511,481	479,192	2,703,005	3,693,678
Additions:				
Administration	8,359	175,395	-	183,754
Drilling	11,181	4,593,912	64,141	4,669,234
Geology	24,314	2,332,591	12,615	2,369,520
Mapping, sampling geochemistry	-	182,853	-	182,853
Safety and social perfrormance	1,615	35,994	-	37,609
Recovery from third party earn-in	-	(6,142,147)	(43,324)	(6,185,471)
Impairment	(106,161)	(91,848)	(2,804,734)	(3,002,743)
Foreign exchange	29,946	94,114	68,297	192,357
Balance, February 28, 2025	480,735	1,660,056	-	2,140,791
Additions:				
Administration	5,035	71,818		76,853
Drilling	7,579	472,946	1,897	482,422
Geology	34,273	767,319	375	801,967
Mapping, sampling geochemistry	-	72,124		72,124
Safety and social perfrormance	18	1,803		1,821
Recovery from third party earn-in	-	(1,129,064)		(1,129,064)
Foreign exchange	(22,792)	(106,592)	938	(128,446)
Balance, August 31, 2025	504,848	1,810,410	3,210	2,318,468
Net book value:				
Balance, February 28, 2025	$ 1,173,513	$ 2,447,190	$ -	$ 3,620,703
Balance, August 31, 2025	1,256,876	3,153,385	9,118	4,419,379

3.1 Earn-In Transactions with Newmont Corporation

Pursuant to a definitive option and earn-in agreement with a wholly-owned subsidiary of Newmont dated August 15, 2022, Newmont has the option to earn up to a 75% interest in the Company's Spring Peak project in Nevada for a cash payment of US $438,660, cumulative earn-in exploration expenditures of US $55 million, and the completion of Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces. As of the date of this report, Newmont has acquired a 51% interest in the project through expenditures of US$15,000,000.

Pursuant to an additional option and earn-in agreement with Newmont dated May 8, 2023, Newmont has the option to acquire up to a 75% interest in the Company's Lodestar project in Nevada for a cash payment of US $77,759, cumulative earn-in exploration expenditures of up to US $30 million, and the completion of a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces.

As at August 31, 2025, Newmont has advanced US$19.32 million in cash to fund the minimum commitment earn-in expenditures for the Spring Peak and Lodestar projects and for which US$17.86 million in expenditures have been incurred for those two projects.

3.2 Earn-In Transactions with OceanaGold Corporation

Pursuant to a definitive agreement with a subsidiary of OceanaGold dated October 14, 2025, OceanaGold has the option to earn up to a 75% interest in the Company's TJ, Jake Creek and Hot Creek projects in Nevada through staged exploration expenditures totalling up to US$65,000,000 and the completion of pre-feasibility studies.

Under Stage 1, OceanaGold may earn a 51% interest in each Project by sole funding expenditures of US$10,000,000 per Project for each of TJ and Jake Creek and US$5,000,000 for Hot Creek within 48 months of the Execution Date. Stage 1 includes a firm commitment to fund a minimum of US$1,000,000 in exploration expenditures on both TJ and Jake Creek and US$500,000 at Hot Creek within the first two years.

Under Stage 2, OceanaGold may earn an additional 14% interest (to 65%) in each Project by sole funding additional expenditures of US$15,000,000 per Project for each of TJ and Jake Creek and US$10,000,000 for Hot Creek within 48 months following the completion of Stage 1.

Under Stage 3, OceanaGold may earn an additional 10% interest (to 75%) in each Project by completing a Pre-Feasibility Study for the respective Project and granting a 1% NSR royalty to Headwater, within 24 months following completion of Stage 2.

Pursuant to the definitive agreement on October 14, 2025, the OceanaGold agreed to the following:

i) a non-refundable payment of US$250,000 to the Company that was used to fund pre-drilling expenses on the Projects (received), which will be included toward the initial program and expenditure commitments.

ii) US$100,000 to the Company upon execution of the agreement and an additional US$100,000 will be paid on the first anniversary of the agreement if OceanaGold elects to continue into the second year on at least one Project.

3.3 Spring Peak (Mineral County, Nevada)

The 2024 exploration program at Spring Peak included a multi-rig drill program totaling 6,874 metres over 18 holes, gravity geophysics, CSAMT geophysics, and helicopter magnetics and radiometrics. These methods will be used to map subsurface structures at a district scale and identify potential mineralized zones. The Company also staked an additional 506 new claims (~7,835 hectares).

The 2025 exploration program at Spring Peak was limited in scope due to permitting delays but in October 2025, the exploration permit on the Spring Peak project, referred to as the Burnt Rock Plan of Operations, was selected for the United States Federal Permitting Improvement Steering Council's FAST-41 program Transparency List. FAST-41 is a federal initiative designed to streamline approvals for vital infrastructure, ensuring that designated mining projects receive an efficient review and authorization process. The Plan of Operations includes the potential construction of up to 266 drill sites, 29 miles of new access roads, and a comprehensive reclamation plan for all proposed exploration activity disturbance.

As at August 31, 2025, Newmont has advanced US $16.93 million and incurred US $16.90 million in earn-in expenditures on the Spring Peak project.

3.4 Lodestar (Mineral County, Nevada)

The 2024 exploration program at Lodestar included the staking of an additional 77 new claims (~1,620 hectares) along the northeastern margin of the preexisting land package. The Company also completed gravity geophysics, CSAMT geophysics, and helicopter magnetics and radiometrics.

The 2025 exploration program at Lodestar includes the commencement of a drill program in October expected to consist of up to 3,500 metres of drilling over 10 to 15 holes to test high-grade epithermal vein targets identified from geophysics and surface exploration.

As at August 31, 2025, Newmont has advanced US$2.39 million and incurred US $961,000 in earn-in expenditures on the Lodestar project.

3.5 TJ (Elko County, Nevada)

The 2024 exploration program at TJ included a drill program of 5 RC holes totalling 1,030 metres. All drill holes encountered widespread silicification and epithermal veining as well as broad intervals of anomalous gold mineralization, suggesting the presence of a robust and fully preserved low sulfidation epithermal system with potential for high-grade veins at depth.

The 2025 exploration program at TJ includes the commencement of a drill program in October expected to consist of approximately 1,500 metres of core drilling over 4 to 6 holes to test high-grade epithermal vein targets identified by Headwater's 2024 RC scout drilling program.

3.6 Whiskey (Mineral County, Nevada)

Between 2024 and 2025, the Company completed a reconnaissance rock sampling program and has completed property-wide gravity, airborne magnetic and radiometric geophysical surveys, the results of which are currently being interpreted. The next steps at Whiskey include upgrading the geological map, integrating new geophysical and geochemical datasets and prioritizing drill targets for initial testing of high-grade zones.

3.7 Crane Creek (Washington Country, Idaho)

In September 2025, the Company announced the completion of airborne magnetic and radiometric surveys and a ground gravity survey on its 100%-controlled Crane Creek gold project. The Company has also received drill permits from the state of Idaho and BLM authorizing drilling activities on the project

3.8 Qualified Person

The technical information contained in this report has been reviewed and approved by Dr. Gregory Dering, P.Geo (AIPG CPG-12298), a "Qualified Person" ("QP") as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects. Dr. Dering is not independent by reason of being the Company's Vice President of Exploration.

4.0 Selected Financial Information

Management is responsible for, and the Board approved, the Interim Financial Statements. Except as noted, the Company followed the significant accounting policies presented in Note 3 - Material Accounting Policies, contained in the Annual Financial Statements consistently throughout all periods summarized in this MD&A.

The Company operates in one segment – the exploration of mineral property interests. The Company has two geographic segments – the exploration activities occur in the USA, while head office, finance, marketing and administration activities occur in Canada.

4.1 Selected Annual Information

Not applicable.

4.2 Selected Statement of Comprehensive Loss data

The Company's operating expenses are summarised as follows:

	Three Months ended August 31,		Six Months ended August 31,	
	2025	2024	**2025**	2024
Expenses:				
Accounting and audit	$ 68,767	$ 6,925	**$ 70,186**	$ 17,626
Accretion of lease liability	5,567	8,158	**10,397**	14,005
Consulting	56,214	-	**56,214**	-
Depreciation	89,217	56,337	**145,619**	104,807
General exploration	82,158	48,036	**161,491**	121,390
Legal	2,530	754	**3,782**	1,534
Office and sundry	64,353	40,795	**99,355**	79,262
Regulatory	30,802	12,913	**40,792**	22,670
Salaries, management, directors and benefits	85,485	105,866	**193,945**	195,003
Share-based payments	-	295,214	**131,478**	304,131
Shareholder relations	73,828	50,839	**146,681**	117,434
Other income (expense) items:				
Management fee income	**82,621**	278,827	**120,345**	383,741
Rental income	**82,535**	106,189	**164,650**	154,568
Finance and interest income	**15,993**	21,183	**29,804**	29,375
Foreign exchange gain (loss)	**60**	(85,622)	**4,285**	(48,014)
Unrealized gain (loss) on investments	**3,858**	(12,343)	**37,658**	1,240
Impairment of mineral exploration projects	**-**	(3,219,372)	**-**	(3,219,372)

Discussion of results

Six months ended August 31, 2025

The Company incurred net loss of $703,198 for the six months ended August 31, 2025 which is lower than the net loss of $3,676,324 for the comparative period in fiscal 2025. Total net loss were lower in the current period primarily due to no impairment of mineral exploration projects in the current period.

Total expenses for the six months ended August 31, 2025 were $1,059,940 which is higher than the $977,862 for the six months ended August 31, 2024. Total expenses were higher in the current period due to services rendered from consultants and general exploration expenditures.

Accounting and audit fees of $70,186 were incurred for the six months ended August 31, 2025 which is higher than the prior comparative period (August 31, 2024 - $17,626) due to engagement of external accounting services on a per diem basis in 2024. Accounting services which are related directly to exploration activities are allotted to the mineral projects. In 2025, the Company hired an in house accounting employee to perform such services.

Accretion of lease liability of $10,397 was recognized in the six months ended August 31, 2025 which is nominally higher than in the comparative fiscal period (August 31, 2024 - $14,005). The Company's new corporate office lease was effective May 1, 2024 and extends until April 20, 2027, and includes expanded office space with increases in lease rates. Accretion expense would initially increase from the new lease and can be expected to decrease as the maturity dates of the leases near and as installment payments reduce the principal amounts of the leases, thereby reducing accretion expense. Also leases for exploration office, warehouse and vehicle are nearing their respective expiry dates in 2025 which would further reduce accretion expenses.

Depreciation expense of $145,619 for the six months ended August 31, 2025 is higher than the comparative period in the prior fiscal year (August 31, 2024 - $104,807). Depreciation expense is expected to decrease for field equipment and office furniture and equipment which use declining balance basis. The recognition of right of use asset from the renewed office lease in May 2024, which is amortized evenly during the term of the office lease, would offset any decreases in the current quarter. Equipment purchases in the current and prior quarters would also contribute to increases in depreciation in the current quarter.

General exploration expenses were $161,491 for the six months period of fiscal 2026 which is higher than the comparative period of fiscal 2025 (August 31, 2024 - $121,390). General exploration expenses include project generation costs as the Company continues its efforts to seek projects of merit and expand its portfolio of mineral property interests whether by staking new claims or entering into mineral property option agreements. Such efforts culminated in the staking of two new epithermal gold projects (Rock Creek and Hot Creek) and acquiring mineral interests in Jake Creek, Whiskey and Jupiter projects in fiscal 2025. Previously, the Company had five projects with Newmont which has now been reduced to two projects in 2025, and which placed greater efforts on seeking additional projects. Such efforts have attracted interests from OceanaGold which resulted in a non binding LOI for three of the Company's mineral projects in July 2025 as well as a 9.9% interest of the Company by Centerra Gold Inc. in September 2024.

Legal fees tend to be nominal for both comparable six months periods (August 31, 2025 - $3,782 and August 31, 2024 - $1,534). Legal fees were mainly for continuous disclosure support. The corporate secretary who is an employee of the Company actively assists with regulatory compliance efforts which keeps external legal services to a minimal level.

Office and sundry expenses of $99,355 were higher in second quarter of fiscal 2026 than in prior comparative quarter (August 31, 2024 - $79,262). Office expenses include insurance, office supplies and sundry, telephone, rent and IT support. Monthly rent charges increased from the expansion of office facilities in May 2024 and office lease renewal at higher market lease rates. In general, office and sundry tend to remain fixed with nominal fluctuations.

Regulatory expenses of $40,792 for the current quarter of fiscal 2026 are higher than the second quarter of fiscal 2025 (August 31, 2024 – $22,670). Regulatory expenses include filing fees, listing fees on the CSE and OTC QB, transfer agent, AGM, news dissemination, and other expenses incurred to comply with the Company's continuing disclosure obligations. Listing fees and transfer agent expenses were higher than in the prior fiscal quarter.

Renumerations of $193,945 paid to employees, management and directors were lower in current quarter (August 31, 2024 - $195,003) and reflect amounts earned by individuals employed directly by the Company that are not attributable to exploration activities. Conversely, technical personnel costs are allotted to exploration activities for each mineral project. In January 2025, the Company hired an in house dedicated accounting personnel rather than from external third party service providers. Also the addition of a new director in April 2024 increased stipends to Board members in subsequent quarterly comparative periods.

Share-based payments of $131,478 in the six months period of fiscal 2026 were significantly lower than in the six months period of fiscal 2025 (August 31, 2024 - $304,131). On April 10, 2024, stock options for only 150,000 were granted and were subject to six month vesting provisions resulting in share based payments being allotted over the vesting period. On May 8, 2025, 1,075,000 stock options were granted and fully vested on grant date resulting in the full fair value being recognized on grant date, thereby contributing to lower share based payments in the current period.

Shareholder relations expenses of $146,681 in the current quarter of fiscal 2026 were higher than the prior period in fiscal 2025 (August 31, 2024 - $117,434). Shareholders relations expenses include advertising and marketing, market making, attendance at trade shows and conferences, and road shows. In the current period, capital markets continued to be subdued for junior exploration companies causing the Company to reduce shareholder relations activities despite strengthening commodity prices. Also the Company implemented exploration activities on its own mineral property interests which necessitated reduction in discretionary expenses in order to effectively manage reducing working capital given no source of operating revenues or operating cash flows.

Management fee income is the 10% operator's fee which the Company earns from Newmont on its Newmont earn in mineral projects. The management fee income of $120,345 in the current period of fiscal 2026 was significantly lower than the income of $383,741 for the comparative period in fiscal 2025 which reflects the reduced level of expenditures incurred by the Company in current period and recovered from Newmont cash calls for the Newmont earn in mineral projects. The 10% operator's fee is determined by the amount of exploration expenditures. Newmont terminated the Mahogany and Midas North projects in August 2024. The Lodestar drill program remains pending permit approval although the permitting process is advancing.

Rental income for both comparative periods (August 31, 2025 - $164,650 and August 31, 2024 - $154,568) are for the rental recoveries for office and warehouse facilities and equipment from Newmont as used in exploration activities and from related parties on a cost recovery basis. Rental recoveries tend to be fixed pre-determined arrangements and would be similar from period to period. Rental income was higher in the current quarter due to higher office rent charges and recoveries effective May 2024 as the Company renewed its office lease at market rates and expanded its office facilities.

Finance and interest income of $29,804 was lower in the current period than in the prior comparative period (August 31, 2024 - $29,375). The income is earned from interest bearing investments and bank accounts which is from excess cash held by the Company. The closing of the private placement for $1.54 million in September 2024 allowed for investment in interest bearing instruments, resulting in higher interest earned in subsequent quarterly periods although interest rates may be reduced.

Foreign exchange gains and losses are attributed to foreign exchange transactions which are subject to daily fluctuations.

Unrealized gain on investments of $37,658 for the current period of fiscal 2026 was higher than the prior quarter (August 31, 2024 –$1,240) as the value of its investment has shown an increase in mark to market share price.

Three months ended August 31, 2025

The Company incurred net loss of $373,854 for the three months ended August 31, 2025 which is lower than the net loss of $3,536,975 for the comparative period in fiscal 2025. Total net loss were lower in the current period primarily due to no impairment of mineral exploration projects in the current period.

Total expenses for the three months ended August 31, 2025 were $558,921 which is lower than the $625,837 for the three months ended August 31, 2024. Total expenses were lower in the current period due to no share-based payments in the three months ended August 31, 2025.

Accounting and audit fees of $68,767 were incurred for the three months ended August 31, 2025 which is higher than the prior comparative period (August 31, 2024 - $6,925) due to engagement of external accounting services on a per diem basis in 2024. Accounting services which are related directly to exploration activities are allotted to the mineral projects. In 2025, the Company hired an in house accounting employee to perform such services.

Accretion of lease liability of $5,567 was recognized in the three months ended August 31, 2025 which is nominally higher than in the comparative quarter of the prior fiscal period (August 31, 2024 - $8,158). The Company's new corporate office lease was effective May 1, 2024 and extends until April 20, 2027, and includes expanded office space with increases in lease rates. Accretion expense would initially increase from the new lease and can be expected to decrease as the maturity dates of the leases near and as installment payments reduce the principal amounts of the leases, thereby reducing accretion expense. Also leases for exploration office, warehouse and vehicle are nearing their respective expiry dates in 2025 which would further reduce accretion expenses.

Depreciation expense of $89,217 for the three months ended August 31, 2025 is higher than the comparative period in the prior fiscal year (August 31, 2024 - $56,337). Depreciation expense is expected to decrease for field equipment and office furniture and equipment which use declining balance basis. The recognition of right of use asset from the renewed office lease in May 2024, which is amortized evenly during the term of the office lease, would offset any decreases in the current quarter. Equipment purchases in the current and prior quarters would also contribute to increases in depreciation in the current quarter.

General exploration expenses were $82,158 for the three months period of fiscal 2026 which is higher than the comparative period of fiscal 2025 (August 31, 2024 - $48,036). General exploration expenses include project generation costs as the Company continues its efforts to seek projects of merit and expand its portfolio of mineral property interests whether by staking new claims or entering into mineral property option agreements. Such efforts culminated in the staking of two new epithermal gold projects (Rock Creek and Hot Creek) and acquiring mineral interests in Jake Creek, Whiskey and Jupiter projects in fiscal 2025. Previously, the Company had five projects with Newmont which has now been reduced to two projects in 2025, and which placed greater efforts on seeking additional projects. Such efforts have attracted interests from OceanaGold which resulted in a non binding LOI for three of the

Company's mineral projects in July 2025 as well as a 9.9% interest of the Company by Centerra Gold Inc. in September 2024.

Legal fees tend to be nominal for both comparable three months periods (August 31, 2025 - $2,530 and August 31, 2024 - $754). Legal fees were mainly for continuous disclosure support. The corporate secretary who is an employee of the Company actively assists with regulatory compliance efforts which keeps external legal services to a minimal level.

Office and sundry expenses of $64,353 were higher in second quarter of fiscal 2026 than in prior comparative quarter (August 31, 2024 - $40,795). Office expenses include insurance, office supplies and sundry, telephone, rent and IT support. Monthly rent charges increased from the expansion of office facilities in May 2024 and office lease renewal at higher market lease rates. In general, office and sundry tend to remain fixed with nominal fluctuations.

Regulatory expenses of $30,802 for the current quarter of fiscal 2026 are higher than the second quarter of fiscal 2025 (August 31, 2024 – $12,913). Regulatory expenses include filing fees, listing fees on the CSE and OTC QB, transfer agent, AGM, news dissemination, and other expenses incurred to comply with the Company's continuing disclosure obligations. Listing fees and transfer agent expenses were higher than in the prior fiscal quarter.

Renumerations of $85,485 paid to employees, management and directors were lower in current quarter (August 31, 2024 - $105,866) and reflect amounts earned by individuals employed directly by the Company that are not attributable to exploration activities. Conversely, technical personnel costs are allotted to exploration activities for each mineral project. In January 2025, the Company hired an in house dedicated accounting personnel rather than from external third party service providers. Also the addition of a new director in April 2024 increased stipends to Board members in subsequent quarterly comparative periods.

Share-based payments of $Nil in the three months of August 31, 2025 were significantly lower than in the three months period of fiscal 2025 (August 31, 2024 - $295,214). On April 10, 2024, stock options for only 150,000 were granted and were subject to six month vesting provisions resulting in share based payments being allotted over the vesting period. No stock options was granted in the current quarter.

Shareholder relations expenses of $73,828 in the current quarter of fiscal 2026 were higher than the prior quarter in fiscal 2025 (August 31, 2024 - $50,839). Shareholders relations expenses include advertising and marketing, market making, attendance at trade shows and conferences, and road shows. In the current period, capital markets continued to be subdued for junior exploration companies causing the Company to reduce shareholder relations activities despite strengthening commodity prices. Also the Company implemented exploration activities on its own mineral property interests which necessitated reduction in discretionary expenses in order to effectively manage reducing working capital given no source of operating revenues or operating cash flows.

Management fee income is the 10% operator's fee which the Company earns from Newmont on its Newmont earn in mineral projects. The management fee income of $82,621 in the current quarter of fiscal 2026 was significantly lower than the income of $278,827 for the comparative quarter in fiscal 2025 which reflects the reduced level of expenditures incurred by the Company in current period and recovered from Newmont cash calls for the Newmont earn in mineral projects. The 10% operator's fee is determined by the amount of exploration expenditures. Newmont terminated the Mahogany and Midas North projects in August 2024. The Lodestar drill program remains pending permit approval although the permitting process is advancing.

Rental income for both comparative periods (August 31, 2025 - $82,535 and August 31, 2024 - $106,189) are for the rental recoveries for office and warehouse facilities and equipment from Newmont as used in exploration activities and from related parties on a cost recovery basis. Rental recoveries tend to be fixed pre-determined arrangements and would be similar from period to period. Rental income was higher in the current quarter due to higher office rent charges and recoveries effective May 2024 as the Company renewed its office lease at market rates and expanded its office facilities.

Finance and interest income of $15,993 was lower in the current quarter than in the prior comparative quarter (August 31, 2024 - $21,183). The income is earned from interest bearing investments and bank accounts which is from excess cash held by the Company. The closing of the private placement for $1.54 million in September 2024 allowed for investment in interest bearing instruments, resulting in higher interest earned in subsequent quarterly periods although interest rates may be reduced.

Foreign exchange gains and losses are attributed to foreign exchange transactions which are subject to daily fluctuations.

Unrealized gain on investments of $3,858 for the current quarter of fiscal 2026 was higher than the prior quarter (August 31, 2024 – loss of $12,343) as the value of its investment has shown an increase in mark to market share price.

4.3 Segment information

The Company undertakes corporate head office and administrative, regulatory activities and shareholder relations in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in Nevada, Idaho and Oregon, USA. Accordingly, the Company's operations are in one operating segment and two geographic segments.

The Company is in the exploration stage and accordingly, has no reportable segment production or operating revenues except for the 10% management fee earned from exploration programs with Newmont. Net (loss) income is distributed by geographic segment per the table below, for the six months ended August 31, 2025 and 2024:

	Six months ended August 31,	
	2025	2024
Canada	$ (584,764)	$ (271,442)
USA	(118,434)	(3,404,882)
	$ (703,198)	$ (3,676,324)

For the six months ended August 31, 2025, the Company incurred a net loss of $703,198 from a combination of higher operating expenses and lower management fee income from Newmont earn in projects.

Mineral property interests and refundable security deposits are held in USA, and cash is held in Canada and USA with the latter receiving funds from cash call pursuant to earn in agreements with Newmont. The Company's assets are distributed by geographic segment, as per the tables below:

	August 31, 2025			February 28, 2025		
	Canada	USA	Total	Canada	USA	Total
Current assets	$ 2,523,270	$ 2,726,141	$ 5,249,411	$ 1,954,047	$ 5,264,255	$ 7,218,302
Right-of-use-assets	115,661	83,400	199,061	150,360	63,500	213,860
Property & equipment	-	54,357	54,357	15,557	63,913	79,470
E&E assets	-	4,419,379	4,419,379	-	3,620,703	3,620,703
Deposits	-	191,777	191,777	-	151,599	151,599
Total assets	2,638,931	7,475,054	10,113,985	2,119,964	9,163,970	11,283,934
Total liabilities	332,137	3,050,508	3,382,645	259,768	4,468,220	4,727,988

E&E assets increased by $798,676 at August 31, 2025 from exploration activities for Crane Creek, Midas North, TJ, Rock Creek, Whiskey, Jupiter and Jake Creek property interests.

Total liabilities decreased from $4,727,988 at February 28, 2025 to $3,382,645 at August 31, 2025 as further E&E expenditures were incurred for the Spring Peak and Lodestar properties during the quarter which were paid from remaining cash calls received from Newmont.

4.4 Summary of Quarterly Results and Second Quarter of 2026 Fiscal Year

The following table sets out selected quarterly financial information derived from the Company's unaudited quarterly financial statements prepared by management.

	Aug 31, 2025	May 31, 2025	Feb 28, 2025	Nov 30, 2024
Total revenue	$ -	$ -	$ -	$ -
Net income (loss) for the period	(373,854)	(329,344)	(790,027)	286,932
Earnings (loss) per share:				
Basic	-	-	-	-
Diluted	-	-	-	-
Total assets	10,113,985	10,260,641	11,283,934	12,554,074
Total long term liabilities	99,736	73,014	91,322	108,946
Dividends per share	-	-	-	-
	Aug 31, 2024	May 31, 2024	Feb 29, 2024	Nov 30, 2023
Total revenue	$ -	$ -	$ -	$ -
Net income (loss) for the period	(3,536,975)	(139,349)	(227,536)	428,268
Earnings (loss) per share:				
Basic	(0.06)	-	-	0.01
Diluted	(0.06)	-	-	0.01
Total assets	10,044,068	11,063,143	10,693,583	13,794,995
Total long term liabilities	137,811	179,658	69,729	602,326
Dividends per share	-	-	-	-

Because the Company is in the exploration stage, it did not earn any producing revenues nor realized any operating cash inflows except for management fee income from the Newmont earn in mineral properties whereby the Company earns a 10% management fee from exploration expenditures. The Company's expenditures and cash requirements may fluctuate and lack a degree of comparability from period to period as a result of a number of factors including seasonal fluctuations, the write-off of capitalized amounts, tax recoveries and other factors that may affect the Company's activities. In addition, the non-cash flow related impacts from foreign exchange, and vesting of share-based payments may give rise to variability in results from one period to the next comparable period.

The Company's primary source of funding is through the issuance of share capital; accordingly, the Company's activity level and the size and scope of planned exploration projects may also fluctuate depending upon the availability of equity financing with favourable terms. When capital markets strengthen, and the Company is able to secure equity financing with favourable terms, the Company's activity levels and the size and scope of planned exploration may increase.

For the first and second quarters of fiscal 2026 and for fiscal years 2025 and 2024, the Company earns a 10% operator's fee from exploration expenditures from Newmont earn in mineral property interests. Management fee income contributed to lower quarterly net losses or to the realization of quarterly net income. Rental income is realized for the rental recoveries for office and warehouse facilities and equipment from Newmont as used in exploration activities and from related parties on a cost recovery basis.

An impairment of exploration and evaluation assets of $74,169 was recognized in the third quarter of fiscal 2024, as the Company did not renew non core mineral claims for Agate Point. In the second quarter of fiscal 2025, an impairment of $3.22 million related to non renewal of mineral claims was recognized.

Total assets of $10.11 million as at August 31, 2025 was lower than at February 28, 2025 (February 28, 2025 - $11.28 million) from the translational effects of the Company's US subsidiary which operates in US$ as the US$ depreciated against the CAD$ during the quarter. Also amortization of right of use assets and property and equipment would further contribute to the decrease.

Second Quarter of Fiscal 2026

The Company's comprehensive loss for the six months ended August 31, 2025 reflects depreciation, general exploration, wages and salaries; professional fees, shareholder relations, general office and administrative costs, and regulatory costs to administer the Company which are generally incurred on an ongoing basis, net of a foreign exchange gain or losses arising on the relative appreciation or depreciation of the Canadian dollar compared to the US dollar during the period. The net loss for the six months ended August 31, 2025 was comparatively higher due to higher operating costs combined with lower management fee income from Newmont earn in projects.

Management fee income from Newmont earn in mineral projects was lower in fiscal 2026 than the quarterly management fee income in fiscal 2025 due to the reduced exploration activities.

Other liabilities tend to fluctuate depending on the timing of the receipts from Newmont cash calls which are based on calendar quarters and exploration expenditures incurred.

4.5 Financial Position

The following select financial data is derived from the Interim Financial Statements.

	August 31, 2025	February 28, 2025
Total current assets	$ 5,249,411	$ 7,218,302
Total assets	10,113,985	11,283,934
Total current liabilities	3,282,909	4,636,666
Total liabilities	3,382,645	4,727,988
Total shareholders equity	6,731,340	6,555,946

As at August 31, 2025, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a net loss of $703,198 for the six months ended August 31, 2025 (August 31, 2024 – $3,676,324), and, as of that date, the Company had an accumulated deficit of $8.00 million (February 28, 2025 - $7.30 million). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The Company had a working capital of $1,966,502 at August 31, 2025 (February 28, 2025 - $2,581,636). The Company has a commitment to spend $2.72 million (February 28, 2025 - $4.23 million) in funds advanced by Newmont on qualifying earn-in expenditures based upon quarterly cash calls with Newmont.

Assets

Cash and cash equivalents including restricted cash totalled $4,949,174 at August 31, 2025 (February 28, 2025 - $6,990,309). Of the $4,949,174, the Company has a commitment to spend $1,996,579 in exploration expenditures for

Newmont and Oceana earn in projects. Restricted cash also includes $20,005 in a term deposit held at a financial institution as security against a company credit card. Cash can be expected to be depleted to cover operating expenses given the Company does not generate cash flows from operating activities except for management fees realized from Newmont earn in projects. The Company's sources and uses of cash are discussed in Section 4.6 "Cash Flows" below.

Short-term investments at August 31, 2025 consist of marketable securities with a fair value of $109,850 (February 28, 2025 - $71,825) which is higher than the comparative period due to the net increase in share price of its investment. One of the investments was written off to $nil value in the second quarter of fiscal 2025.

Amounts and other receivable of $87,796 at August 31, 2025 (February 28, 2025 - $85,216) consist of GST input tax credits, interest receivable and office expense recoveries. Included in this amount is $28,860 (February 28, 2025 - $30,242) in amounts receivable from companies with common directors for rent and office overhead expense recoveries.

Prepaid expenses and deposits of $102,591 at August 31, 2025 (February 28, 2025 - $70,952) include rental deposits, insurance, OTCQB annual fee, investor communications and other regular operating expenses which expenses will be allotted to the period in which they are applicable.

Right-of-use assets net of depreciation was $199,061 at August 31, 2025 (February 28, 2025 - $213,860). The Company has entered into leases for the rental of offices, warehouse and a vehicle for periods expiring up to October 31, 2025. In August 2025, the Company renewed the existing warehouse lease that was due to expire in June 2025 to an expiry up to July 2027. In October 2025, the Company exercised to buy out option of the vehicle lease, and additionally extended the US office lease up to October 2028.

Deposits of $191,777 at August 31, 2025 (February 28, 2025 - $151,599) include US $105,000 in advances to a Surety Agent as collateral against US $698,917 in bonding that was placed by the Surety Agent with the Nevada Bureau of Land Management, Oregon Bureau of Land Management, and USDA Forest Service and the Oregon State Office ("Government Agencies), and $34,551 directly with the Government Agencies. The Company has established a surety bonding arrangement with the Surety Agent under which 50%+ of the Company's reclamation bonding obligations will be replaced by deposits made by the Surety Agent. A finance fee of 2.5% will be charged on the balance of the amounts advanced and deposited by the Surety Agent. The bonds will provide state-wide coverage for operations conducted by the Company on its mining claims in Nevada and Oregon. The bond deposit is returnable to the Company only after the government agencies are satisfied that there is no outstanding reclamation liability associated with the land or after the bond is replaced by another bond.

Property and equipment of $54,357 at August 31, 2025 (February 28, 2025 - $79,470) consists of field equipment, computer equipment, office furniture and equipment and leasehold improvements. Nominal office furniture was acquired of the Company's expand office facilities during the quarters in fiscal 2025. Additional equipment were purchased in the first quarter of fiscal 2026.

Exploration and evaluation assets of $4,419,379 at August 31, 2025 (February 28, 2025 - $3,620,703) consist of acquisition and exploration expenditures on the Company's mineral properties and are discussed in Section 3 "Exploration and Evaluation Activities". Expenditures for Newmont earn in mineral properties are fully funded from Newmont. In September 2025, the Company received a non-refundable payment of US$250,000 from OceanaGold that was used to fund pre-drilling expenses on the TJ, Jake Creek and Hot Creek projects in Nevada.

Liabilities

Trade and other payables were $433,383 at August 31, 2025 (February 28, 2025 - $265,053). Trade and other payables are unsecured and are usually paid within 30 days of recognition. Operating payables fluctuate based upon the exploration activities during the quarterly periods. Fluctuations in trade and other payables are affected by exploration programs and timing of expenditures billings and payments.

In connection with the Company's leases, the Company recognized lease liabilities that were measured at the present value of the remaining lease payments discounted using incremental borrowing rates of 7.14% to 10% for the terms of the leases. The amounts of the lease liabilities were $232,216 at August 31, 2025 (February 28, 2025 - $232,727).

For the six months ended August 31, 2025, accretion expense on the lease liabilities was $10,397 (August 31, 2024 - $14,005) which would reduce during the term of the lease. Certain lease terms were extended in fiscal 2026.

Other liabilities consist of $2,717,046 at August 31, 2025 (February 28, 2025 - $4,230,208) in net cash calls received from Newmont that the Company is committed to spend on qualifying earn-in expenditures. Cash calls are submitted by the Company to Newmont on a quarterly basis based upon approved budgets.

4.6 Cash Flows

The Company is still in the exploration stage and as such does not earn any revenue from production. Total cash used by operating activities was $319,251 for the six months ended August 31, 2025 (August 31, 2024 – $233,009). The Company incurred net loss of $703,198 in the current period whereas a higher net loss of $3,676,324 was incurred in the prior comparative period.

Total cash flows used by investing activities was $2,362,438 for the six months ended August 31, 2025 in contrast to the cash provided from investing activities for $1,721,097 for prior comparative period in fiscal 2025. In the current period there were $208,409 cash calls from OceanaGold, whereas $6,339,669 were received from Newmont in the prior comparative period which would contribute to reduced cash flows in the current period. In current period of fiscal 2026, exploration expenditures of $149,213 were incurred for non Newmont projects (August 31, 2024 - $467,670) and $2,364,347 (August 31, 2024 - $4,145,890) were incurred for Newmont and OceanaGold mineral properties in which the latter expenditures were financed by Newmont and OceanaGold cash calls.

Total cash flows used by financing activities was $876,060 for the six months ended August 31, 2025 (August 31, 2024 – provided by financial activities $48,741). Lease payments for warehouse and office facilities and field equipment would reduce cash flow for financing activities.

Cash of $2,587,000 was held in US dollars at August 31, 2025 and $5,180,000 in US dollars at February 28, 2025 whereby the US dollar depreciated from a spot rate of 1.4438 at the beginning of the quarter to 1.3742 to the end of the quarter resulting an exchange loss of $235,506 in cash.

For the six months ended August 31, 2025, there was a decrease in cash flow of $2,041,135 whereas in the prior comparative period in fiscal 2025 cash flow increased by $1,924,600.

5.0 Going Concern, Liquidity, Capital Management, and Contractual Obligations

5.1 Going Concern and Liquidity

The properties in which the Company currently holds an interest are in the exploration stage. The Company has not generated revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future. The Company does earn a 10% management fee from exploration expenditures for its Newmont earn in mineral property interests. Exploration programs for Lodestar and Spring Peak, and previously Agate Point, Mahogany and Midas North are fully funded by Newmont. As at August 31, 2025, the Company had a working capital of $1,966,502 (February 28, 2025 – $2,581,636).

The Company's financial liabilities of payables and accrued liabilities are generally payable within a 90-day period.

The Interim Financial Statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future; and do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuation as a going concern depends on its ability to successfully raise financing through the issuance of debt or equity.

5.2 Capital Management

The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash. To facilitate the management of its capital requirements, management prepare annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned exploration, development, permitting activities, and committed administrative costs, to ensure that adequate levels of working capital are maintained. The Company believes that this approach is reasonable, given its relative size and stage.

There may be circumstances where, for sound business reasons, funds may be re-allocated at the Company's discretion. While the Company remains focused on the continued exploration and advancement of the Company's mineral property interests, management may (i) conclude to curtail certain operations; or (ii) should management enter into agreements in the future on new properties it may be necessary to make cash payments and complete work expenditure commitments under those agreements, which would change planned expenditures.

5.3 Contractual Obligations

In addition to normal course operating contracts and agreements relating largely to exploration activities and for the retention of exploration personnel, the Company is also party to agreements to acquire mineral properties that are disclosed in the accompanying Interim Financial Statements, and in this MD&A.

As at August 31, 2025, the Company has a commitment to incur exploration expenditures of $2.72 million which represents remaining Newmont cash calls for which expenditures have not been spent (February 28, 2025 - $4.23 million).

Also as at August 31, 2025, the Company has the following cash commitment obligations regarding its leases for warehouse, office and equipment:

	Payments due by Period (CAD$)				Payments due by Period (US$)			
	Total	Less than 1 year	1-3 years	3-5 years	Total	Less than 1 year	1-3 years	3-5 years
Office lease	$ 249,614	$ 149,768	$ 99,846	$ -	$ 7,195	$ 7,195	$ -	$ -
Warehouse lease	-	-	-	-	76,061	39,684	36,377	-
Vehicle lease	-	-	-	-	1,510	1,510	-	-
Total, August 31, 2025	$ 249,614	$ 149,768	$ 99,846	$ -	$ 84,766	$ 48,389	$ 36,377	$ -

6. Financial Instruments

The Company's financial instruments include cash, restricted cash, term deposits, short term investments, amounts and other receivables, deposits, trade and other payables, and other liabilities. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

Marketable securities are measured using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk and market risk which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian and USA financial institutions.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable, which may include amounts receivable from certain related parties, and records an expected credit loss based on its best estimate of potentially uncollectible amounts. Management believes that the credit risk with respect to these financial instruments is remote.

The financial instruments that potentially subject the Company to credit risk comprise investments, cash and cash equivalents and certain amounts receivable, the carrying value of which represents the Company's maximum exposure to credit risk.

As at August 31, 2025, the Company has no financial assets that are past due or impaired due to credit risk defaults.

(b) Liquidity risk:

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

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financings. As at August 31, 2025, the Company had a working capital (current assets less current liabilities) of $1,966,502 (February 28, 2025 – $2,581,636).

Section 5.3 provides for contractual obligations related to leases for the Company's office, warehouse and vehicle as at August 31, 2025.

Trade and other payables are due in less than 90 days

(c) Market risk:

The significant market risk exposures to which the Company is exposed are foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

Certain of the Company's mineral property interests and operations are in the USA which are incurred in US dollars. Fluctuations in the US dollars would affect the Company's consolidated statements of comprehensive income (loss) as the reporting currency is the Canadian dollar, and fluctuations in the US dollar would impact its cumulative translation adjustment as its consolidated financial statements are presented in Canadian dollars.

	Stated in Canadian Dollars (Held in US Dollars)	
	August 31, 2025	February 28, 2025
Cash	$ 2,597,931	$ 5,182,087
Marketable securities	109,850	71,825
Receivables	11,086	10,344
Accounts payable and accrued liabilities	(227,383)	(164,069)
Lease liabilities	(106,080)	(73,944)
Other liabilities	(2,717,046)	(4,230,208)
Net financial assets (liabilities)	$ (331,642)	$ 796,035

Based upon the above net exposure as at August 31, 2025 and assuming all other variables remain constant, a 5% (2025 - 5%) depreciation or appreciation of the U.S. dollar relative to the Canadian dollar could result in a decrease (increase) of approximately $16,000 (February 28, 2025 - $39,800) in the cumulative translation adjustment in the Company's shareholders' equity.

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest excess cash at rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. The Company's investments in guaranteed investment certificates bear a fixed rate and are cashable at any time prior to maturity date. Interest rate risk is not significant to the Company as it has no interest bearing debt at year-end.

(iii) Other price risk:

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Company's other price risk includes equity price risk, whereby investment in marketable securities are held for trading financial assets with fluctuations in quoted market prices recorded at FVTPL.

As certain of the Company's marketable securities are carried at market value and are directly affected by fluctuations in value of the underlying securities, the Company considers its financial performance and cash flows could be materially affected by such changes in the future value of the Company's marketable securities.

7. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

8. Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the reported amounts of assets, liabilities, and expenses. A detailed presentation of all of the Company's significant accounting policies and the estimates derived therefrom, along with discussion as to judgments and estimates made by management which might impact the financial information, and a summary of new accounting pronouncements, please refer to our disclosures in the Annual Financial Statements at Note 3.

9. Transactions Between Related Parties

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management is disclosed in the table below.

Except as disclosed elsewhere in the consolidated financial statements, the Company had the following general and administrative costs with related parties:

	Six months ended August 31,		Net balance receivable (payable)	
	2025	2024	August 31, 2025	February 28, 2025
Key management compensation:				
Executive salaries and benefits [1]	$ 262,871	$ 240,333	$ (1,585)	$ (33,609)
Directors fees	88,926	65,750	(4,200)	(4,000)
Share-based payments	45,865	238,038	-	-
	$ 397,662	$ 544,121	$ (5,785)	$ (37,609)
Net office, sundry, rent and salary allocations reimbursed from (to) companies sharing certain common directors	$ 33,777	$ 51,152	$ 6,206	$ 30,242

(1) Includes key management compensation which is included in employee and director remuneration, mineral property interests, and corporate development.

The above transactions are incurred in the normal course of business.

10.0 Outstanding Securities

On August 28, 2025, the Company closed a non brokered private placement for 3,333,333 units at $0.30 per unit for total proceeds of $1,000,000. Each Unit consists of one common share and one non-transferable share purchase warrant exercisable into one further share at a price of $0.50 for a period of 36 months. Centerra exercised its participation rights and maintained its 9.9% interest in the Company. The shares are subject to a one year hold period from the closing date and such other restrictions as may be required by applicable securities laws and stock exchange rules. 15 months after the closing date, the Company will have the right to accelerate the expiry date of the Warrants (the "Acceleration") if the weighted average closing price of the Company's common shares on the CSE equals or exceeds $0.75 for 20 consecutive trading days (the "Acceleration Event"). Upon the occurrence of the Acceleration Event, the expiry date of the Warrants will then be 30 days from the date of issue of a news release announcing the Acceleration.

As at October 30, 2025, there were 74,047,448 common shares issued and outstanding.

As at October 30, 2025, there were 7,020,000 stock options outstanding.

Ast at October 30, 2025, there were 3,333,333 share purchase warrants outstanding.

11. Undisclosed Transactions

Other than disclosed in this MD&A and its continuous disclosure filings, the Company does not have any undisclosed material transactions.

12. Changes in Accounting Polices Including Initial Adoption

A number of new or amended accounting standards were scheduled for mandatory adoption on or after March 1, 2025. The Company has not early adopted these new standards in preparing the Interim Financial Statements.

IFRS 18, Presentation and Disclosure in Financial Statements (Replacement of IAS 1, Presentation of Financial Statements) – IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit and loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company has not yet determined the impact of this amendment on its consolidated financial statements.

13. Board of Directors and Officers

13. 1 Current Board of Directors and Officers

The directors of the Company are Graeme Currie, Tero Kosonen, Caleb Stroup, Alistair Waddell, Wendell Zerb and Fraser MacCorquodale.

The officers of the Company are Alistair Waddell (Executive Chairman), Caleb Stroup (President and Chief Executive Officer), David Cross (Chief Financial Officer), Dr. Gregory Dering (Vice President, Exploration), and Sandra Wong (Corporate Secretary).

13. 2 Change in Management

On September 18, 2025, the Company appointed Mr. David Cross, CPA to serve as Chief Financial Officer. Mr. Cross is a Chartered Professional Accountant who brings 28 years of accounting experience, primarily in the mining and mineral exploration sector. Mr. Cross is a co-founder of Cross Davis & Company, a CPA firm that has focused on providing accounting and management services to publicly listed companies since 2010.

The Company would like to thank Mr. Philip Yee who previously served in the role of CFO for his contributions and wish him well in his other business ventures.

14. Management's Responsibility for Financial Reporting

The accompanying Interim Financial Statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The Interim Financial Statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the Interim Financial Statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the Interim Financial Statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and two of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process (if any), auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for regulatory filing. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

HEADWATER GOLD INC.

Caleb Stroup
President and Chief Executive Officer