



**AuMEGA Metals Ltd**  
**Management's Discussion and Analysis**  
*For the six months ended 30 June 2025*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of AuMEGA Metals Ltd., ("AuMEGA" or the "Company") for the six months ended 30 June 2025 should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and notes thereto for the six months ended 30 June 2025. All amounts in this MD&A are in Canadian dollars unless otherwise stated. This MD&A is intended to help the reader understand the significant factors that influence the Company and its subsidiaries (collectively, the "Group") and such factors that may affect its future performance. This MD&A has been prepared as of 31 July 2025.

The unaudited condensed consolidated interim financial statements were prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. Please consult the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2025, for more complete financial information.

### Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements and "forward-looking information" within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements"). These statements relate to future events or the Company's future performance, business, operations and condition of the Company. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions (including negative and grammatical variations). These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: development of resources by AuMEGA; treatment under governmental regulatory and taxation regimes; the Company's ability to raise capital; the Company making long-term decisions that are in the best interest of the business and its owners and that manage the Company's risks; the Company's ability to fund its future obligations and the sources of such funding; the Company's strategy to enhance shareholder value through major gold discoveries in Newfoundland; the Company's ability to ensure operational control and capital efficiency across all activities through its exploration approach, technical expertise, and risk management in decision-making; the Company's cash flow forecasts for the 12 months ending 30 June 2026; the Company's plans to continue its focus on exploration and development of mineral interests; the Company's expectation to incur losses until such time as a property enters into commercial production and generates sufficient revenues to fund its continuing operations; the Company's future operating expenses and capital expenditures; the Company's approach to managing liquidity enabling the Company to have sufficient cash reserves to meet all financial obligations as they become due under both normal and stressed conditions while avoiding unacceptable losses or reputational risk; the Company's ability to meet its committed operational and administrative expenditures and continue to operate as a going concern; timing and anticipated results of the Cape Ray spring and summer drill program; the integration of layers of geophysical, airborne magnetics and EM, geological through mapping and modern surficial geochemical data to help identify new drill targets and refine specific drill-ready targets for subsequent exploration phases at Cape Ray West; the recommencement of fieldwork at Bunker Hill in late July that mirrors current methodologies at Cape Ray, and the implementation of comprehensive till sampling and mapping at Bunker Hill by the Company; the Company's largest-ever exploration campaign at Hermitage during the third quarter 2025 covering the project's central

region and targeting previously identified high-grade gold anomalies; the Company undertaking systematic geochemical sampling at Hermitage with over 1,700 samples planned and the results thereof; the Company's ability to spend the remaining outstanding balance of funds related to flow-through financings on Resource Expenditures by 31 December 2025; the Company's continued periodic review of disclosure controls and procedures and internal control over financial reporting; and the Company's ability to fund its operational and administrative expenditure and continue to operate as a going concern..

Forward-looking statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such statements. With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment; the unpredictability of changes to the market prices for minerals; that costs related to development of mineral properties will remain consistent with historical experiences; anticipated results of exploration activities; the costs of its exploration activities; the Company's ability to obtain additional financing on satisfactory terms; mining development risks; litigation risks; liquidity risks; the speculative nature of mineral exploration; the global economic climate; dilution; and share price volatility. Although the Company has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actual results, performance or achievements not to be as anticipated, estimated or intended.

The Company's actual results, performance or achievements could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A under the heading "Risk Factors" including the following: volatility in the market prices of minerals, uncertainties associated with estimating mineral resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of mineral resources and reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

## **CAUTIONARY NOTE REGARDING MINERAL RESOURCES**

Scientific and technical information contained in this MD&A was reviewed and approved by Spencer Vatcher (Principal at Silvertip Exploration) for AuMEGA, who is a "qualified person" as defined by Canada's National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Information on data verification performed on, and other scientific and technical information relating to, the Company's mineral property mentioned in this MD&A is included in the technical report titled "Technical Report on the Cape Ray Gold Project, Newfoundland, Canada" dated 28 May 2024 (with an effective date of 26 May 2024), prepared by Trevor Rabb (P. Geo.) and Ronald Voordouw, (P. Geo) of Equity Exploration Consultants Ltd., and Andrew Kelly (P. Eng.) of Blue Coast Research, a copy of which is available under the Company's profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## Business Overview

### Core Business

AuMEGA Metals Ltd is an Australian corporation with a dual listing. Its primary listing is on the Australian Securities Exchange (“ASX”) under the ticker AAM, with a secondary listing on the TSX Venture Exchange (“TSXV”) under the ticker AUM. The Company is also quoted in the United States on the OTCQB under the symbol AUMMF.

AuMEGA’s registered office is located at 24 Hasler Road, Osborne Park, Western Australia 6017, with a Canadian office at 10060 Jasper Avenue, Tower 1, Edmonton, Alberta, T5J 3R8. The Company operates through two wholly owned subsidiaries:

- **Matador Canada Pty Ltd.**, incorporated in Western Australia on 21 March 2018
- **Cape Ray Mining Limited**, incorporated in Nova Scotia on 4 September 2019

### Exploration Focus and Asset Portfolio

AuMEGA is a mineral exploration company focused on the discovery of precious and critical metals in Newfoundland and Labrador, Canada—specifically on the island of Newfoundland.

AuMEGA holds a district-scale land package spanning 105 kilometres along the Cape Ray Shear Zone (“CRSZ”) — Newfoundland’s largest identified gold-bearing structure and an under-explored geological corridor. The CRSZ – Valentine Shear hosts Equinox Gold’s (TSX: EQX) Valentine Gold Project, the province’s largest gold deposit, currently under construction and expected to pour its first gold in the second half of 2025.

The Company’s portfolio includes its flagship Cape Ray Project (“Cape Ray”), hosting a gold Mineral Resource estimate<sup>1</sup> that includes:

- **Indicated:** 6.2 million tonnes at 2.25 g/t gold for 450,000 ounces
- **Inferred:** 3.4 million tonnes at 1.44 g/t gold for 160,000 ounces

The Company also holds the Hermitage Gold-Antimony Project, covering a 27-kilometre strike along the Hermitage Flexure, which hosts multiple gold and critical mineral showings. AuMEGA also holds an option to acquire 100% of the Blue Cove Copper and Koorae Projects, further diversifying its portfolio.

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<sup>1</sup> News Release dated 30 May 2023

## **Strategic Positioning**

AuMEGA is supported by a strong base of strategic and institutional investors, including B2Gold, a globally recognized gold producer with a proven track record in exploration, development, and operations.

The Company's strategy is to deliver long-term shareholder value through major gold discoveries in Newfoundland. This is underpinned by a disciplined exploration approach, deep technical expertise, and prudent, risk-managed decision-making — ensuring operational control and capital efficiency across all activities.

## **Financial Overview**

As at 30 June 2025, AuMEGA Metals held a cash balance of approximately \$9.2 million compared to \$15.7 million at 31 December 2024.

## **Second Quarter 2025 Highlights**

### **Exploration**

- **Phase One Drilling Completed at Cape Ray:** Completed a 2,559.7 metre diamond drill program, testing new key target areas, including resource extensions and newly identified anomalies, with initial assay results anticipated in early to mid-August 2025.
- **Comprehensive Data Review:** Conducted an extensive analysis of historical and recent exploration data, identifying promising anomalies and data gaps to refine drill targeting and enhance exploration efficiency.
- **Extensive Till Geochemical Sampling at Cape Ray:** Initiated a large till sampling and mapping program at Cape Ray, with an aim to collect approximately 1,500 till samples, strategically designed to identify drill targets at Cape Ray West.
- **Encouraging Early Drill Results at Bunker Hill West:** Diamond drill hole CRD396 intersected 1.84 g/t gold over 1.0 metre including 5.58 g/t gold, 96 g/t silver, and 3.64% lead over 0.3 metres.
- **Strategic Exploration at Bunker Hill:** Winter drilling at Bunker Hill identified gold mineralisation in prominent second and third order structures, including the Branch Fault. A till sampling and mapping campaign is planned, involving over 3,500 samples across Bunker Hill West and Bunker Hill Central to guide targeted drilling now set to commence late third quarter or early fourth quarter 2025.

## Corporate

- **Strong Treasury of C\$9.2 million in Cash:** Fully funded to deliver one of the largest and most systematic exploration campaigns in AuMEGA's history.
- **Board Appointment:** James Withall brings nearly thirty (30) years of international experience in mining, exploration, and natural resource investing.
- **Executive Appointment:** Highly experienced geologist Michael Skead joined AuMEGA as President at the beginning of the quarter.
- **Continued Regional M&A Activity:** Completed merger of Equinox Gold and Calibre Mining highlights the Cape Ray-Valentine shear as an emerging gold mining district.

## Selected Financial Information

The following table summarises key second quarter 2025 financial information:

	3 Months ended 30 June 2025	3 months ended 30 June 2024	6 months ended 30 June 2025	6 months ended 30 June 2024
	('000s)	('000s)	('000s)	('000s)
Other Income	\$1,260	\$579	\$2,364	\$816
Net (loss)	(691)	(941)	(1,058)	(1,672)
Net comprehensive (loss)	(691)	(941)	(1,058)	(1,672)
Per common share, basic (cents)	(0.12)	(0.18)	(0.19)	(0.32)
Per common share, diluted (cents)	(0.12)	(0.18)	(0.19)	(0.32)

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<b>Statement of Financial Position Data</b>		
	<b>As at 30 June 2025</b>	<b>As at 31 December 2024</b>
	<i>('000s)</i>	<i>('000s)</i>
Cash and cash equivalents	\$9,215	\$15,727
Current assets	\$10,452	\$17,305
Current liabilities	\$2,896	\$4,085
Exploration and evaluation assets	\$55,864	\$49,069
Total Assets	\$66,492	\$66,598
Total Liabilities	\$13,066	\$12,423
Working capital surplus	\$7,555	\$13,220

No dividends were declared on the Company's outstanding shares during the reporting periods.

The net loss for the second quarter ended 30 June 2025, was \$0.7 million compared to a net loss of \$0.9 million in the first quarter of 2025. The decrease was driven primarily by an increase in other income relating to settlement of flow-through share premium liability, which was partially offset by higher income tax expenses and share based payment expenses.

The net loss for the first six months of the year was \$1.1 million compared to \$1.7 over the same period in 2024. The decrease was driven primarily by an increase in other income relating to settlement of flow-through share premium liability and lower share-based payment expense, which was partially offset by higher income tax expenses.

<b>Summary of Quarterly results</b>								
	<b>30 June 2025</b>	<b>31 March 2025</b>	<b>31 December 2024</b>	<b>30 September 2024</b>	<b>30 June 2024</b>	<b>31 March 2024</b>	<b>31 December 2023</b>	<b>30 September 2023</b>
	<i>('000s)</i>	<i>('000s)</i>	<i>('000s)</i>	<i>('000s)</i>	<i>('000s)</i>	<i>('000s)</i>	<i>('000s)</i>	<i>('000s)</i>
Net (loss)	(691)	(367)	(1,610)	(928)	(941)	(732)	(3,622)	(863)
Per common share, basic (cents)	(0.12)	(0.07)	(0.29)	(0.18)	(0.18)	(0.14)	(1.98)	(0.27)

## **Explanation of Quarterly results**

During the three months ending 30 June 2025, the Company recorded a net loss of \$0.7 million. The net loss was mainly comprised of administration expenses of \$0.3 million, consultants and management expenses of \$0.3 million, share-based payments expenses of \$0.2 million and legal expenses \$0.1 million. It was offset by settlement of flow-through share premium liability of \$1.0 million and interest income of \$0.2 million.

During the three months ending 31 March 2025, the Company recorded a net loss of \$0.4 million. The net loss was mainly comprised of administration expenses of \$0.3 million, consultants and management expenses of \$0.2 million, share-based payments expense of \$0.1 million and business development costs of \$0.1 million. It was offset by settlement of flow-through share premium liability of \$1.0 million and interest income of \$0.1 million.

During the three months ending 31 December 2024, the Company recorded a net loss of \$1.6 million. The net loss was mainly comprised of exploration and evaluation asset write-offs of \$0.5 million, administration expense of \$0.3 million, consultants and management expenses of \$0.4 million, share-based payments expense of \$0.1 million and taxation expense of \$0.4 million. It was offset by settlement of flow-through share premium liability of \$0.2 million and interest income of \$0.1 million.

During the three months ending 30 September 2024, the Company recorded a net loss of \$0.9 million. The net loss was mainly comprised of administration expenses of \$0.2 million, consultants and management expenses of \$0.2 million, share-based payments expense of \$0.4 million and taxation expense of \$0.5 million. It was offset by settlement of flow-through share premium liability of \$0.4 million and interest income of \$0.1 million.

During the three months ending 30 June 2024, the Company recorded a net loss of \$0.9 million. The net loss was mainly comprised of administration expenses of \$0.4 million, consultancy and management expenses of \$0.2 million, share-based payments expense of \$0.4 million and taxation expense of \$0.4 million. It was offset by settlement of flow-through share premium liability of \$0.4 million and government grants of \$0.1 million.

During the three months ending 31 March 2024, the Company recorded a net loss of \$3.6 million. The net loss was mainly comprised of administration expenses of \$0.3 million, consultants and management expenses of \$0.3 million, share-based payments expense of \$0.1 million and a one-off impairment charge of \$2.8 million. It was offset by settlement of flow-through share premium liability of \$0.1 million.

During the three months ending 31 December 2023, the Company recorded a net loss of \$1.5 million. The net loss was mainly comprised of administration expenses of \$0.3 million, consultants and management expenses of \$0.3 million, share-based payments expense of \$0.7 million and a one-off impairment charge of \$2.8 million.

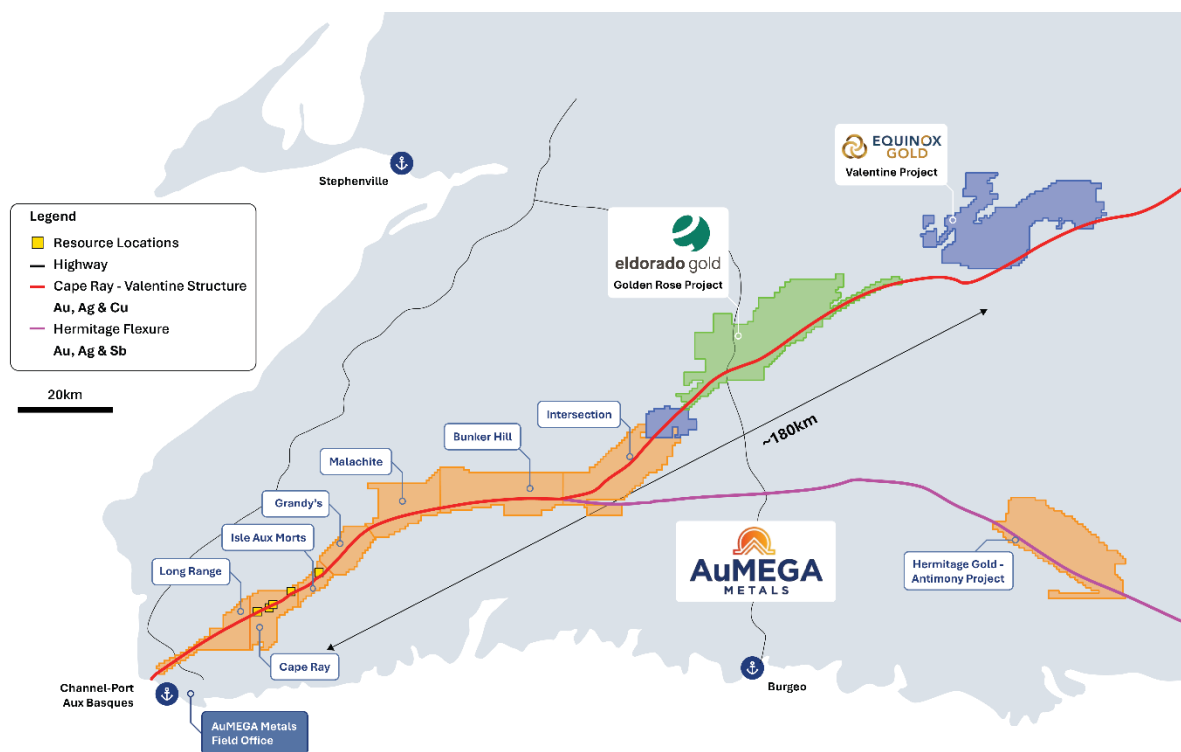


During the three months ending 30 September 2023, the Company recorded a net loss of \$0.9 million. The net loss was mainly comprised of administration expenses of \$0.5 million, consultants and management expenses of \$0.2 million, share-based payments expense of \$0.1 million. It was offset by settlement of flow-through share premium liability of \$0.1 million.

## Discussion of Operations

During the June quarter, AuMEGA launched a spring drill program at Cape Ray which hosts the Company's existing, near surface mineral resource. The program commenced in May with diamond drilling to test resource extensions and newly identified areas, with initial assay results anticipated in mid-August 2025. The program was completed in early July with nine holes drilled for 2,599.7 metres.

In May, AuMEGA also concluded the Bunker Hill drilling program with a combined total of 5,067 metres of diamond and reverse circulation ("RC") drilling completed. This included 147 RC holes to collect base-of-till ("BOT") and bottom-of-hole ("BOH") samples to detect gold in basement. The Company drilled 15 diamond drill holes totaling 3,673 metres that focused on two key areas: six stratigraphic drill holes were drilled at the Nitty Gritty target, while the remaining drill holes tested the structural corridor extending between Nitty Gritty and Bunker Hill West.



**Figure 1: AuMEGA Metals Project Portfolio**

## **Exploration Activities**

### **Cape Ray Spring and Summer Drill Program**

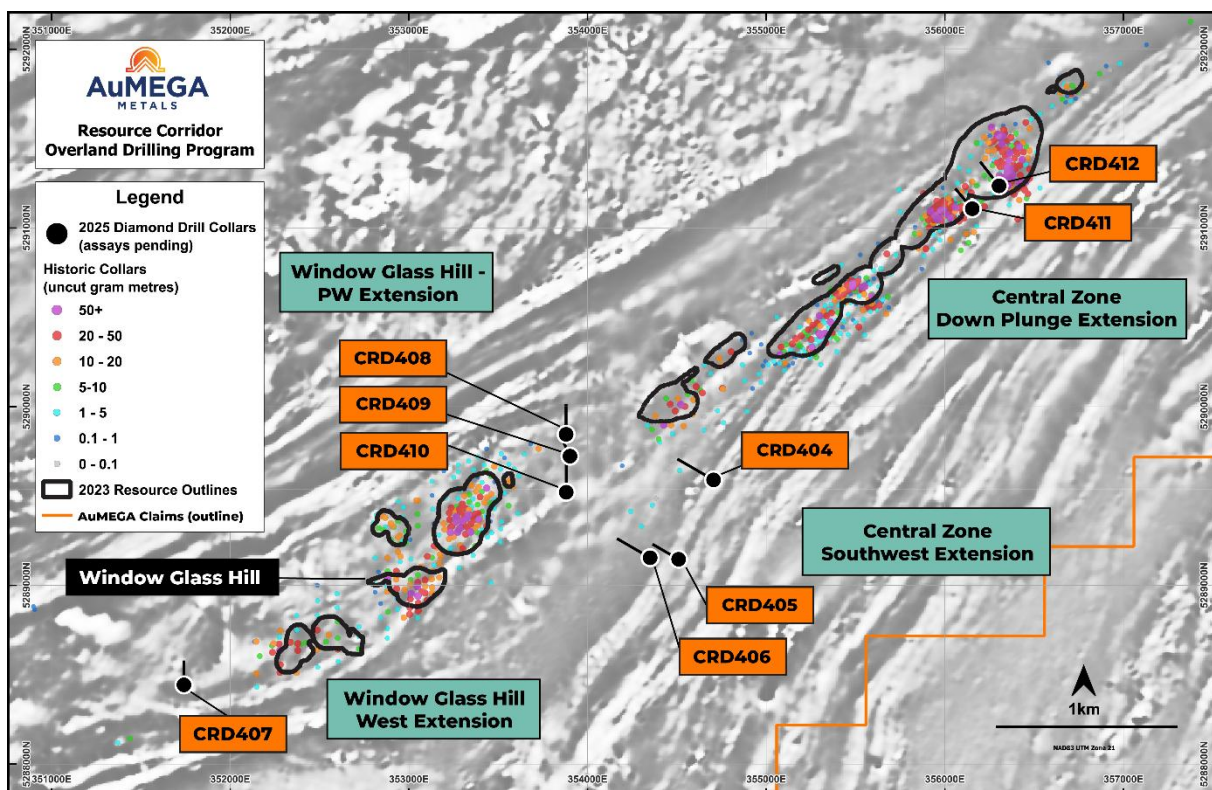
AuMEGA launched its spring and summer exploration program at Cape Ray in early May. The focus of the program was two-fold:

- Expand the existing resource base, and
- Identify new mineralised bodies along strike several kilometres from current deposits.

The first phase of diamond drilling included nine drill holes totaling approximately 2,559.7 metres with drilling targeting the following:

- Three holes, CRD404, CRD405 and CRD406, located 800 metres along strike to the west of the Central Zone deposits (Figure 2).
- One hole, CRD407, targeted a newly identified area 500 metres west of Window Glass Hill deposits (Figure 2).
- Three holes, CRD408, CRD409 and CRD410, were drilled in a new target area located 600 metres east of Window Glass Hill and west of Central Zone deposits (Figure 2).
- Two holes, CRD411 and CRD412, tested down-plunge extensions at the Central Zone Z04 and Z41 deposits as a follow-up to the deep drill holes drilled in 2024 at Central Zone (Figure 2).

Initial assay results from these drill holes are anticipated in mid-August 2025.



**Figure 2: Cape Ray 2025 Drill Program – Phase One**

Earlier in May, an electromagnetic (“EM”) survey was completed over the entire Cape Ray area. The goal of this survey was to identify geophysical signatures similar to the known deposits. The data from this survey is currently being processed.

The Company is executing an extensive till geochemical sampling and mapping program at Cape Ray West. Historical analysis underscores a strong correlation between geochemical till samples and established mineral resources. Thus, the current sampling initiative aims to integrate the layers of geophysical, airborne magnetics and EM, geological through mapping and modern surficial geochemical data to help identify new drill targets and refine specific drill-ready targets for subsequent exploration phases.

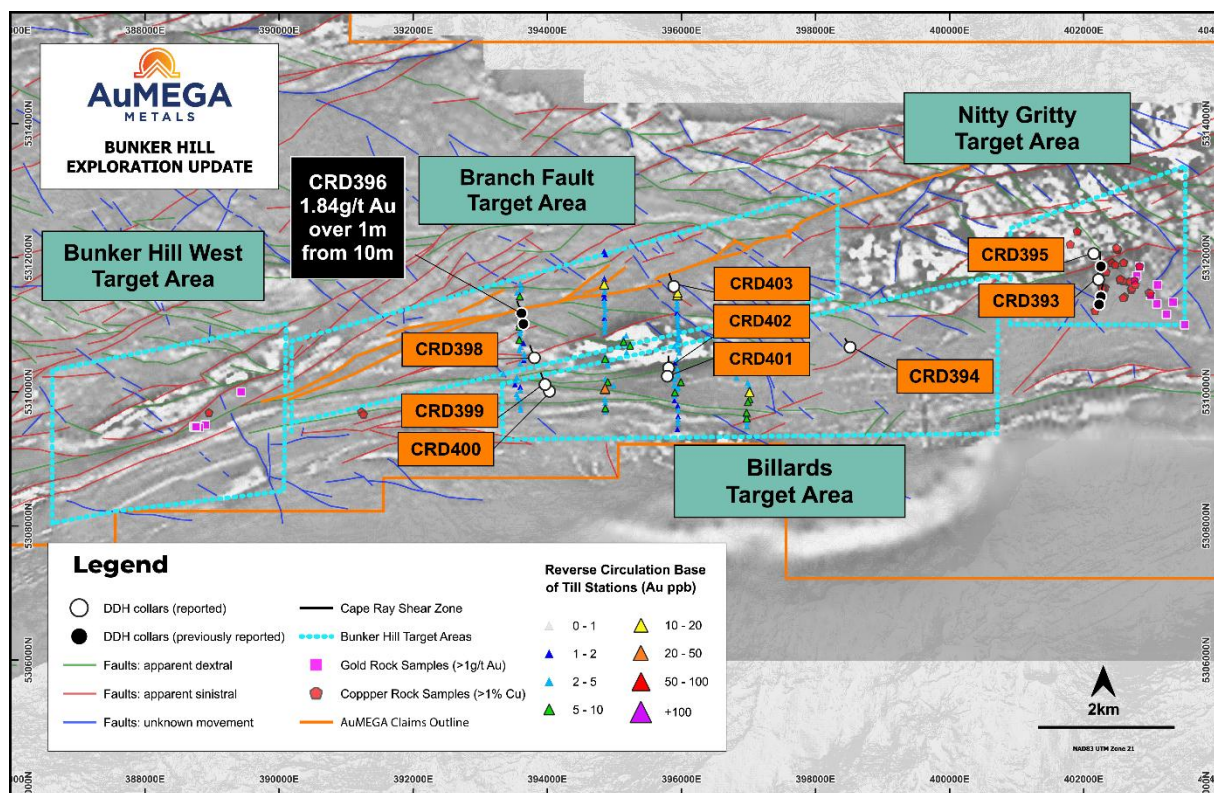
### **Bunker Hill Winter Drill Program**

Earlier in the year, the Company executed a winter drilling program comprising 147 RC drill holes (totaling 1,397 metres) and 15 diamond drill holes (totaling 3,673.25 metres). The RC drilling primarily focused on shallow, BOH and BOT sampling to inform future deeper drilling.

BOH sampling previously identified several zones for follow-up. Final assays from BOT samples have now been received and reported in Figure 3. This dataset will be used in conjunction with the Company's 2024 Bunker Hill West till program<sup>2</sup> and the planned 2025 survey to provide key geochemical information to direct future exploration campaigns.

Diamond drilling included five drill holes at the Nitty Gritty target area, with the remainder focused along the corridor connecting Nitty Gritty to Bunker Hill West. Weather-related disruptions prevented drilling at the high-priority Bunker Hill West target. Previously announced assay results, including drill hole CRD396 (intersecting 1.84 g/t gold over one metre from a depth of 10 metres along the newly identified Branch Fault), highlighting the area's geological significance<sup>3</sup>.

Recent assay results provided valuable geological and structural insights; however, no significant intersections were identified. These early-stage diamond drill holes were primarily exploratory, designed to enhance geological understanding without diminishing the area's mineral potential.



**Figure 3: 2025 Winter Drill Program at Bunker Hill**

<sup>2</sup> News release dated 25 November 2024

<sup>3</sup> News release dated 26 May 2025

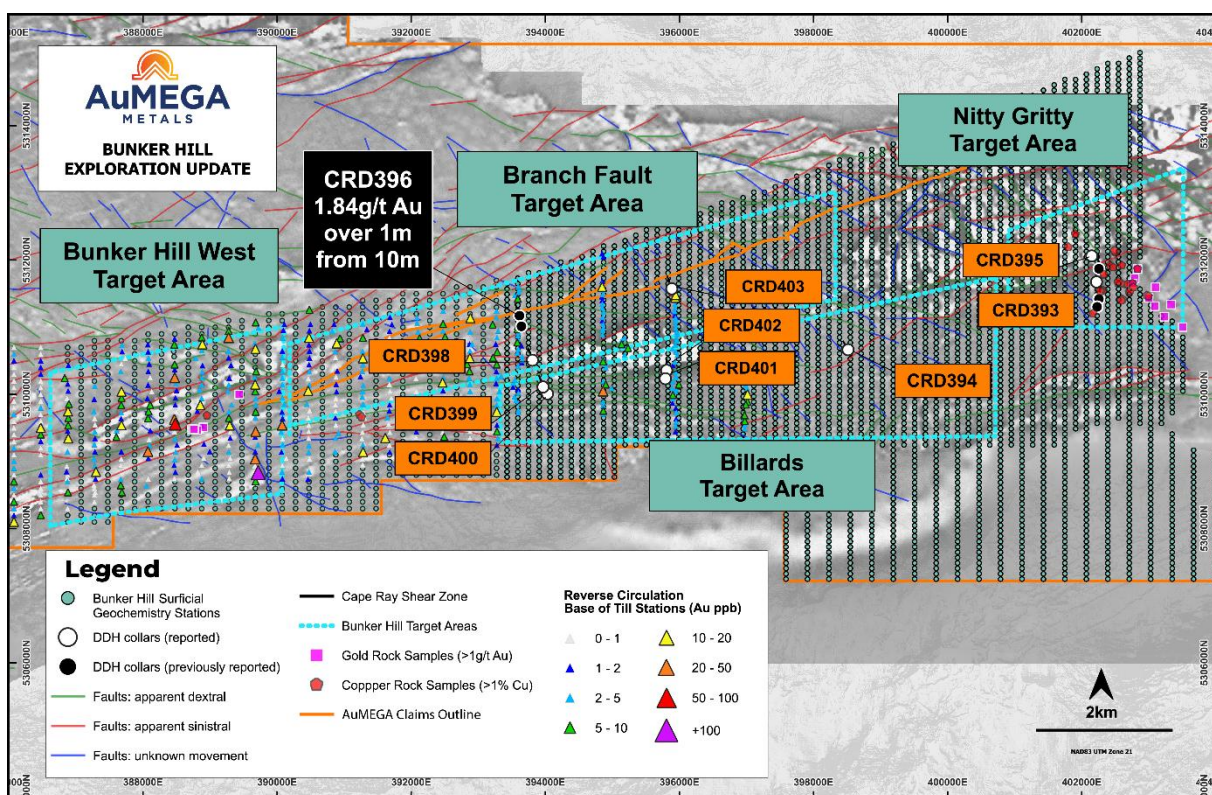


Final assays from BOT samples were received, providing essential geochemical information to direct future exploration.

### Bunker Hill Next Steps

Following this extensive review, the Company decided to defer the planned 5,000-metre diamond drilling at Bunker Hill late in the third quarter or early fourth quarter 2025. Fieldwork will recommence in late July, mirroring current methodologies at Cape Ray, encompassing comprehensive till geochemical sampling and mapping:

- Infill till geochemical sampling to 200 metre line spacing and mapping will cover Bunker Hill West, known for historic high-grade gold occurrences and favorable geological complexity, collecting over 600 till samples across 19 km<sup>2</sup> (Figure 4).
- An expansive till geochemical sampling and mapping campaign will be undertaken at Bunker Hill, encompassing the Branch Fault, Nitty Gritty and key segments along the CRSZ, with approximately 3,800 samples across 56 km<sup>2</sup> (Figure 4).

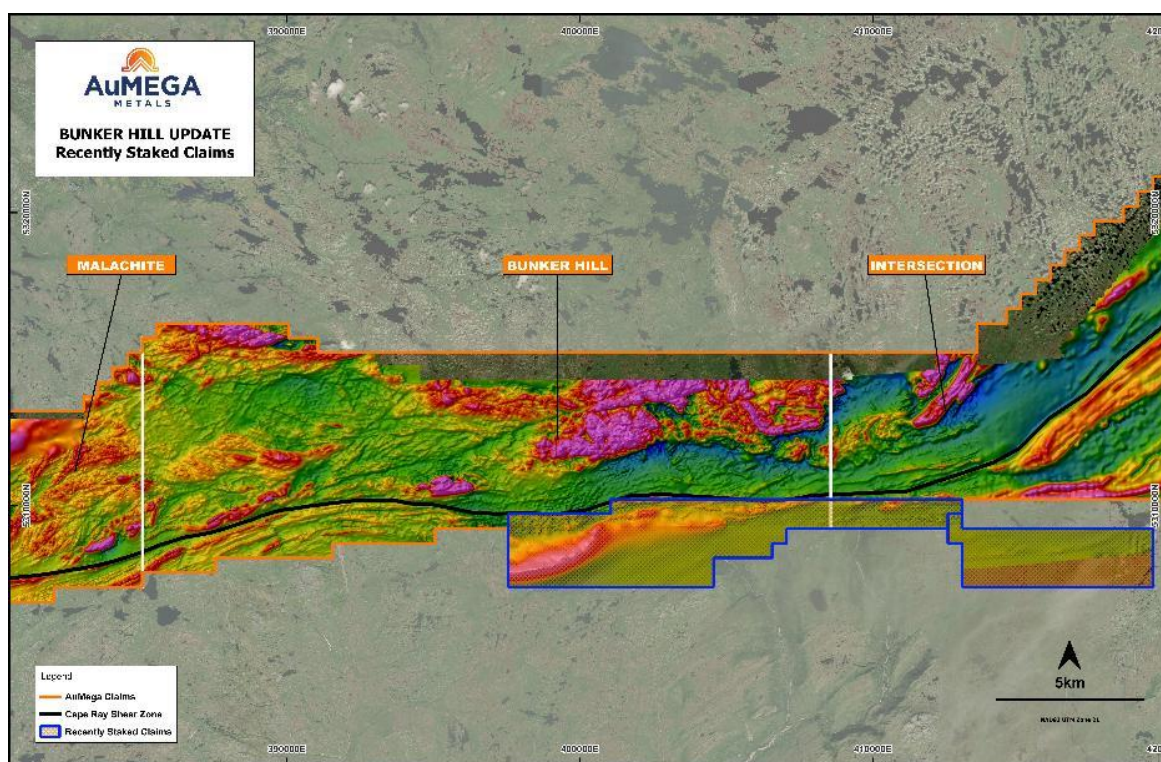


**Figure 4: 2025 Bunker Hill Sampling Program**

## Bunker Hill Mineral Claims Acquired

On 8 April 2025, the Company strategically expanded the Bunker Hill Project<sup>4</sup> footprint through the staking of 173 mineral claims, covering an additional 43 km<sup>2</sup> along the southern margin of the project area. These newly acquired claims became available for staking and were promptly secured based on internal and third-party assessments highlighting their high prospectivity with potential splays from the Cape Ray Shear extending into this area.

The staked area encompasses the full strike length of the primary structural corridor and significantly increases the Company's area of influence. It also captures several north-south trending, cross-cutting brittle structures identified in the high-resolution geophysical survey completed by the Company in 2024<sup>5</sup>. This expansion further strengthens the geological potential of the Bunker Hill Project and supports the Company's long-term exploration strategy.



**Figure 5: Additional Bunker Hill Claims Staked in April 2025**

<sup>4</sup> News release dated 10 April 2025

<sup>5</sup> News release dated 24 October 2024

## **Hermitage Gold and Antimony Project**

Hermitage Property comprises 27 kilometres of continuous strike along the Hermitage Flexure — a major crustal-scale suture zone that marks the boundary between the Dunnage and Gander geological zones. The Dunnage Zone hosts volcanic and turbidite sequences that are regionally recognized for their potential to host gold deposits, both in Newfoundland and in globally significant gold camps such as the Bendigo Terrane in Victoria, Australia—home to Agnico Eagle’s high-grade Fosterville Gold Mine.

In early February 2025, the Company announced the results of a high-resolution airborne magnetic<sup>6</sup> geophysical survey over the Hermitage Gold-Antimony Project (“Hermitage”)<sup>6</sup>. The survey covered approximately 234 km<sup>2</sup> and comprised 4,756 line-kilometres. Key findings from the program include:

- **Significant Geological Complexity:** The survey revealed a network of second- and third-order fault systems across the full 27-kilometre strike, underscoring the structural complexity and exploration potential of the Project.
- **Correlation with High-Grade Samples:** Several major structural features correspond with previously reported high-grade surface samples, including 7.31 g/t gold, 193 g/t silver, and 2,044 ppm stibnite (antimony).<sup>7</sup>
- **Target Definition in Progress:** A detailed geophysical interpretation has been completed. This data together with planned geological mapping and till geochemical assay data will help in refining drill targets planned for drilling in late 2025, early 2026.

This latest work highlights the Project’s potential to host a significant gold-antimony system within a geologically favourable setting analogous to several globally recognized mining districts.

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<sup>6</sup> News release dated 4 February 2025

<sup>7</sup> News releases dated 5 September 2024, 4 July 2024, 2 November 2023, 13 September 2023 and 17 May 2023



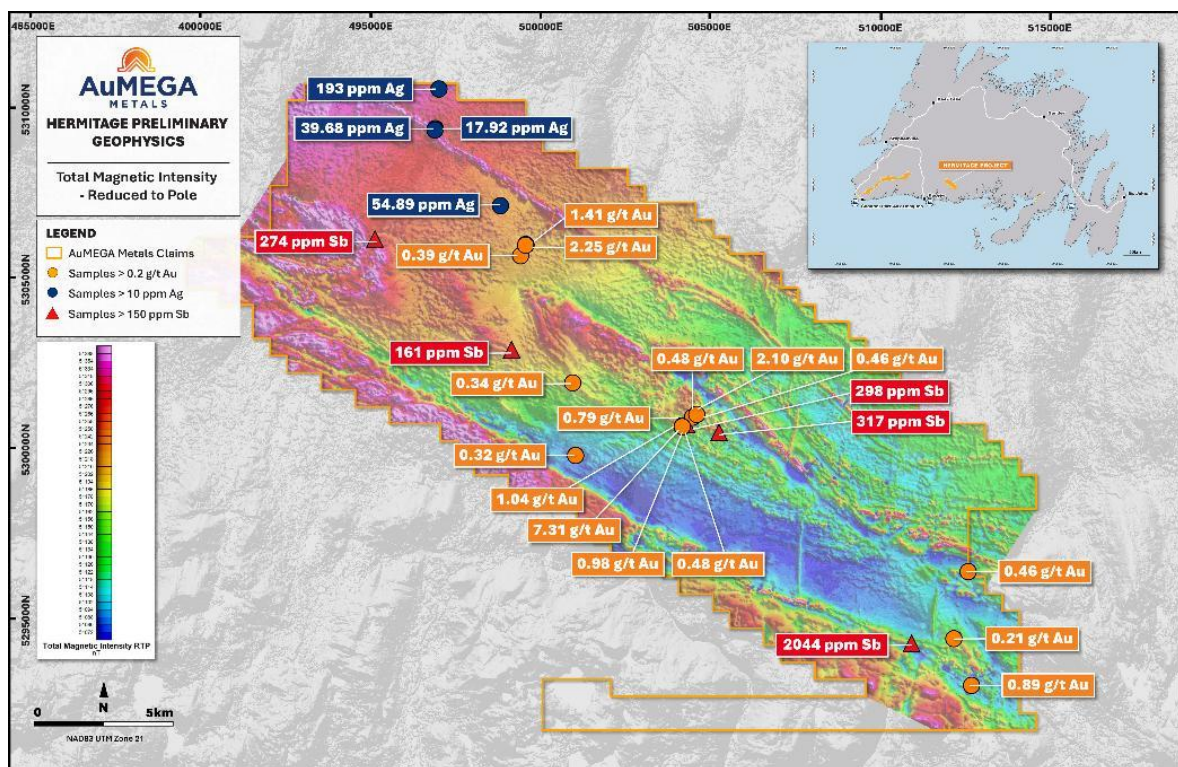


Figure 6: Hermitage High-Resolution Airborne Magnetic Survey

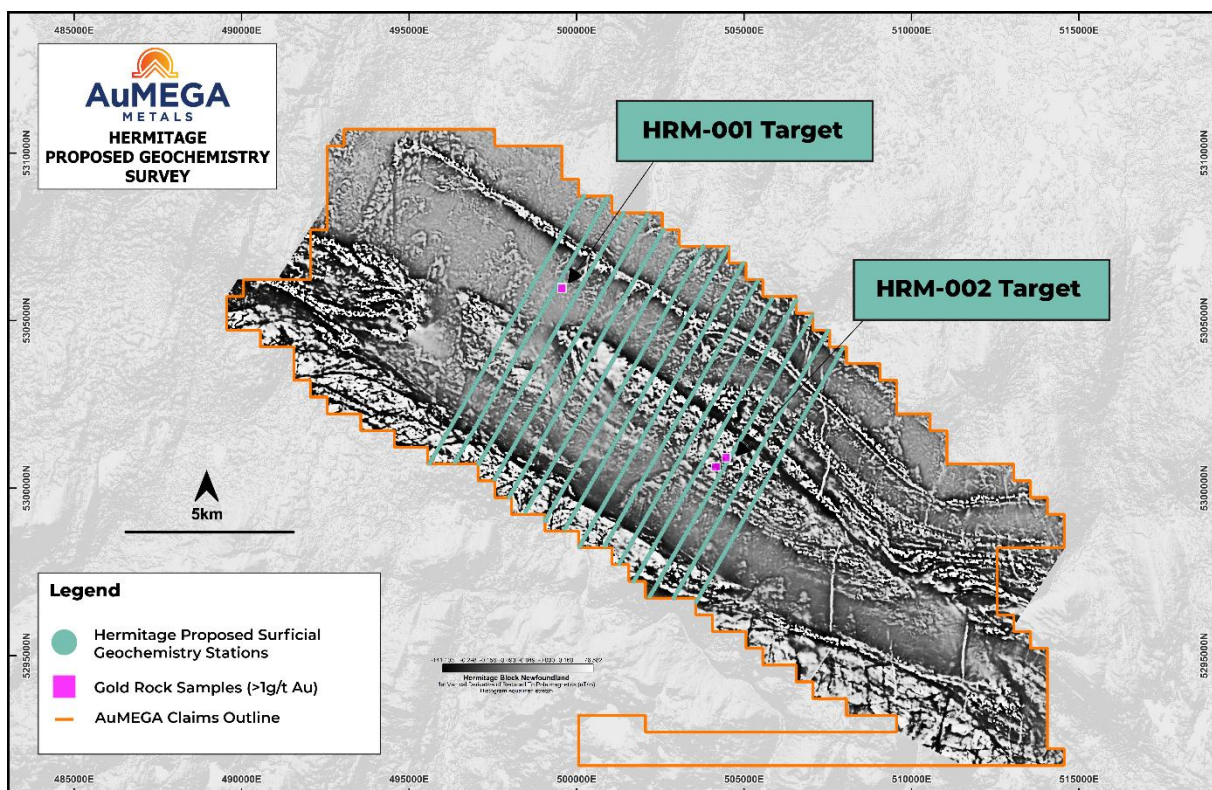
### Airborne Magnetic Survey Overview

The Company completed a high-resolution airborne magnetic survey across the Hermitage project area in late 2024. The survey, conducted by SHA Geophysics, covered approximately 234 km<sup>2</sup>, encompassing 4,756 line-kilometres flown at 50-metre line spacing and a sensor height of 30 metres. The program spanned 27 kilometres of continuous strike along the Hermitage Flexure, targeting a structurally complex and underexplored region of Newfoundland.

The Company is preparing for its largest-ever surface exploration campaign. This program follows promising results from previous extensive sampling initiatives and a high-resolution airborne magnetic survey conducted in late 2024.

Planned for the third quarter 2025, a comprehensive field exploration campaign will cover the project's central region, targeting previously identified high-grade gold anomalies. This effort includes systematic till geochemical sampling with over 1,700 samples planned, covering a significant project area to further refine and prioritize drill targets.





**Figure 7: 2025 Hermitage till geochemical sampling and mapping program**

## Liquidity, Capital Resources and Outlook

The condensed consolidated interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors have prepared a cashflow forecast, which indicates that the Group will have sufficient funds to meet all commitments and working capital requirements for the 12 month period from the date of signing this interim financial report. The directors are confident of the Group's ability to continue as a going concern and to raise additional funds as may be required. However, in the event that the Group is unable to raise additional capital, material uncertainty would exist that may cast significant doubt on the ability of the Group to continue as a going concern.

To facilitate the management of its capital requirements, the Company prepares annual operating budgets which are approved by the Board of Directors. The Company regularly monitors its cash flow and prepares regular forecasts based on changes in operations and/or economic conditions to facilitate management of its capital requirements.

<b>Contractual Obligations</b>					
<b>Payments Due by Period</b> <i>('000s)</i>	<b>Total</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>After 5 years</b>
Non-interest bearing					
Trade Payables	\$1,935	\$1,935	-	-	-
Interest bearing					
Lease liabilities	\$42	\$36	\$6	-	-
<b>Total Contractual Obligations</b>	<b>\$1,977</b>	<b>\$1,971</b>	<b>\$6</b>	<b>-</b>	<b>-</b>

The Company's approach to liquidity management is focused on maintaining sufficient cash reserves to meet all financial obligations as they become due under both normal and stressed conditions while avoiding unacceptable losses or reputational risk.

As the Company currently has no revenue, income, or operating cash flow, it is entirely dependent on raising capital through the issuance of shares or other securities to fund its operations. There is no assurance that such funding will be available in the required amounts, on acceptable terms, or at all.

The carrying value of mineral exploration and evaluation assets is dependent on several factors, including the discovery of economically viable mineral resources, the Company's ability to secure financing for development, and the eventual generation of profits through production or sale of its mineral interests. The realised value of these assets may differ materially from the amounts recorded in the financial statements.

The condensed consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue to operate and meet its obligations in the ordinary course of business for the foreseeable future.

As at 30 June 2025, the Company held cash of \$9.2 million, down from \$15.7 million as at 31 December 2025. The decline is primarily attributable to expenditure related to the winter drill program at Bunker Hill.

Current assets also declined as at 30 June 2025 compared to 31 December 2024, reflecting the drawdown in cash and cash equivalents due to continued investment in exploration activities.

Total liabilities increased to \$13.1 million as at 30 June 2025, up from \$12.4 million at the end of 31 December 2025, driven by a rise in deferred tax liabilities. The Company remains debt-free.

## Capital Resources

To effectively meet its capital requirements, the Company prepares annual operating budgets, which are reviewed and approved by the Board of Directors. The Company also conducts regular cash flow monitoring and updates its financial forecasts to reflect changes in operational activities and broader economic conditions.

In addition, the Company has specific expenditure commitments related to its mineral licenses to maintain them in good standing.

Commitments				
Payments Due by Period (‘000s)	Total	Less than 1 year	1-5 years	More than 5 years
Minimum licence expenditure	\$1,519	\$663	\$537	\$318

## Flow-through Financings

Historically, the Company has entered into flow-through private placements (“FT Placements”) to fund exploration activities, the most recent being the 2024 FT Placements. Canadian tax rules require the Company to spend flow-through funds on “Canadian exploration expenses” (as defined in the Income Tax Act (Canada)) by the end of the calendar year following the year in which they were raised.

The Company indemnified the subscribers of flow-through shares from any tax consequences should the Company, notwithstanding its plans, fail to meet its commitments under the flow-through subscription agreements.

In 2023, the Company completed a Flow-Through Offering for \$4.3 million, thus committing to spend this amount by 31 December 2024 on “Canadian exploration expenses” which qualify as “flow-through mining expenditures”, as these terms are defined in the Income Tax Act (Canada) (“Resource Expenditures”).

The premium on the \$4.3 million Flow-Through Offering amounted to \$1.0 million. At 31 December 2024, the Company had expended all the 2023 FT Private Placement amount of \$4.3 million on Resource Expenditures.

In the fourth quarter of 2024, the Company completed a Flow-Through Offering for \$12.3 million, thus committing to spend this amount by 31 December 2025 on “Canadian exploration expenses” which qualify as “flow-through mining expenditures”, as these terms are defined in the Income Tax Act (Canada) (“Resource Expenditures”).

The premium on the \$12.3 million Flow-Through Offering amounted to \$3.1 million. As at 30 June 2025, the Company has expended \$7.6 million of the 2024 FT Private Placement amount of \$12.3 million on Resource Expenditures. The Company has until 31 December 2025 to spend the remaining outstanding balance of approximately \$4.7 million on Resource Expenditures.

The Company may be subject to interest on flow-through proceeds ("Part XII.6 tax") renounced under the look-back rules in respect of prior years, and penalties, in accordance with regulations in the Income Tax Act (Canada), if it is determined that flow-through proceeds were not properly or timely spent on Canadian exploration expenses. Any Part XII.6 tax is expensed as incurred, as an operating expense.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial performance.

### **Related Party Transactions**

There was \$0.2 million paid during the quarter ended 30 June 2025 to related parties relating to Director fees and the salary of the Managing Director.

## **Critical Accounting Estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### **Share-based Payment Transactions**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes option pricing model or Monte-Carlo simulation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

## **Exploration and Evaluation Costs**

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised and are expected to be recovered either through successful development or the sale of the relevant mining interest. Factors that could impact future commercial production include the level of reserves and resources, future technological changes, which could impact on the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

## **Impairment of Exploration and Evaluation Assets**

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment on a regular basis or whenever impairment indicators are present. When information becomes available suggesting that the recovery of expenditure which had previously been capitalised is unlikely or that the Group no longer holds tenure, the asset is tested to determine the recoverable amount and assess whether this is below carrying amount. If the recoverable amount is below the carrying amount, then the asset is impaired.

## **Changes in Accounting Policies including Initial Adoption**

There have not been any material changes to the Company's accounting policies during the most recently completed financial period.

## **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the reporting period ended 30 June 2025.

## **Financial Instruments and Other Instruments**

### **Financial risk management objectives**

The consolidated entity's principal financial assets comprise cash and other receivables. The consolidated entity's principal financial liabilities comprise trade creditors. The main purpose of these financial instruments is to manage cash flow and assist the consolidated entity in its daily operational requirements.

The consolidated entity is exposed to interest rate risk, liquidity risk and credit risk in respect to the financial instruments that it held at the end of the financial year.

This note presents information about the consolidated entity's exposure to each of the above risks. The Board has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established by the Board to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

## **Market risk**

### **Foreign currency risk**

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As at 30 June 2025, the Company is exposed to currency risk as some transactions and balances are denominated in Australian dollars. As at 30 June 2025, a 10% change of the Canadian dollar relative to the Australian dollar would have net financial impact of approximately \$0.4 million (31 December 2024 – \$0.3 million). The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

### **Credit risk**

The Company's credit risk is mainly attributable to its liquid financial assets: cash and cash equivalents. The Company deposits cash with high credit quality financial institutions and credit risk is considered to be minimal. The Company's maximum exposure to credit risk is \$0.9 million which is the carrying value of the Company's cash and cash equivalents at 30 June 2025.

### **Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities

### Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
<b>Consolidated – 2025 ('000s)</b>	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,935	-	-	-	1,935
Total non-derivatives		1,935	-	-	-	1,935

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

### Disclosure of Outstanding Share Data

The following is a description of the outstanding equity securities and convertible securities previously issued by the Company above:

Shares Outstanding Date	31 July 2025	31 March 2025	31 December 2024
Common shares	788,950,363	787,012,708	787,012,708
Stock Options	48,029,092	33,446,305	33,446,305
Zero Priced Options (ZEPOs) / Restricted Stock Units (RSUs)	13,502,026	14,252,880	14,252,880
Performance Rights / Performance Share Units (PSUs)	17,113,286	8,530,499	8,530,499

## **Risk Factors**

The Company is in the business of exploring and developing mineral properties. It is exposed to several risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company currently has no source of revenue other than interest income. The Company will rely mainly on equity financing to fund exploration, development and other activities. The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to, and other risks may exist.

## **Additional Capital**

The Company plans to continue its focus on exploration and development of mineral interests. The Company will use its operating cash flow to carry out such endeavors. However, the Company will require substantial additional financing to move forward with the development and production of a future mine. Further exploration and development capacities may be dependent upon its ability to obtain financing through equity or debt, and there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's projects.

## **Financing Risks**

The Company may require financing in the future to continue to develop its business and there can be no assurance that such financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares or securities convertible into or exercisable for common shares, control of the Company may change, and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments, and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.



## **Community and Stakeholder Relations**

The Company's relationships with the community in which it operates are critical to ensure the future success of its existing operations. The future success of the Company is reliant on a healthy relationship with local communities in which the Company operates. While the Company is committed to operating in a socially responsible manner, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Company's business, financial position and operations.

## **Company Evolution**

The exploration for, and development of, mineral deposits involve a high degree of risk. Few properties which are explored are ultimately developed into producing mines. To mitigate this risk, the Company undertakes systematic and staged exploration and testing programs on its mineral properties and, subject to the results of these exploration programs, the Company will then progressively undertake a number of technical and economic studies with respect to its projects prior to making a decision to mine. However, there can be no guarantee that the studies will confirm the technical and economic viability of the Company's mineral properties or that the properties will be successfully brought into production.

## **Conflicts of Interest**

Certain directors and officers of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of natural resource exploration, development and production. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company.

## **Future Profits/Losses and Production Revenues/Expenses**

The Company has no history of operations and expects that its losses will continue for the foreseeable future. The Company does not expect to receive revenues from operations or be profitable in the foreseeable future, if at all. The Company expects to incur losses until such time as a property enters commercial production and generates sufficient revenues to fund its continuing operations. Development will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability. The Company's operating expenses and capital expenditure may increase in subsequent years due to the cost of employees, consultants, service providers and equipment associated with advancing exploration and development. The amounts and timing of expenditures will depend on the progress of ongoing exploration

and development, the Company's strategic analyses, the rate at which operating losses are incurred, the execution of any joint venture or other agreements with strategic partners, and the Company's acquisition of additional properties and other factors, many of which factors are beyond the Company's control.

### **Commodity Prices**

If the Company is to have a producing mine in the future, the profitability of the Company's business will be largely contingent on the market price for the minerals sold by the Company. A significant reduction in the market price of the minerals sold by the Company for any extended period could have a materially adverse effect on the Company's profitability and cash flow. Global minerals prices fluctuate widely and are affected by numerous factors beyond the Company's control, including global demand and production levels, political and economic conditions, producer hedging activities, speculative activities, inflation, interest rates and currency exchange rates.

### **Dependence on Key Personnel**

The Company is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled people. If, for any reason, any one or more of such key personnel do not continue to be active in the Company's management, the Company could be adversely affected. There can be no assurance that the Company will successfully attract and retain additional qualified personnel to manage growth effectively and could have a material adverse effect on the Company's business, financial condition or results of operations.

### **Market Price of the Shares and Share Price Volatility**

The market price for the Company's common shares cannot be assured. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The trading price of the Company's common shares may be subject to large fluctuations. For the same reason, the value of any of the Company's securities convertible into, or exchangeable for, common shares may also fluctuate significantly, which may result in losses to investors. The price of the Company's common shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. Factors that may contribute to volatility in the securities of the Company include macroeconomic developments globally, and market perceptions of the attractiveness of particular industries. The price of the Company's common shares is

also likely to be significantly affected by short-term changes in mineral prices or in its financial condition or results of operations.

Other factors unrelated to the Company's performance that may have an effect on the price of the Shares include the following: lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of the common shares; the size of the Company's public float may limit the ability of some institutions to invest in the shares; and a substantial decline in the price of the common shares that persists for a significant period of time could cause the common shares to be delisted from the exchange on which they trade, further reducing market liquidity. The market price for the shares may also be affected by the Company's ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of the common shares.

In the past, following periods of volatility in the market price of a Company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could materially and adversely harm the Company and its financial position.

### **Dividend Policy**

Investors in the Company's securities cannot expect to receive a dividend on their investment in the foreseeable future, if at all. Accordingly, it is unlikely that investors will receive any return on their investment in the Company's securities other than through possible share price appreciation.

## **Internal Controls Over Disclosure and Financial Reporting**

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for designing disclosure controls and procedures to ensure that material information is being recorded, processed, summarized, and reported to senior management, including the certifying officers and members of the Company's Audit Committee on a timely basis, so that appropriate decisions can be made regarding public disclosure. In addition, the CEO, and CFO are responsible to design, or cause to be designed under their supervision, internal controls over financial reporting ("ICFR"), to a standard that provides reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

## **Disclosure Controls and Procedures**

Disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Audited Filings, means controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, audited filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, audited filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

## **Changes in Internal Controls Over Financial Reporting**

There were no changes to internal controls during the quarter that have materially affected, or are likely to materially affect, the Company's ICFR.

## **Limitations on the effectiveness of disclosure controls and internal controls over financial reporting**

It should be noted that while the Company's CEO and CFO believe that the Company's internal controls system and disclosure controls and procedures provides a reasonable level of assurance that the objectives of the control systems are met, they do not expect that the Company's control system will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. The Company will continue to periodically review our disclosure controls and procedures and internal control over financial reporting and may make modifications from time to time as considered necessary or desirable.