HEADWATER GOLD INC.

(An Exploration Stage Company)

THIRD QUARTER REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2024

(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 three and nine month period ended November 30, 2024 and 2023 (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 29, 2024 and February 28, 2023 (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 January 29, 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.

Pursuant to a definitive option and earn-in agreement (the "Earn-In Agreement") with Newmont Corporation ("Newmont", formerly Newcrest Mining Limited) dated August 15, 2022 (the "Execution Date"), 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 $60 million, and the completion of Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces. Effective May 8, 2023, Newmont terminated an option to acquire an interest in the Agate Point project, and effective August 15, 2024 terminated the options for 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 earn 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.

Additionally, Newmont acquired a 9.9% equity interest in the Company through a non-brokered private placement of common shares that closed on August 30, 2022. Newmont maintained its 9.9% equity interest by participating in a subsequent financing which completed on February 15, 2023. Newmont has not maintained its 9.9% equity interest in the Company in further issuance of equity capital.

As at November 30, 2024, the Company's material mineral resource property interests include the following:

- Nevada – Lodestar (Mineral County), Spring Peak (Mineral County), Midas North (Elko County), and TJ (Elko County); and
- Idaho – Crane Creek (Washington County).

See Section 3 "Exploration and Evaluation Activities" below for a description of the Earn-In Transactions, mineral property interests and the work programs.

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

2. Highlights from the Nine Months ended November 30, 2024 and Recent Developments

In April 2024, Mr. Fraser MacCorquodale was appointed to the Board of Directors of the Company.

In July 2024, the Company mobilized a planned 7,000 m drill program comprising of approximately 20 to 25 drill holes using one core and one RC drill rig for its Spring Peak project which is fully funded by Newmont with the Company earning a 10% management fee on exploration expenditures.

In August 2024, the Company received notice that Newmont terminated the earn in agreements for the Mahogany and Midas North projects.

In September 2024, the Company announced it acquired two additional epithermal gold properties, Rock Creek and Hot Creek.

In September 2024, the Company closed a non brokered private placement with Centerra Gold Inc ("Centerra") for $1.54 million, resulting in Centerra having a 9.9% interest in the Company.

In October 2024, the Company finalized a drill program for its TJ property located in northeast Nevada which is expected to mobilize in the fourth calendar quarter of 2024.

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 earn in properties. Mineral property interests totalled $3.50 million as at November 30, 2024 (February 29, 2024 - $5.11 million) which is net of impairment of $3.23 million (February 29, 2024 - $74,256).

Total costs incurred on exploration and evaluation assets for the nine months ended November 30, 2024 and year ended February 29, 2024 are summarized as follows:

	USA			
	Idaho	Nevada	Oregon	Total
Acquisition costs:				
Balance, February 28, 2023	$ 551,068	$ 433,123	$ 259,594	$ 1,243,785
Additions	95,134	640,948	101,801	837,883
Recovery from third party earn in	-	(492,631)	(62,696)	(555,327)
Impairment	-	(9,639)	-	(9,639)
Option of property	-	(104,069)	-	(104,069)
Foreign exchange	1,484	3,978	1,361	6,823
Balance, February 29, 2024	647,686	471,710	300,060	1,419,456
Additions	111,145	1,167,256	7,225	1,285,626
Recovery from third party earn in	-	(824,637)	(2,522)	(827,159)
Impairment	(101,000)	(63,589)	(289,701)	(454,290)
Balance, November 30, 2024	657,831	750,740	15,062	1,423,633
Exploration costs:				
Balance, February 28, 2023	479,010	414,689	1,518,670	2,412,369
Additions:				
Administration	6,259	100,007	32,811	139,077
Drilling	1,611	12,096,024	1,988,319	14,085,954
Geology	23,292	2,762,889	232,978	3,019,159
Mapping, sampling geochemistry	-	127,611	15,266	142,877
Safety and social perfrormance	-	38,552	4,585	43,137
Technical review	-	23,521	2,914	26,435
Reclamation bond	-	9,248	-	9,248
Recovery from third party earn-in	-	(15,029,985)	(1,072,541)	(16,102,526)
Impairment	-	(64,530)	-	(64,530)
Foreign exchange	1,309	1,166	(19,997)	(17,522)
Balance, February 29, 2024	511,481	479,192	2,703,005	3,693,678
Additions:				
Administration	5,844	137,868	-	143,712
Advances and deposits	-	269,820	-	269,820
Drilling	1,068	4,399,454	64,807	4,465,329
Geology	17,155	2,019,148	11,672	2,047,975
Mapping, sampling geochemistry	-	176,768	-	176,768
Safety and social perfrormance	1,634	29,863	-	31,497
Recovery from third party earn-in	-	(5,758,471)	(43,840)	(5,802,311)
Impairment	(107,964)	(154,296)	(2,510,609)	(2,772,869)
Foreign exchange	(39,012)	(123,966)	(17,504)	(180,482)
Balance, November 30, 2024	390,206	1,475,380	207,531	2,073,117
Net book value:				
Balance, February 29, 2024	$ 1,159,167	$ 950,902	$ 3,003,065	$ 5,113,134
Balance, November 30, 2024	1,048,037	2,226,120	222,593	3,496,750

3.1 Earn-In Transactions with Newmont Corporation

Pursuant to a definitive option and earn-in agreement with 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 $60 million, and the completion of Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces.

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 earn in agreements for the Mahogany and Midas North projects.

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.

Newmont shall sole-fund guaranteed minimum expenditures of US $2.5 million for Spring Peak, and US $2 million for Lodestar over a 24 month period (the "Minimum Commitment"). Newmont is obligated to spend an additional US $2.5 million on Spring Peak, bringing the total guaranteed exploration expenditures to US $5 million, within a 12-month period following the receipt of a full Plan of Operations exploration permit. If the exploration permit is not obtained within 24 months, then Newmont may elect to proceed to Stage 1 of the Spring Peak earn-in without having to fund the additional Minimum Commitment of US $2.5 million. During this phase, the Company shall be the manager of the projects and earn a 10% management fee on expenditures.

During Stage 1, Newmont may elect to earn a 51% interest in an individual project by sole funding expenditures of US $10 million, inclusive of the Minimum Commitment, on the Lodestar project and US $15 million on the Spring Peak project, within 36 months of the Execution Date. If Newmont fails to meet either the Minimum Commitment or the Stage 1 earn-in expenditure amount for any individual project, 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 on a project with the payment of US $150,000.

During Stage 2, Newmont may earn an additional 14% interest in an individual project, for a total 65% interest, by sole funding additional expenditures of US $20 million on the Lodestar project and US $40 million on the Spring Peak project, 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. Newmont has the option to extend the Stage 2 period by 12 months on a project with the payment of US $250,000.

During Stage 3, Newmont may earn an additional 10% interest in an individual project, for a total 75% interest, by completing the following: (i) granting a 2% net smelter return ("NSR") royalty in the case of the Lodestar project, and a 1% NSR in the case of the Spring Peak project, to the Company, which Newmont retains the right to buy back half of the 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 following the completion of Stage 2. Newmont has the option to extend the Stage 3 period by 12 months on a project with the payment of US $500,000.

As at November 30, 2024, Newmont has advanced US$19.39 million in cash to fund the minimum commitment earn-in expenditures for which US $16.55 million in expenditures have been incurred for the Spring Peak and Lodestar projects.

3.2 Katey (Malheur County, Oregon)

About the Katey Project

The Company owned a 100% interest in the Katey property, which it acquired by way of staking federal land.

The Katey project was located in southeastern Oregon, approximately 50 km northwest of Integra Resources' (TSX: ITR) DeLamar deposit and 30 km southeast of Paramount Gold Nevada's (NYSE: PZG) Grassy Mountain development project. The project was identified by Headwater geologists and acquired through claim staking on BLM land and is 100% owned and royalty free. Gold mineralization on the property was associated with regional mid-Miocene bimodal volcanism and extensional faulting related to Yellowstone Hotspot volcanism. The property sat along the margin of the Three Fingers Caldera and was bisected by several caldera-related ring fractures, which were interpreted to have served as fluid conduits, localizing alteration and mineralization. Compilation of limited historic exploration data, as well as the completion of a drone magnetic survey, geologic mapping and surface sampling resulted in the development of two principal target areas on the property, referred to as the East Zone and West Zone.

2023 Exploration – Katey

The Company commenced drilling at Katey in July 2023 in a program designed to follow-up on Headwater's previous discovery of high-grade epithermal mineralization in an interpreted feeder structure at the West

Zone (see Headwater news release dated February 10, 2022). In September 2023, the Company announced that eleven holes totalling 2,803 metres were completed, targeting extensions of the high-grade mineralization encountered in KT21-01, as well as testing multiple additional targets along strike. Drilling did not intercept significant precious metals along strike or at depth, including below drill hole KT21-01. No further work on the project was planned.

At November 30, 2024, the Company recognized an impairment of $1.93 million for the Katey property for mineral claims which were not renewed.

3.3 Mahogany (Malheur County, Oregon)

About the Mahogany Project

The Mahogany project was located in southeastern Oregon, 20 km northwest of Integra Resources' DeLamar deposit.

The Company owned a 100% interest in the Mahogany property, which was 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 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, 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.

2023 Exploration - Mahogany

The Company commenced drilling at Mahogany in June 2023 in a program fully funded by Newmont. Five holes totaling 1,573 m were completed, targeting the down dip extension of mineralization encountered in 2021 drilling, as well as testing the Vent Breccia target which had seen no known exploration drilling below approximately 50 m depth. The target structures were intercepted in both target areas but assays returned no significant precious metals.

As at November, 2024, Newmont has advanced US $1.42 million (February 29, 2024 - US $1.42 million) towards the Minimum Commitment and incurred US $1.25 million (February 29, 2024 - US $1.22 million) in earn-in expenditures on the Mahogany project. The Company recognized an impairment of $830,496 (November 30, 2023 -$Nil) for the Mahogany property for mineral claims which were not renewed.

3.4 Agate Point (Humboldt County, Nevada)

About the Agate Point Project

The Company previously owned a 100% interest in the Agate Point property. Newmont had an option to acquire 75% of the project following certain expenditures and preparation of a Pre-Feasibility Study within a designated timeframe, but terminated its option on the project on May 8, 2023 after having completed its US$500,000 Minimum Commitment.

The Agate Point project was located in Northwestern Nevada, 50 km along trend from the historic, bonanza grade Sleeper Gold Mine. The claim block covered a linear ridge of untested widespread, high-level epithermal alteration with consistent highly anomalous trace element geochemistry typical of other known epithermal systems.

At November 30, 2024, the Company recognized an impairment of $126,405 from the non renewal of remaining mineral claims which comprised the Agate Point project.

3.5 Midas North (Elko County, Nevada)

About the Midas North Project

The Company owns a 100% interest in the Midas North property, which was 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 Midas North 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, 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 an exploration lease and option to purchase agreement with the owner of certain surface estate fee lands within the Midas North project boundaries to lease the lands for a 30-year term, subject to the Company's right to purchase the lands for US $900,000.

The Midas North project adjoined Hecla Mining Company's (NYSE: HL) Midas Mine complex and covers a large hydrothermal alteration cell, extended at least 4 kilometres in strike and 1 kilometre in width. Rock chip and stream sediment samples collected by the Company from the project area have highlighted several priority areas of anomalous precious metal values with highly anomalous values of epithermal pathfinder elements (see Headwater news release dated October 4, 2021). Extensive epithermal alteration existed on the project, including widespread zones of high-level chalcedonic to opaline silica flooding, clay alteration and local sinter formation, including fossilized geyser vents. The project had seen very limited historic exploration with no documented exploration drilling. The Company believed the project had potential for epithermal mineralization at depth.

2023 Exploration – Midas North

A multi-rig, mixed reverse circulation and diamond core maiden drill program totaling 4,202 m was completed by the Company in 2023. This program consisted of nine drill holes with depths ranging from 350 m to 600 m totalling 4,202 m. The nine holes tested six targets and epithermal veining and favourable alteration was encountered in multiple target areas across the property. First-pass evaluation of initial target areas at Midas North was successful in identifying mineralized epithermal veining and favorable alteration at depth, providing critical vectors to guide future drilling on the property targeting high-grade gold in mineralized structures.

Details of the drilling program were provided in the Company's new releases dated August 22, 2023, September 11, 2023 and February 12, 2024.

The Company initiated a field program comprised of geological mapping and completion of soil geochemistry survey for 2024.

As at November 30, 2024, Newmont had advanced US $4.67 million (February 29, 2024 - US $4.67 million) towards the Minimum Commitment and incurred US $4.34 million (February 29, 2024 - US $4.19 million) in earn-in expenditures on the Midas North project. During the nine months ended November 30, 2024, the Company recognized an impairment of $57,996 (November 30, 2023 -$Nil) for mineral claims for Midas North which were not renewed.

The Company continues to own a 100% interest in the remaining mineral claims which were renewed for the Midas North property.

3.6 Spring Peak (Mineral County, Nevada)

About the Spring Peak Project

The Spring Peak project is located in the Aurora Mining District of west-central Nevada, approximately 50 kilometres southwest of the town of Hawthorne. The project adjoins Hecla Mining's Aurora Mine complex, where existing infrastructure includes a 350 ton per day mill, several production water wells, and high-voltage three-phase power.

A large hydrothermal alteration cell occurs in the center of the Spring Peak project area, which represents a high-level manifestation of an epithermal precious metal system. An approximate 5-metre thick silica sinter, which extends over 500 metres in strike, occurs in the center of this alteration cell and displays various vent facies textures interpreted to reflect a high-energy hydrothermal vent environment.

The Company has entered into an Option to Purchase Agreement Spring Peak Project dated July 12, 2021 to acquire a 100% interest, subject to retained royalties, in the Spring Peak epithermal gold/silver project located in Nevada from Renaissance Exploration Inc. ("REI"), a wholly owned subsidiary of Orogen Royalties Inc. ("Orogen"). The terms of the option are to pay US$10,000 on signing, incur exploration expenditures of US$250,000 within 24 months of signing, pay a cash or share payment totaling US$250,000 (subject to receipt of certain future permitting milestones), and maintain all required underlying option payments and royalties. Orogen will retain a 0.5% NSR royalty and an option to purchase an additional 0.5% NSR royalty for US$1 million. The underlying option payments include an annual lease payment commencing at US$40,000 and escalating up to US$60,000 (indexed to inflation) and a US$500,000 buyout. The underlying optionor will retain a 2.5% NSR royalty of which 1.5% of the NSR may be purchased for US$1.5 million at any time.

The Company's interest in the Spring Peak property 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.

Following ongoing exploration success at the Spring Peak project (see Headwater news releases dated October 31, 2023, December 6, 2023 and February 13, 2024) Headwater has significantly expanded the Company's land position through claim staking and two agreements with a private landowner. The private land agreements consolidate all inlier land positions and allow Headwater to explore the western extension of the surface alteration and establish a potential location for future infrastructure on private land. Access to a water well located on the private land also provides a cost-effective source for drill water to support continued exploration drilling. The agreements are with a private landowner and cover two classes of lands: 1) lands with privately owned surface rights and federally administered mineral rights (appropriated by Headwater through claim staking); and 2) lands with private mineral rights and private surface rights.

Claim staking in 2023 to the east and north has now also secured mineral rights over the eastern projection of several target structures, including the Bear Fault trend which hosts the Disco Zone discovery. These structures are obscured by shallow post-mineral volcanic cover to the east but preliminary modelling of newly acquired CSAMT geophysics supports the interpretation that these structures continue and are covered by generally less than 100 metres of cover.

The expanded land position is subject to the existing earn-in agreement at Spring Peak with Newmont. The terms of the private land agreements are as follows:

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
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
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.

2023 Exploration – Spring Peak

A multi-rig drill program of 25 holes totaling 8,475 m was completed in 2023. The primary objective of the 2023 drill program at Spring Peak was to further define and expand the Disco Zone along strike and down dip. The Disco Zone is a mineralized corridor which hosts a series of high-grade epithermal veins at depth discovered by Headwater in 2022 by drilling beneath a thick accumulation of unmineralized silica sinter at surface.

Previous Headwater drilling at the Disco Zone intercepted multiple, discrete epithermal veins with textures indicative of boiling, including ginguro banding, silica replacement of lattice-bladed calcite and vein sediments. Highlights would include drill hole SP22-13 which intersected two separate veins assaying 15.92 g/t Au over 2.38 m and 10.43 g/t Au over 2.01 m. The highest individual assay returned 69.6 g/t Au over 0.34 m. These intervals are part of a broader zone which assayed 2.73 g/t Au over 34.72 m.

The 2023 drill program targeted the same elevation horizon as the previous drilling between 150 m and 400 m below an extensive zone of silica sinter exposed at surface. Highlights of the drilling program include:

- Drill hole SP23-17 intercepted 13.0 grams per tonne gold (“g/t Au”) over 1.21 metres (“m”) and 9.0 g/t Au over 3.11 m within a broader interval of 20.46 m grading 2.59 g/t Au in the Disco Zone target;
- Drill hole SP23-17 also intercepted 27.44 m grading 0.95 g/t Au above the Disco Zone in a newly recognized zone which may represent a parallel mineralized structure;

- Drill hole SP23-28 intercepted 25.54 m grading 1.75 g/t Au including 8.04 g/t Au over 1.19 m and 5.35 g/t Au over 2.59 m;
- Drill hole SP23-33 intercepted 37.01 m grading 1.28 g/t Au including 6.53 g/t Au over 1.68 m and 6.27 g/t Au over 1.19 m; and
- Drill hole SP23-32 intercepted 39.81 m grading 1.93 g/t Au including 4.60 g/t Au over 11.43 m and drill hole SP23-31 intercepted 40.08 m grading 1.51 g/t Au including 4.55 g/t Au over 9.76 m

More information on the 2023 Spring Peak drill program are provided in the Company's news releases dated July 13, 2023, October 31, 2023, December 6, 2023, February 13, 2024 and April 3, 2024.

In addition to the drill program, the Company also completed 32 line-km of controlled-source audio-frequency magnetotellurics (CSAMT) resistivity geophysics, a soil survey consisting of 615 additional soil samples and an airborne hyperspectral survey which collectively identify multiple new target areas.

Airborne Hyperspectral Survey:

Hyperspectral imagery was acquired over approximately 100 km^2 in the Project area using a fixed-wing aircraft with a shortwave infra-red and longwave infra-red hyperspectral camera. Airborne hyperspectral surveys are a commonly employed technique for mineral exploration and particularly applicable in low-sulfidation epithermal systems. This class of imagery allows for airborne mapping of alteration minerals to determine the footprint of epithermal alteration and track subtle variations in alteration mineralogy which can be important vectors for identifying feeder zones prospective for high-grade vein mineralization.

The survey conducted at Spring Peak has identified epithermal alteration minerals over most of the exposed pre-mineral bedrock on the property in an approximately 5 kilometres long and 1.5 kilometres wide corridor. Several northeast trending (Disco Zone parallel) alteration anomalies were detected as well as two distinct kaolinite-alunite altered rhyolite dome complexes, referred to as Aurora Dome and Alunite Canyon. Reconnaissance mapping and prospecting will follow up on these and other target areas.

CSAMT Geophysics and Soil Survey:

In November 2023, the Company completed a 32 line-kilometre CSAMT geophysical survey extending the coverage east and west from the footprint of historic surveys. CSAMT resistivity geophysics has proven to be a very useful tool in targeting high-grade mineralization at the Spring Peak project. Existing CSAMT resistivity profiles along the length of the Disco Zone target played a critical role in Headwater's initial discovery, showing a consistent resistivity break along the Bear Fault which is now recognized as the primary control on high-grade mineralization. Other similar resistivity breaks exist on the property and the newly acquired survey was designed to add definition to these features and track them both east and west. Shallow post-mineral cover persists over much of the eastern project area. Preliminary CSAMT results appear to track multiple structures under cover and indicate that the depth of post-mineral cover is less than 100 metres.

A soil survey consisting of 615 soil samples was conducted with samples collected along the CSAMT lines at 25 metre to 50 metre spacing. Historical soil data was limited to the central portion of the claim block and this expanded survey now covers the bulk of the exposed pre-mineral bedrock in the Project area. The combined soil dataset and the newly acquired CSAMT and hyperspectral surveys are integrated into a property wide targeting model to prioritize new targets for testing.

2024 Exploration Plan – Spring Peak

A multi-rig drill program totaling 6,874 metres over 18 holes was completed in 2024. Several scout holes targeted new structures parallel to the Disco Zone with encouraging initial results, albeit generally with low level gold. Drill hole SP24-47 intersected broad zones of low-level gold mineralization, including 76.2 metres grading 0.16 g/t Au, with an included interval of 4.57 metres at 0.70 g/t Au. Preliminary interpretations suggest this zone may represent a parallel structure to the Disco Zone 3 in the Bear Fault footwall. The scout program also marked the first drill test of targets on recently acquired private lands. In this area RC hole SP24-49 targeted the Bug Fault corridor and intercepted 2.25 g/t Au over 1.52 metres within a zone of adularia-sulfide veining. The remaining assays, which focus more heavily on the Disco Zone and Opal Ridge target areas, are still pending. Drilling at the Disco Zone targeted both up-dip and down-dip extensions, while scout holes at Opal Ridge followed up on previous high-grade intercepts, including 1.52 metres at 16.4 g/t Au.

In 2024, the Company staked an additional 506 new claims (~7,835 hectares) for the Spring Peak project.

The 2024 claim staking expansion included the newly identified Doug target which is an exposed window of altered andesite, granite, and epithermal vein subcrop over an area measuring approximately 250 m by 750 m. The Doug target is located along the northern trend of the Bear Fault, about 9 km from the Disco Zone where the fault hosts high-grade epithermal veins discovered by Headwater in 2022. Headwater geologists interpret this fault as an important control on mineralization in the region. Initial rock sampling at Doug has returned gold values up to 2.05 g/t Au. Vein textures in the area are characteristic of the shallow portions of an epithermal vein system, including fine-grained chalcedonic banded veins and vein sediments. The Doug area has seen little to no historic exploration, making it a high-priority target for follow-up exploration.

The 2024 Spring Peak and Lodestar exploration program includes 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.

Headwater is also employing a comprehensive surface geochemistry program over a large portion of the newly expanded land package, including stream sediment sampling, rock sampling and soil sampling.

As at November 30, 2024, Newmont has advanced US $16.93 million (February 29, 2024 - US $11.49 million) towards the Minimum Commitment and incurred US $15.89 million (February 29, 2024 - US $11.13 million) in earn-in expenditures on the Spring Peak project.

3.7 Lodestar (Mineral County, Nevada)

The Lodestar property is comprised of 148 mineral claims totalling 1,012 hectares that the Company staked and a mining lease of 12 mineral claims (the “Vendor Claims”) totalling 100 hectares located in Mineral County, Nevada. The mining lease contains annual minimum payments from US $20,000 to US $50,000 over a 30 year term, a work commitment of US $50,000 to be completed before the first anniversary of the effective date and US $250,000 within twelve 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, and an NSR royalty of 3.0% with buy-back rights. Newmont retains the right to buy back 50% of the NSR for fair value at any time. The Company retains an option to acquire a 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.

On May 8, 2023, the Company entered into an option and earn-in agreement with Newmont under which Newmont has an option to acquire up to a 75% interest in the Company’s Lodestar project for a cash payment of US $77,759, guaranteed minimum expenditures of US $2 million over a 24 month period, 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.

About the Lodestar Project

The Lodestar project is located in the Aurora Mining District of west-central Nevada and adjoins Hecla’s past-producing Aurora mine complex, where existing infrastructure includes a 350 ton per day mill, several production water wells and high-voltage, three-phase power. The project is located north of and adjoins the Company’s Spring Peak project, where Headwater announced the new Disco and Opal Ridge high-grade discoveries (news release dated March 2, 2023).

Historic exploration at the project focused on surface rock chip sampling of the prominent silicified ridgeline at the core of the project, sampling of a short historic adit and the completion of several shallow drill holes in this immediate area. Drilling completed on the project by Echo Bay Exploration and Borealis Exploration in the 1980's reportedly consisted of four shallow drill holes immediately adjacent to the silicified ridgeline, designed to test for near-surface bulk-tonnage type mineralization. Headwater has obtained assays but not the exact collar and survey information for these historic holes, the deepest of which reached a maximum total depth of 91.44 metres and contained a 10.67 m interval grading 0.29 g/t Au. The Company interprets the anomalous gold observed in the historic drilling above the interpreted epithermal boiling zone to be a positive indicator for preserved precious metal bearing structural feeders at depth, which remain untested.

2024 Work Plan – Lodestar

In 2024, the Company staked an additional 77 new claims (~1,620 hectares) along the northeastern margin of the preexisting land package.

The 2024 Spring Peak and Lodestar exploration program includes gravity geophysics, CSAMT geophysics, and helicopter magnetics and radiometrics. These methods will help map subsurface structures at a district scale and identify potential mineralized zones. A multi-rig drill program totaling up to approximately 3,500 metres over 10 to 15 holes is scheduled to begin in 2025 pending the receipt of a drill permit which has been submitted to the United States Forest Service. The primary objective of the drill program will be to test for high-grade precious metal deposits in steeply dipping feeder structures under the Zodiac sinter target. Additional scout drill holes are planned to test under-cover geophysical targets adjacent to the Zodiac target, beneath a thin veneer of post-mineral basalt.

As at November 30, 2024, Newmont has advanced US$2.46 million (February 29, 2024 - US$501,454) towards the Minimum Commitment and incurred US $663,069 (February 29, 2024 - US $393,625) in earn-in expenditures on the Lodestar project.

3.8 TJ (Elko County, Nevada)

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.

2023 Work Plan – TJ

The Company completed a controlled-source audio-frequency magnetotelluric ("CSAMT") resistivity survey totaling 8 line-kilometres on 200 metre spaced profiles to estimate the depth to basement rock and identify high-resistivity targets at depth, which may correlate to structurally controlled zones of intense silicification and veining. In addition to the CSAMT survey, detailed geologic mapping and rock chip sampling was completed to help vector within the alteration cell and potentially further expand the footprint of the system.

2024 Work Plan - TJ

The initial drill program at TJ has been planned and is currently scheduled to commence in the fourth quarter 2024 calendar year. Drill permits have been authorized by the Bureau of Land Management and drill contracts are in place. The initial TJ drill program is expected to consist of approximately 5 to 7 reverse circulation drill holes ranging in depth from 250 to 400 metres.

In October 2024 the Company mobilized a drilling program for five reverse circulation holes totalling 1,030 metres for the TJ property which was completed in December 2024. All drill holes at TJ 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 good potential for high-grade veins at depth. Drill hole TJ24-04 intercepted 123.44 metres ("m") grading 0.150 grams per tonne gold ("g/t Au") including 0.687 g/t Au over 4.58 m. Drill holes TJ24-02, TJ24-03 and TJ24-05 crossed the structure itself where epithermal veining was most pronounced. Headwater's initial drill program at TJ demonstrated the presence of significant epithermal alteration, veining, anomalous pathfinder element geochemistry, and anomalous gold mineralization, while identifying several prospective target structures with good potential for hosting high-grade feeder zones at depth. Geologic observations and geochemical data from these holes support that drilling did not penetrate sufficient depths in the system to test for the presence of potential highgrade veins within the main boiling horizon. Subsequent diamond core drilling plans are underway, with a focus on testing the East Sinter fault at depths between 150 m and 300 m below surface along the >1 km strike extent mapped on surface.

3.9 Qualified Person

The scientific and technical information contained in this document has been reviewed and approved by Scott Close, P.Geo (158157), a "Qualified Person" ("QP") as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

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 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 Income (Loss) data

The Company's operating expenses are summarised as follows:

	Three Months ended November 30,		Nine Months ended November 30,	
	2024	2023	**2024**	2023
Expenses:				
Accounting and audit	**$ 7,973**	$ (6,959)	**$ 25,599**	$ 27,567
Accretion of lease liability	**7,119**	6,140	**21,124**	19,475
Depreciation	**56,966**	63,628	**161,773**	173,375
General exploration	**74,086**	21,606	**195,476**	90,742
Legal	**552**	780	**2,086**	4,868
Office and sundry	**44,855**	26,418	**124,117**	73,615
Regulatory	**13,755**	2,250	**36,425**	23,234
Salaries, management, directors and benefits	**99,677**	95,246	**294,680**	282,848
Share-based payments	**6,765**	26,272	**310,896**	159,069
Shareholder relations	**68,393**	152,323	**185,827**	328,632
Other income (expenses):				
Management fee income	**266,548**	797,571	**650,289**	1,524,754
Rental income	**80,895**	67,006	**235,463**	176,839
Finance and interest income	**18,421**	12,356	**47,796**	75,594
Foreign exchange gain (loss)	**313,197**	30,475	**265,183**	(15,542)
Unrealized gain (loss) on investments	**(4,201)**	(17,180)	**(2,961)**	(65,748)
Impairment of mineral exploration projects	**(7,787)**	(74,256)	**(3,227,159)**	(74,256)

Discussion of results – Third Quarter of Fiscal 2025 – Three and nine months ended November 30, 2024

The Company incurred a net loss of $3.39 million for the nine months ended November 30, 2024 which is in contrast to the net income of $438,216 for the comparative period in fiscal 2024, primarily attributable to the impairment of $3.23 million for mineral property interests in the current period (November 30, 2023 - $74,256).

Total expenses for the nine months ended November 30, 2024 were $1.36 million which is higher than the $1.18 million for the comparable period in fiscal 2024. Total expenses were higher in the current period due to general exploration, office and sundry, and share based payments.

Accounting and audit fees of $25,599 were incurred for the nine months ended November 30, 2024 (November 30, 2023 - $27,567) which is slightly lower than the prior period. Accounting services which are related directly to exploration activities are allotted to the mineral projects. In the second quarter of fiscal 2025, a part time accountant replaced a full time accountant contributing to the reduction in costs. Audit fees for fiscal 2023 were higher than expected but was negotiated to a lower amount in fiscal 2024. Fees were incurred from the prior auditor due to the change of auditor in the first quarter in fiscal 2025. Also the part time accountant was on a per diem arrangement.

Accretion of lease liability of $21,124 was recognized in the current nine month period of fiscal 2025 which is nominally higher than the comparative period in fiscal 2024 (November 30, 2023 - $19,475). 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.

Depreciation expense of $161,773 for the nine months ended November 30, 2024 was lower than comparative period in fiscal 2024 (November 30, 2023 - $173,375). Depreciation expense is expected to decrease for field equipment and office furniture and equipment which uses declining balance basis. The recognition of right of use asset from the office lease in May 2024, which is amortized evenly during the term of the office lease, would offset any decreases in the current quarter. Nominal equipment purchases of $5,012 in the current period would not have a significant impact on depreciation.

General exploration expenses were $195,476 for the nine months ended November 30, 2024, which is higher than the comparable period in fiscal 2024 (November 30, 2023 - $90,742). 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). In fiscal 2024, the Company had five active projects with Newmont which has been reduced to two projects with Newmont, which placed greater efforts on seeking additional projects.

Legal fees tend to be nominal both comparable nine month periods (November 30, 2024 - $2,086 and November 30, 2023 - $4,868). 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 reduced external legal services.

Office and sundry expenses were higher in the current period of fiscal 2025 than in the comparative period in fiscal 2024 (November 30, 2024 - $124,117 and November 30, 2023 - $73,615). 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 lease rates. Exploration activities reduced during the current quarters resulting in lower allocations to the mineral projects. In general, office and sundry tend to remain fixed with nominal fluctuations.

Regulatory expenses of $36,425 in the current period in fiscal 2025 were nominally higher than in the comparative period in fiscal 2024 (November 30, 2023 – $23,234). 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 prior periods. The higher market capitalization of the Company resulted in higher monthly listing fees.

Renumerations of $294,680 paid to employees, management and directors were slightly higher than for the nine months in fiscal 2025 than the same period in fiscal 2024 (November 30, 2024 - $282,848) 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. The heightened level of exploration in fiscal 2024 contributed to higher allocations to mineral projects. The addition of a new director in April 2024 increased stipends to Board members in the current period.

Share-based payments of $310,896 for the nine months ended November 30, 2024 were significantly higher than in the comparative period in fiscal 2024 (November 30, 2023 - $159,069). In March 2023, stock options for 550,000 common shares were granted and fully vested on grant date, resulting in the full amount of the fair value of the stock options being recognized on grant date. However the 200,000 stock options grant on September 1, 2023 and 150,000 stock options grant on April 10, 2024 were subject to six month vesting provisions resulting in share based payments being amortized over the vesting periods. In July 2024, further stock options for 1.7 million common shares were granted all of which fully vested, resulting in the recognition of the full fair value of $279,655 on grant date with no vesting periods which would contribute to higher share based payments in the current period in fiscal 2025..

Shareholder relations expenses of $185,827 in the nine month period of fiscal 2025 were lower than in the comparative period in fiscal 2024 (November 30, 2023 - $328,632). Shareholders relations expenses include advertising and marketing, market making, attendance at trade shows and conferences, and road shows. In fiscal 2024 given active exploration programs on its mineral projects which were fully funded by Newmont and heightened commodity prices, the Company needed to create more awareness of its exploration activities and progress in its mineral properties. However 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 working capital.

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 $650,289 for the nine months ended November 30, 20214 is lower than the income of $1.52 million for the comparative period in fiscal 2024 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.

Rental income for both comparative quarters (November 30, 2024 - $235,463 and November 30, 2023 - $176,839) 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 period due to higher office rent charges effective May 2024 as the Company renewed its office lease at market rates and expanded its office facilities.

Finance and interest income of $47,796 was lower for the nine months ended November 30, 2024 than the comparative period in fiscal 2024 (November 30, 2023 - $75,594). 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 $3.5 million in fiscal 2023 allowed for investment in interest bearing instruments, resulting in higher interest earned in fiscal 2024. Reduction in cash and lower interest rates would yield lower interest income in the current quarter of fiscal 2025 although the Company did close an equity financing in September 2024 for $1.54 million which would increase interest income in the quarter.

The foreign exchange gain (loss) was from the net effects of transactional foreign currency for the Canadian parent company and its US based wholly owned subsidiary (November 30, 2024 – gain of $265,183 and November 30, 2023 – loss of $15,542). Depending on the volatility of the exchange rate from period-to-period, the impact on the statement of comprehensive loss could be significant.

Unrealized loss on investments of $2,961 for the nine months ended November 30, 2024 was recognized in contrast to the unrealized loss of $65,748 for the comparative period in fiscal 2024. The value of the Company's marketable securities decreased in market value relative to the prior quarters and one investment was written off.

At November 30, 2024, the Company assessed an impairment of $3.23 million for mineral exploration property claims which were not renewed (November 30, 2023 - $74,256). The impairment includes write down or write off of mineral property interests including Flint, Opaline Gulch, Agate Point, Midas North, Dome Hill, Hot Tub, Katey, Mahogany, and Bannock. The write off would allow the Company to focus on claims of merit while reducing mineral property holding costs.

4.3 Segment information

The Company undertakes administrative activities 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 nine months ended November 30, 2024 and 2023:

	Nine months ended November 30,	
	2024	2023
Canada	$ (720,981)	$ (607,738)
USA	(2,668,411)	1,045,954
	$ (3,389,392)	$ 438,216

For the nine months ended November 30, 2024, the Company incurred a net loss of $3.39 million primarily attributable to the impairment of $3.23 million for mineral interest claims which were not renewed. A net income of $438,216 was realized for the nine months ended November 30, 2023 mainly from the 10% management income of $1.52 million earned from exploration activities on Newmont mineral property interests.

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 earn in agreements with Newmont. The Company's assets are distributed by geographic segment, as per the tables below:

	November 30, 2024			February 29, 2024		
	Canada	USA	Total	Canada	USA	Total
Current assets	$ 2,180,505	$ 6,387,602	$ 8,568,107	$ 982,355	$ 4,171,073	$ 5,153,428
Right of use assets	167,709	91,577	259,286	3,376	175,754	179,130
Property and equipment	11,653	71,173	82,826	9,869	95,537	105,406
Exploration and evaluation assets	-	3,496,750	3,496,750	-	5,113,134	5,113,134
Deposits	-	147,105	147,105	-	142,485	142,485
Total assets	$ 2,359,867	$ 10,194,207	$ 12,554,074	$ 995,600	$ 9,697,983	$ 10,693,583
Total liabilities	$ 241,661	$ 5,396,921	$ 5,638,582	$ 92,276	$ 2,203,379	$ 2,295,655

E&E assets were reduced to $3.50 million at November 30, 2024 from the impairment of $3.23 million related to non renewal of mineral claims.

Total liabilities increased to $5.64 million at November 30, 2024 from Newmont cash calls which have not yet been spent on exploration activities (November 30, 2024 - $4.67 million and February 29, 2024 - $1.63 million).

4.4 Summary of Quarterly Results and Third Quarter of 2025 Fiscal Year

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

	Nov 30, 2024	Aug 31, 2024	May 31, 2024	Feb 29, 2024
Total revenue	$ -	$ -	$ -	$ -
Net income (loss) for the period	286,932	(3,536,975)	(139,349)	(227,536)
Earnings (loss) per share:				
Basic	-	(0.06)	-	-
Diluted	-	(0.06)	-	-
Total assets	12,554,074	10,044,068	11,063,143	10,693,583
Total long term liabilities	108,946	137,811	179,658	69,729
Dividends per share	-	-	-	-
	Nov 30, 2023	**Aug 31, 2023**	**May 31, 2023**	**Feb 28, 2023**
Total revenue	$ -	$ -	$ -	$ -
Net income (loss) for the period	428,268	353,250	(343,302)	(186,352)
Earnings (loss) per share:				
Basic	0.01	0.01	(0.01)	(0.02)
Diluted	0.01	0.01	(0.01)	(0.02)
Total assets	13,794,995	15,559,135	13,800,100	8,772,441
Total long term liabilities	602,326	3,479,519	5,628,320	376,343
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 fiscal 2023 and 2024 and into fiscal 2025, the Company earns a 10% operator's fee from exploration expenditures from Newmont earn in mineral property interests. Management fee income resulted in quarterly net losses to reduce and for 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 $12.55 million as at November 30, 2024 was higher in spite of the impairment of $3.22 million in mineral property interests, resulting the corresponding higher cash of $8.36 million (February 29, 2024 - $4.97 million). The higher cash was attributable to equity financing of $1.54 million which closed in September 2024 and unspent cash from Newmont (November 30, 2024 - $4.67 million and February 29, 2024 - $1.63 million).

Third Quarter

The Company's comprehensive loss for the nine months ended November 30, 2024 reflects depreciation, general exploration, wages and salaries; professional fees, shareholder relations, general office and administrative costs, and regulatory costs to administer the Company 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. Also an impairment of $3.23 million was recognized from the non renewal of mineral claims resulting in the write off or write down of certain mineral property interests.

Management fee income from Newmont earn in mineral projects was lower in the nine month period in fiscal 2025 than the quarterly management fee income in fiscal 2024 due to the reduced exploration activities in the current period.

Fourth quarter losses in fiscal 2024 were generally higher than prior comparative quarters due to year end accruals and adjustments.

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.

Management fee income and foreign exchange gains in the third quarter of fiscal 2025 contributed to a net income of $286,932 in the period.

4.5 Financial Position

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

	November 30, 2024	February 29, 2024
Total current assets	$ 8,568,107	$ 5,153,428
Total assets	12,554,074	10,693,583
Total current liabilities	5,529,636	2,225,926
Total liabilities	5,638,582	2,295,655
Total shareholders equity	6,915,492	8,397,928

As at November 30, 2024, 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 $3.39 million for the nine months ended November 30, 2024 (November 30, 2023 – net income of $438,216), and, as of that date, the Company had an accumulated deficit of $6.51 million (February 29, 2024 - $3.12 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 $3.04 million at November 30, 2024 (February 29, 2024 - $2.93 million). The Company has a commitment to spend $4.67 million (February 29, 2024 - $1.63 million) in funds advanced by Newmont on qualifying earn-in expenditures based upon quarterly cash calls with Newmont.

Assets

Cash and cash equivalents were $8.36 million at November 30, 2024 (February 29, 2024 - $4.97 million). Restricted cash was $20,005 at November 30, 2024 (February 29, 2024 - $20,005) and consists of a term deposit held at a financial institution as security against a company credit card. Of the $8.36 million, the Company has a commitment to spend $4.67 million in exploration expenditures for Newmont properties. The Company's sources and uses of cash are discussed in Section 4.6 "Cash Flows" below.

Short-term investments at November 30, 2024 (February 29, 2024 - $28,391) consist of marketable securities with a fair value of $25,350 which is nominally lower than the prior quarter due to the net decrease in share prices of the investments. One of the investments was written off to $nil value in the second quarter of fiscal 2025.

Amounts and other receivable of $93,528 at November 30, 2024 (February 29, 2024 - $76,633) consist of GST input tax credits, interest receivable and office expense recoveries. Included in this amount is $47,247 (February 29, 2024 - $36,123) in amounts receivable from companies with common directors for rent and office overhead expense recoveries.

Prepaid expenses and deposits of $66,191 at November 30, 2024 (February 29, 2024 - $54,081) include rental deposits, insurance, OTCQB annual fee, investor communications and other regular operating expenses. These expenses will be allotted to the period in which they are applicable.

Right-of-use assets net of depreciation was $259,286 at November 30, 2024 (February 29, 2024 - $179,130). The Company has entered into leases for the rental of offices, warehouse and a vehicle for periods expiring up to October 31, 2025. In October 2023, the Company entered into a new office lease arrangement with expanded office facilities and a term of 3 years effective May 1, 2024.

Deposits of $147,105 at November 30, 2024 (February 29, 2024 - $142,485) include US $105,000 in advances to a Surety Agent as collateral against US $242,839 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. 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 $82,826 at November 30, 2024 (February 29, 2024 - $105,406) 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.

Exploration and evaluation assets of $3.50 million at November 30, 2024 (February 29, 2024 - $5.11 million) 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. Impairment of $3.23 million was recognized at November 30, 2024 for mineral property interests.

Liabilities

Trade and other payables were $689,018 at November 30, 2024 (February 29, 2024 - $460,395). 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 $279,500 at November 30, 2024 (February 29, 2024 - $200,952). For the nine months ended November 30, 2024, accretion expense on the lease liabilities was $21,124 (November 30, 2023 - $19,475). Lease liabilities increased in the first quarter of fiscal 2025 from the lease on office facilities which became effective in May 2024.

Other liabilities consist of $4.67 million at November 30, 2024 (February 29, 2024 - $1,634,308) 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 provided from operating activities was $534,139 for the nine months ended November 30, 2024 (November 30, 2023 - $615,387). The Company incurred net loss of $3.39 million in the current period whereas a net income of $438,216 was realized in the prior comparative period.

Total cash flows provided from investing activities was $1.19 million for the nine months ended November 30, 2024 which is lower that the cash provided from investing activities for $4.95 millon for the comparative period in fiscal 2024. In the current period cash calls of $10.78 million were received from Newmont, whereas $19.70 million were received in the prior comparative period. Exploration expenditures of $1.79 million were incurred for non Newmont projects (November 30, 2023 - $1.57 million) and $7.79 million (November 30, 2023 - $15.21 million) were incurred for Newmont mineral properties in current period of fiscal 2025.

Total cash flows provided from financing activities was $1.53 million for the nine months ended November 30, 2024 (November 30, 2023 – used by financing activities $135,768). In April 2023, exercise of stock option provided cash proceeds of $27,000. In July and August 2024, exercise of stock option provided cash proceeds of $150,000. An equity financing for $1.5 million closed in September 2024. Lease payments for warehouse and office facilities and field equipment would reduce cash flow for financing activities.

For the nine months ended November 30, 2024, there was an increase in cash flow of $8.38 million whereas in the prior comparative period in fiscal 2024 cash increased by $6.70 million.

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 November 30, 2024, the Company has working capital of $3.04 million (February 29, 2024 - $2.93 million).

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 November 30, 2024, the Company has a commitment to incur exploration expenditures of $4.67 million which represents remaining Newmont cash calls for which expenditures have not been spent (February 29, 2024 - $1.63 million).

Also as at November 30, 2024, 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	After 5 years	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Office lease	$ 195,332	$ 78,944	$ 116,388	$ -	$ -	$ 39,572	$ 39,572	$ -	$ -	$ -
Warehouse lease	-	-	-	-	-	23,149	23,149	-	-	-
Vehicle lease	-	-	-	-	-	15,092	15,092	-	-	-
Total, November 30, 2024	$ 195,332	$ 78,944	$ 116,388	$ -	$ -	$ 77,813	$ 77,813	$ -	$ -	$ -

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 November 30, 2024, 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 November 30, 2024, the Company had a working capital (current assets less current liabilities) of $3.04 million (February 29, 2024 – $2.93 million). The Company has sufficient funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests in fiscal 2025.

Section 5.3 provides for contractual obligations related to leases for the Company's office, warehouse and vehicle as at November 30, 2024.

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)	
	November 30, 2024	February 29, 2024
Cash	$ 6,351,123	$ 4,105,952
Marketable securities	25,350	28,391
Receivables and prepaids	10,790	36,730
Accounts payable and accrued liabilities	(621,396)	(376,297)
Lease liabilities	(105,462)	(192,774)
Other liabilities	(4,670,064)	(1,634,308)
Net financial assets (liabilities)	$ 990,341	$ 1,967,694

Based upon the above net exposure as at November 30, 2024 and assuming all other variables remain constant, a 5% (February 29, 2024 - 5%) depreciation or appreciation of the U.S. dollar relative to the Canadian dollar could result in a decrease (increase) of approximately $49,500 (February 29, 2024 - $98,400) 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 condensed consolidated interim financial statements, the Company had the following general and administrative costs with related parties:

	Nine months ended November 30,		Net balance receivable (payable)	
	2024	2023	November 30, 2024	February 29, 2024
Key management compensation:				
Executive salaries and benefits [1]	$ 364,768	$ 413,975	$ (26,006)	$ (33,926)
Directors fees	100,250	58,500	(4,200)	(4,000)
Share-based payments	244,803	57,890	-	-
	$ 709,821	$ 530,365	$ (30,206)	$ (37,926)
Net office, sundry, rent and salary allocations reimbursed from (to) companies sharing certain common directors	$ 83,222	$ 39,500	$ 47,247	$ 36,123

(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.

The Company has entered into a Management Agreement with Hunter Gold LLC ("Hunter", a company controlled by Caleb Stroup, the President and CEO) effective January 1, 2023 for no fixed term. As compensation for the services to be provided, the company controlled by the President will receive a monthly fee of US $14,500 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the President resigns within 12 months following a change of control. During the nine months ended November 30, 2024, the Company paid $178,696 in fees to the company controlled by the President.

The Company has entered into a Management Agreement with Waddell Consulting Inc. ("Waddell", a company controlled by Alistair Waddell, the Chairman) effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the company controlled by the Chairman will receive a monthly fee of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the Chairman resigns within 12 months following a change of control. During the nine months ended November 30, 2024, the Company paid $45,000 in fees and benefits to the company controlled by the Chairman.

The Company has entered into a Management Agreement with Philip Yee, the Chief Financial Officer, effective June 1, 2023 for no fixed term. Mr. Yee was appointed the CFO on September 1, 2023. As compensation for the services to be provided, the CFO will receive a monthly salary of $4,500 with provisions for severance of two months of compensation in the event the Company terminates the Agreement without cause and 24 months of compensation in the event the Company terminates the

Agreement without cause or the CFO resigns within 12 months following a change of control. During the nine months ended November 30, 2024, the Company paid $40,500 in salary to the CFO.

The Company has entered into a General Services Agreement with Greg Dering, the Vice President, Exploration (the "VPX") effective September 1, 2022 to December 31, 2023. As compensation for the services to be provided, the Company has agreed to pay the VPX a daily rate of US $625. During the nine months ended November 30, 2024, the Company paid $123,072 in fees to the VPX.

The Company had entered into an Employment Agreement with Sandra Wong, the former Chief Financial Officer, effective January 1, 2022 for no fixed term. Ms. Wong resigned as CFO on September 1, 2023 but remains the Corporate Secretary of the Company. As compensation for the services to be provided, the Corporate Secretary received a performance bonus of $6,000 and a monthly salary of $6,500 with provisions for severance of two months of compensation in the event the Company terminates the Agreement without cause and 24 months of compensation in the event the Company terminates the Agreement without cause or the Corporate Secretary resigns within 12 months following a change of control. During the nine months ended November 30, 2024, the Company paid $22,500 in salary to the Corporate Secretary.

10.0 Outstanding Securities

10.1 Common shares

The Company's authorized share capital consists of unlimited number of common shares without par value.

Changes in the Company's share capital for nine months ended November 30, 2024 are as follows:

	Number of Shares	Amount
Balance at February 28, 2024	62,214,115	$ 10,689,535
Issued:		
Private placement	7,000,000	1,540,000
Exercise of stock options	1,500,000	240,581
Share issue expenses	-	(2,675)
Balance at November 30, 2024	70,714,115	$ 12,467,441

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.

On September 16, 2024, the Company closed a non brokered private placement for 7 million common shares at $0.22 per share for total proceeds of $1.54 million 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

As at January 29, 2025, there were 70,714,115 common shares issued and outstanding.

10.2 Stock options

The Company has a stock option plan under which it is authorized to grant stock options of up to a maximum of 10% of the issued and outstanding common shares to executive officers, directors, employees and consultants enabling the holder to acquire common shares. Vesting is at the discretion of the Board of Directors. In the absence of a vesting schedule, such stock options shall vest immediately.

The continuity of stock options for the nine months ended November 30, 2024 is as follows:

	November 30, 2024	
	Number of Stock Options	Weighted average exercise price
Outstanding balance, beginning of period	6,150,000	$0.24
Granted	1,850,000	$0.21
Exercised	(1,500,000)	$0.10
Cancellation	(505,000)	$0.33
Outstanding balance, end of period	5,995,000	$0.25

During the nine months ended November 30, 2024, the following stock options were granted:

- On April 10, 2024, 150,000 stock options with an exercise price of $0.27 and expiry date of April 10, 2029 were granted to a Director of the Company. The stock options fully vest in six months.
- On July 22, 2024, 1,700,000 stock options with an exercise price of $0.20 and expiry date of July 22, 2029 were granted to directors, officers, employees and consultants of the Company. The stock options fully vested on grant date.

At January 29, 2025, stock options for 5,995,000 common shares remain outstanding, all of which are exercisable.

10.3 Warrants

At November 30, 2024, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at February 28, 2024	Issued	Exercised	Expired	Outstanding at November 30, 2024
$0.55	February 15, 2025	3,644,960	-	-	-	3,644,960
		3,644,960	-	-	-	3,644,960

At January 29, 2025, warrants for 3,644,960 common shares remain outstanding.

11. Proposed Transactions

Other than disclosed in this MD&A and its continuous disclosure filings, the Company does not have any proposed 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, 2024. The Company has not early adopted these new standards in preparing these unaudited condensed consolidated interim financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

13. Board of Directors and Officers

The directors of the Company are Messrs. 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), Philip Yee (Chief Financial Officer), Greg Dering (Vice President, Exploration), and Sandra Wong (Corporate Secretary).

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 Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

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, 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 issuance to the shareholders. 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