CSE: RGR

RIO GRANDE RESOURCES LTD.

Management's Discussion and Analysis

For the period ended October 31, 2025

DATE

This MD&A is dated as of December 29, 2025.

This management's discussion and analysis of financial position and results of operations ("MD&A") is prepared as of December 29, 2025 and should be read in conjunction with the condensed interim consolidated financial statements of Rio Grande Resources Ltd. ("Company") for the period ended October 31, 2025 with the related notes thereto. Those condensed interim consolidated financial statements were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as applicable to interim financial reports, including International Accounting Standard 34, "Interim Financial Reporting".

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This MD&A contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements because of various factors. See also "Forward-Looking Information."

Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR+) in Canada and can be obtained from www.sedarplus.ca.

DESCRIPTION OF BUSINESS

Rio Grande was incorporated by Foremost Clean Energy Ltd. (Formerly Foremost Lithium Resource & Technology Ltd.) ("Foremost") under the laws of British Columbia on July 19, 2024.

On January 31, 2025, as part of the Plan of Arrangement, under the laws of British Columbia, Foremost spun-out Sierra Gold and Silver Ltd. and transferred all of its issued and outstanding shares to the Company.

On February 7, 2025, the Company began trading on the Canadian Securities Exchange (the "CSE") under the trading symbol "RGR".

On March 19, 2025, the Company began trading on the OTC Pink Market under the symbol "RGRFL" and subsequently uplisted to the OTCQB where it began trading under the same symbol on June 30, 2025.

On July 16, 2025, the Company began trading on the Frankfurt Stock Exchange ("FSE") in Germany under the trading symbol "FSE:488".

The Company is an exploration company focused on the identification and development of mineral assets in the United States of America.

The Company's head office is located at 250 - 750 West Pender Street, Vancouver, BC, V6C 2T7.

ARRANGEMENT AGREEMENT

On July 29, 2024, the Company entered into an Arrangement Agreement with Foremost Clean Energy Ltd. ("Foremost"), which was amended and restated on November 4, 2024, (the "Arrangement"). The purpose of the Arrangement was to reorganize Foremost's interest in Sierra by distributing Sierra to the shareholders of Foremost through the Company.

On January 31, 2025, Foremost transferred all of the issued and outstanding shares of Sierra to the Company. In connection with the transfer, the Company issued 25,827,350 common shares and 9,281,236 warrants to Foremost. The Rio Grande common shares and warrants were issued in proportion to the number of Foremost common shares and warrants outstanding as at the effective date of the Arrangement.

Following the issuance of shares and warrants by the Company, Foremost distributed the Rio Grande shares and warrants it received to its shareholders. As a result, Foremost's shareholders gave up their indirect ownership interest in Sierra in exchange for common shares and warrants of the Company. Upon completion of the Arrangement, the Company became the sole shareholder of Sierra, while Foremost's shareholders collectively exchanged their indirect interest in Sierra for an equivalent

ownership in Rio Grande through the receipt of common shares and warrants.
The net assets of Sierra acquired by the Company were recorded at their historical carrying amounts as reflected in Sierra's books immediately prior to the Arrangement. The assets and liabilities recognized by the Company on January 31, 2025 were as follows:

- Exploration and evaluation assets: $1,889,031
- Royalty payable: ($366,075)
- Income tax penalty payable: ($201,816)

The total net assets of Sierra recognized by the Company amounted to $1,321,140, reflecting the historical carrying values of the acquired assets and liabilities and forming the basis for the Company's initial share capital and warrant recording under the historical cost accounting approach.

As a condition to the completion of the arrangement, the Company:

i) issued a $677,450 promissory note of the Company to a related party, namely Jason Barnard and Christina Barnard, due for payment on or before November 5, 2027. The Company's promissory note bears interest of 8.95% per annum, starting four (4) months from the effective date of the Arrangement (the "Effective Date"). The full amount of the Company's promissory note must be settled by the Company using funds from its first and, as necessary, subsequent financing(s) following completion of the arrangement. The Company's promissory note is secured by a general security agreement.

ii) issued a $520,000 promissory note (the "Foremost Promissory Note"), due for repayment on or before November 5, 2027. The Foremost Promissory Note bears interest of 8.95% per annum, starting four (4) months from the Effective Date. The Foremost Promissory Note is unsecured. The full amount of the Foremost Promissory Note must be settled by the Company using 15% of its funds from its first and, as necessary, subsequent financing(s) following completion of the Arrangement.

Pursuant to the terms of the arrangement, Foremost (i) transferred to the Company the right to collect receivables in respect of all amounts outstanding from Sierra to Foremost as at the effective date (January 31, 2025) and (ii) assigned and transferred to the Company all of the issued and outstanding common shares in the capital of Sierra in consideration for the Company issuing to Foremost such number of the Company's shares as is equal to the quotient obtained by dividing by 0.8005 the product obtained by multiplying the number of Foremost Shares issued and outstanding immediately prior to the effective time on the effective date (the "Effective Time") by two (2), being 25,827,350 shares.

Notwithstanding Foremost's equity incentive plan (the "Foremost Incentive Plan"), each stock option of Foremost (the "Foremost Options") entitling the holder there of to acquire one (1) Foremost Share outstanding immediately prior to the Effective Date shall be simultaneously surrendered and transferred by the holder thereof to Foremost (free and clear of any encumbrances) in the following portions and such portions shall be exchanged for, as the sole consideration therefor the following consideration:

i) 0.9136 of each Foremost Option held immediately prior to the Effective Time shall be transferred and exchanged for one (1) Foremost Replacement Option to acquire one (1) Foremost Share issued in connection with the Arrangement (the "New Foremost Shares") having an exercise price (rounded up to the nearest cent) equal to the product of the exercise price of the Foremost Option so exchanged immediately before the exchange of such Foremost Option multiplied by the fair market value of a Foremost Share determined immediately prior to this divided by the total fair market value of a new Foremost Share and the fair market value of two (2) shares of the Company determined immediately prior to the Effective Time; and

ii) 0.0864 of each Foremost Option held immediately prior to the Effective Time shall be transferred and exchanged for two options of the Company, with each whole Company option entitling the holder thereof to acquire one (1) share of the Company having an exercise price (rounded up to the nearest cent) equal to the product of the exercise price of the Foremost Option so exchanged immediately before the exchange of such Foremost Option multiplied by the fair market value of a share of the Company determined immediately prior to this divided by the total of the fair market value of a new Foremost Share and the fair market value of two (2) shares of the Company at the Effective Time.

Notwithstanding the Foremost Incentive Plan, each restricted share unit of Foremost (each a "Foremost RSU") to acquire one (1) Foremost Share outstanding as at the Effective Time shall be deemed to be, simultaneously surrendered and transferred by the holder thereof to Foremost (free and clear of any encumbrances) in the following portions and such portions shall be exchanged for, as the sole consideration therefor the following consideration:

i) 0.9136 of each Foremost RSU immediately prior to the Effective Time shall be transferred and exchanged for one (1) Foremost Replacement RSU to acquire such number of New Foremost Shares and on such vesting and other conditions as set forth in the applicable award agreement in respect of such Foremost RSU; and

ii) 0.0864 of each Foremost RSU held immediately prior to the Effective Time shall be transferred and exchanged for two (2) restricted share units of the Company to acquire such number of shares of the Company and on such vesting and other conditions as set forth in the applicable award agreement in respect of such Foremost RSU.

Concurrently with the exchange of the Foremost Options and Foremost RSU's, each share purchase warrant of Foremost (each a "Foremost Warrant") amended to entitle the holder thereof to receive, upon due exercise thereof, for the exercise price immediately prior to the Effective Time:

i) one (1) New Foremost Share for each Foremost Share that was issuable upon due exercise of the Foremost Warrant immediately prior to the Effective Time; and

ii) two (2) shares of the Company for each Foremost Share that was issuable upon due exercise of the Foremost Warrant immediately prior to the Effective Time,

Additionally, Foremost and the Company have acknowledged and agreed that:

i) the Company shall forthwith upon receipt of written notice from Foremost from time to time issue, as directed by Foremost, that number of shares of the Company as may be required to satisfy the foregoing;

ii) Foremost shall, as agent for the Company, collect and pay to the Company an amount for each two (2) shares of the Company so issued that is equal to the exercise price under the Foremost Warrant multiplied by the fair market value of two (2) shares of the Company at the Effective Time divided by the total fair market value of a Foremost Share and two (2) shares of the Company at the Effective Time; and

iii) the terms and conditions applicable to the Foremost Warrants, immediately after the Effective Time, will otherwise remain unchanged from the terms and conditions of the Foremost Warrants as they exist immediately before the Effective Time.

FORWARD-LOOKING STATEMENTS

Except for statements of historical facts relating to the Company, this MD&A contains "forward-looking statements" within the meaning of applicable securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not intend and does not assume any obligation to update these forward-looking statements, except as required by applicable securities laws.

Forward-looking statements may include, but are not limited to, statements with respect to the future price of metals, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of future exploration programs, capital expenditures, success of exploration activities, permitting timelines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of transactions and future listings and regulatory approvals. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information in this MD&A includes, among other things, disclosure regarding: the Company's mineral properties as well as its outlook, statements with respect to the success of exploration activities, permitting timelines, costs and expenditure requirements for additional capital, regulatory approvals, as well as the information under the headings "Overall Performance", "Liquidity" and "Capital Resources".

In making the forward looking statements in this MD&A, the Company has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that the timing, costs and results of the Company's proposed exploration programs are consistent with the Company's current expectations; that the Company receives regulatory and governmental approvals and permits for its properties on a timely basis; that the Company is able to obtain financing for its properties on reasonable terms and on a timely basis; that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis; that engineering and exploration timetables and capital costs for the Company's exploration plans are not incorrectly estimated or affected by unforeseen circumstances or adverse weather conditions; that any environmental and other proceedings or disputes are satisfactorily resolved.

However, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, actual results of current and proposed exploration activities; actual results of reclamation activities; future metal prices; accidents, labor disputes, adverse weather conditions, unanticipated geological formations and other risks of the mining industry; delays in obtaining governmental or regulatory approvals or financing or in the completion of exploration activities, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

The technical information in this MD&A has been reviewed by Lindsay Bottomer P.Geo, who is a "Qualified Person" as defined by Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43- 101").

MINERAL PROPERTIES

Winston Property

On January 31, 2025, the Company completed the arrangement, which included the Winston Property.

The Winston Property covers a 3,000-acre site in Sierra County, New Mexico, United States and contains three (3) historic past producing gold and silver mines: Ivanhoe, Emporia and Little Granite. The Winston Property is comprised of 147 unpatented lode mining claims, which includes a 100% interest in the four (4) Little Granite claims ("Little Granite Claims") and an option to earn a 100% interest in the two (2) patented mining claims in both Ivanhoe and Emporia (the "Ivanhoe/Emporia Claims"), comprising a total of 149 total mining claims.

In October 2014, Sierra entered into an option agreement with Redline Minerals Inc. and its US subsidiaries (collectively, the "Optionors") to acquire up to an 80% interest in 102 unpatented lode mining claims in the Winston Property, in addition to the four Little Granite Gold Claims ("Little Granite") and Ivanhoe and Emporia claims ("Ivanhoe/Emporia"). In April 2017, Sierra entered into a definitive purchase agreement with the Optionors to acquire all of the Optionors' rights, title and interest in and to the Winston Property. The terms of this agreement closed on May 17, 2017, thereby extinguishing any remaining obligations to Redline Minerals Inc. and its US subsidiaries. Prior to closing, for total consideration of Little Granite and Ivanhoe/Emporia, Foremost paid the Optionors $240,000 on behalf of Sierra and Foremost issued 88,000 common shares on behalf of Sierra (valued at $341,500). Prior to January 31, 2025, Sierra staked additional claims, resulting in an aggregate total of 147 lode mining claims and 2 patented claims.

Ivanhoe/Emporia claims

In accordance with the terms and conditions of the underlying Ivanhoe/Emporia purchase agreement, the Optionors agreed to sell and convey the Ivanhoe/Emporia Claims for the purchase price of US$500,000 of which US$361,375 remained owing to the Robert Howe Educational Trust ("RHET") upon closing on May 17, 2017. Sierra agreed to pay RHET a monthly royalty equal to the greater of the Minimum Monthly Royalty or Production Royalty determined in accordance with the following table:

Monthly Average Silver Price/Oz	**Minimum Monthly Royalty**	**Production Royalty %**
Less than US$5.00	US$125	3%
US$5.00 ~ US$6.99	US$250	4%
US$7.00 ~ US$8.99	US$500	5%
US$9.00 ~ US$10.99	US$1,000	6%
US$11.00 ~ US$14.99	US$1,500	7%
$15 or greater	US$2,000	8%

All royalty payments made to RHET under the Minimum Monthly Royalty or Production Royalty of the agreement will be credited against the purchase price. Sierra received an irrevocable waiver, effective September 30, 2024, whereby the accrued minimum monthly royalty payments outstanding as of October 31, 2025 of $362,396 (US$259,525) could not be enforced for repayment for a period of eighteen months provided that Sierra continues to make ongoing monthly payments of US$1,400. Only the permanent production royalty of 2% of NSR on all ore mined on the Ivanhoe and Emporia lode claims, will remain as an encumbrance after the property has been purchased.

Little Granite Claims

In accordance with the terms and conditions of the underlying Little Granite purchase agreement, the Optionors agreed to sell and convey the Little Granite property to Sierra for the purchase price of US$500,000 of which US$434,000 remained owing to Silver Rose Corporation ("Silver Rose") upon closing on May 17, 2017. During the year ended March 31, 2024, Sierra negotiated a final cash payment US$75,000 to exercise the option through the issuance of a non-interest-bearing promissory note. US$25,000 was repaid by Foremost during the year ended March 31, 2024. As at March 31, 2023, $67,717 (US$50,000) remained payable. The promissory note was due on October 15, 2023, and the remaining US$50,000 was paid by Foremost on behalf of Sierra during the year ended March 31, 2024. Prior to closing on the revised final cash payment, the Company had paid a total of US$111,000 to Silver Rose towards the purchase. The Little Granite Property was acquired for an aggregate cash consideration of US$186,000, versus aggregate consideration of US$434,000 under the original terms. There are no encumbrances on the 4 unpatented Little Granite lode claims.

Additional Unpatented Claims

To maintain the unpatented claims in good standing, we must pay annual claim maintenance fees of $200 USD per claim by September 1 of each year to the Federal Bureau of Land Management ("BLM") and file annual maintenance documents to the BLM and Sierra and Catron County Clerk's office. There are no encumbrances on the 147 unpatented BLM lode claims.

The Winston Property is in Good Standing.

Exploration at the Winston Group of Properties

2021 Exploration Program

The project-scale sampling program over the past years has consisted of prospecting, rock geochemical sampling, and geological mapping with particular focus on determining the structural controls of the silver-gold mineralization. Samples were collected throughout the project area to better understand the vertical expression of the epithermal system, identify the precious metal horizon, and define the areas of greatest economic interest. Exceptional results from property-wide confirmatory sampling completed included many high-grade samples including 41.5 g/t Gold and 4,610 g/t Silver on newly staked claims. Additional samples from these three mines returned peak values of 66.5 g/t gold and 2,940 g/t silver from Little Granite, 26.8 g/t gold and 1,670 g/t silver from Ivanhoe, and 46.1 g/t gold and 517 g/t silver from Emporia. In respect of the Little Granite Claims, historically reported high-grade values were confirmed in limited re-sampling by Foremost in 2020. Past drill reports from the Little Granite Claims suggest the primary vein widens to more than 4 m (12 ft) true width, at depth. These results, along with multiple site visits confirm that earlier reports of high-grade silver and gold values from historic workings have legitimacy and justify a major exploration program at the Little Granite Claims using modern methods to define the nature and size of mineralization.

2025 Exploration Program

On June 18, 2025, the Company announced the results from its geological mapping and sampling program conducted previously announced completed on April 7, 2025, at its 100%-owned Winston project in the Black Range of Sierra County, New Mexico. The program focused on the Paymaster Fault Corridor and identified several new mineralized veins confirmed high-grade gold and silver mineralization across multiple vein systems and returning assays including highlights of 66.2 g/t gold and 830 g/t silver. The field campaign conducted from March 24 - 28, 2025, collected 57 samples and provided the Company geological insights and increased understanding of the high-grade epithermal vein system. These results serve to reinforce the project's exploration potential, and suggest the presence of a large, multi-phase hydrothermal system is present.

Sampling, Analytical Methods and QA/QC

All samples were collected by Mineoro Explorations and securely maintained through to submission to the ALS Minerals laboratory in Tuscon. Samples were analyzed by Fire Assay and ICP-MS. Internal laboratory QA/QC protocols were followed and 5% external standards are submitted with all sample batches.

NI 43-101 Technical Report

The Company has an updated NI 43-101 technical report with an effective date of November 4, 2024 titled “Technical Report for the Winston Gold-Silver Project: Sierra County, New Mexico, USA”, in compliance with the Canadian Securities Administrators revised regulations NI 43-101, Form 43-101F1 and the Companion Policy NI 43-101CP and CIM definitions “Standards for Mineral Resources and Mineral Reserves” (May 19, 2014). The Company has filed the NI 43-101 Technical Report on SEDAR+.

RESULTS OF OPERATIONS

Expenses incurred for the period ended October 31, 2025:

For the period ended October 31, 2025, the Company reported a net loss and comprehensive loss of $440,357 (2024 - $483,000). An explanation of some of the significant expenses is as follows:

i) Consulting fees of $85,392 (2024 - $Nil) due to consultants hired for corporate administrative work during the current period.

ii) Director fees of $3,125 (2024 - $Nil) due to the newly listed company requiring directors.

iii) Filing and regulatory fees of $14,735 (2024 - $Nil) due to listing on the CSE and transfer agent fee incurred during the current period.

iv) Investor relation fees of $140,070 (2024 - $Nil) due to Company’s efforts to increase market awareness during the current period.

v) Professional fees of $23,720 (2024 - $483,000) due to legal services related to the arrangement during the comparative period.

vi) Share-based payments of $124,965 (2024 - $Nil) due to RSUs vested during the current period.

SUMMARY OF QUARTERLY RESULTS

Below is a summary of the Company's quarterly results since inception:

	Three Months Ended October 31, 2025	Three Months Ended July 31, 2025	Three Months Ended April 30, 2025	Three Months Ended January 31, 2025
Expenses	$ 421,112	$ 598,006	$ 227,610	$ 765,501
Total comprehensive loss	$ 440,357	$ 568,220	$ 227,610	$ 765,501
Loss per share – basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (76.00)

	Three Months Ended October 31, 2024	Period from incorporation on July 19, 2024 to July 31, 2024
Expenses	$ 483,000	$ -
Total comprehensive loss	$ 483,000	$ -
Loss per share – basic and diluted	$ (48.00)	$ -

Net loss in the quarter ended October 31, 2025 was comprised primarily of share-based compensation, consulting and investor relations.

Net loss in the quarter ended July 31, 2025 was comprised primarily of share-based compensation, consulting and investor relations.

Net loss in the quarter ended April 30, 2025 was comprised primarily of share-based compensation.

Net loss in the quarter ended January 31, 2025 was comprised primarily of professional fees related to the arrangement.

The loss in the prior quarter, October 31, 2024, was comprised of professional fees related to the arrangement.

LIQUIDITY AND GOING CONCERN

The condensed interim consolidated financial statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at October 31, 2025, the Company had a working capital of $336,304 (July 31, 2025 - $539,262). In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through issuance of common shares and promissory notes. The Company continues to seek capital through various means including the issuance of equity and/or debt. These material uncertainties cast substantial doubt as to the ability of the Company to continue as a going concern. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Any such adjustments may be material.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

CASH FLOWS

During the period ended October 31, 2025 and 2024, the Company had the following cash flows:

i) cash provided by operating activities was $30,753 (2024 – $Nil) relating to the statement of loss and comprehensive loss adjusted for non-cash items.

ii) cash used in investing activities was $50,666 (2024 – $Nil) primarily related to exploration and evaluation assets expenditures.

iii) cash provided by financing activities was $145,946 (2024 – $Nil) primarily related to amounts received from subscriptions, warrant and option exercises, that was partially offset by repayment of promissory notes.

CAPITAL RESOURCES

During the period from August 1, 2025 to December 29, 2025:

i) issued 1,005,554 common shares pursuant to the exercise of options for proceeds of $52,483 and US$52,000.

ii) issued 1,262,546 common shares pursuant to the exercise of warrants for proceeds of $249,545.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and companies controlled by them. The remuneration that was paid or accrued to the directors and other members of key management personnel during the period ended to October 31, 2025 and 2024 was as follows:

	Director fees	Consulting fees	Share-based payments – RSUs [(i)]	Total
For the period ended October 31, 2024				
Chief Executive Officer	$ -	$ -	$ -	$ -
VP of Operations	-	-	-	-
Chief Financial Officer	-	-	-	-
VP of Corporate Development	-	-	-	-
Director	-	-	-	-
For the period ended October 31, 2025				
Chief Executive Officer	$ -	$ 22,000	$ 22,349	$ 44,349
VP of Operations	-	19,375	19,610	38,985
Chief Financial Officer	-	15,000	8,404	23,404
VP of Corporate Development	-	5,000	8,684	13,684
Director	3,125	-	3,252	6,377
	$ 3,125	$ 61,375	$ 62,299	$ 126,799

[(i)] 911,588 RSUs were granted to officers, directors, former officers and former directors, of which the vested portion recorded in the share-based compensation – RSUs of $62,299.

As a condition of the completion of the Arrangement, the Company:

i) issued a $677,450 promissory note to a related party, namely Jason Barnard (CEO) and Christina Barnard (VP of Operation), due for payment on or before November 5, 2027. The promissory note will bear interest of 8.95% per annum, starting 4 months from January 31, 2025. The full amount of the promissory note must be settled by the

Company using funds from its first and, as necessary, subsequent financing(s) following January 31, 2025. The promissory note is secured by a general security agreement.

The Company incurred $10,612 (July 31, 2025 - $9,479) in interest and made principal payments of $156,377 (July 31, 2025 - $114,412) to the loan during the period ended October 31, 2025.

ii) issued a $520,000 promissory note to Foremost, due for repayment on or before November 5, 2027. The promissory note bear interests at 8.95% per annum, starting 4 months from January 31, 2025. The promissory note is unsecured.

The Company incurred $6,542 (July 31, 2025 - $6,613) in interest expense and made principal payments of $46,625 (July 31, 2025 - $207,780) to the loan during the period ended October 31, 2025.

FINANCIAL AND OTHER INSTRUMENTS

Capital and Financial Risk Management

Capital management.

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e., capital stock and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares. The Company is not exposed to any externally imposed capital requirements.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The carrying value of royalty payable and income tax penalty payable approximate their fair value because of the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consists primarily of royalty payable and income tax penalty payable.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2025, the Company had current liabilities of $677,074. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company is exposed to liquidity risk and is dependent on obtaining loans or financings in order to continue as a going concern. Despite previous success in acquiring these loans, there is no guarantee of obtaining future loans.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk
The Company has income tax penalties payable that accrues interest. The Company's liabilities do not have significant exposure to interest rate risk.

Foreign currency risk
The Company is exposed to foreign currency risk on fluctuations related to income tax penalty payable and royalty payable. A 10% change in the USD/CAD foreign exchange rate would result in a $41,000 foreign exchange gain or loss. The Company has not hedged its exposure to currency fluctuations.

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Other MD&A Requirements

Disclosure of Outstanding Security Data

Common Shares outstanding at December 29, 2025 – 44,899,037 common shares outstanding.

Stock options outstanding at December 29, 2025

Expiry Date	Exercise Price	Balance December 29, 2025	Exercisable
September 6, 2026	$ 0.29	20,000	20,000
July 16, 2027	$ 0.35	1,138,188	1,138,188
November 15, 2027	$ 0.12	20,000	20,000
March 14, 2028	$ 0.07	50,000	50,000
November 12, 2028	$ 0.42	30,000	-
February 15, 2029	$ 0.29	40,000	40,000
Total		**1,298,188**	**1,268,188**

Restricted share units outstanding at December 29, 2025

Grant Date	Balance December 29, 2025
January 31, 2025	130,290
April 4, 2025	833,333
June 17, 2025	946,588
November 12, 2025	25,000
Total	**1,935,211**

Warrants outstanding at December 29, 2025

Expiry Date	Exercise Price	Balance December 29, 2025
March 13, 2026	$ 0.1792	14,706
March 13, 2026	$ 0.1524	6,548
April 29, 2026	$ 0.1524	102
November 14, 2026	$ 0.1792	4,433,600
June 6, 2027	$ 0.2000	12,138,900
August 21, 2028	$ 0.4057	80,000
August 24, 2028	$ 0.4057	1,600,000
Total		**18,273,856**

RISKS AND UNCERTAINTIES

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development.

Exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit. The Company has generated losses to date and anticipates that it will require additional funds to further explore its properties. There is no assurance such additional funding will be available to the Company on commercially reasonable terms or at all. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects. The Company's mineral resource properties have not been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company may become subject to liability for hazards against which it is not insured. The mining industry is highly competitive in all its phases and the Company competes with other mining companies, many with greater financial and technical resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals. Additional risks include the lack of an active market for the Company's securities and the present intention of the Company not to pay dividends. Certain of the Company's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest. Finally, the Company has no history of earnings, and there is no assurance that any of its current or future mineral properties will generate earnings, operate profitably or provide a return on investment in the future. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered considering its early stage of operations. There is also no assurance that the conditions to the arrangement will be met.

For a more detailed discussion of the risk factors affecting the Company and its exploration activities, please refer to Rio Grande Resources Ltd. filings on www.sedarplus.ca.