SOUTHERN CROSS GOLD CONSOLIDATED

AUGUST 27, 2026

Consolidated Financial Statements and Management's Discussion & Analysis for the Year Ended May 31, 2026

For personal use only

Southern Cross Gold Consolidated Ltd.

ARBN 681 229 854

Please find attached for release to the market, Southern Cross Gold Consolidated Ltd.'s Annual Financial Statements for the Year Ended May 31, 2026, prepared in accordance with National Instrument 51-102 Continuous Disclosure Obligations and NI 51-102F1 Management's Discussion and Analysis, issued by the Canadian Securities Administrators, for lodgment on the Canadian System for Electronic Document Analysis and Retrieval + (SEDAR +).

- Ends -

This announcement has been approved for release by the Board of Southern Cross Gold Consolidated Ltd.

For further information, please contact:

Mariana Bermudez – Corporate Secretary (Canada)

mbermudez@chasemgt.com or +1 604 685 9316

Executive Office: 1305 – 1090 West Georgia Street Vancouver, BC, V6E 3V7, Canada

Nicholas Mead – Corporate Development

info@southerncrossgold.com or +61 415 153 122

Justin Mouchacca – Company Secretary (Australia)

jm@southerncrossgold.com.au or +61 3 8630 3321

Subsidiary Office: Level 21, 459 Collins Street, Melbourne, VIC, 3000, Australia

For personal use only

SOUTHERN CROSS GOLD CONSOLIDATED LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MAY 31, 2026 AND 2025

(Expressed in Canadian Dollars)

D&H Group LLP
Chartered Professional Accountants
300 – 855 Homer Street
Vancouver, BC V6B 2W2

dhgroup.ca
t. 604.731.5881
f. 604.731.9923

For personal use only

Independent Auditor's Report

To the Shareholders of Southern Cross Gold Consolidated Ltd.

Opinion

We have audited the consolidated financial statements of Southern Cross Gold Consolidated Ltd. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2026 and May 31, 2025, and the consolidated statements of net loss and comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2026 and May 31, 2025, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended May 31, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Impairment Indicators of Exploration and Evaluation Assets

Description

Management assesses whether there are indicators of impairment to exploration and evaluation assets when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present. No impairment indicators were identified by management as of May 31, 2026.

This matter was significant to our audit because the carrying value of the Company's exploration and evaluation assets at May 31, 2026 was $ 119,617,908, which represents a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 3 and Note 8 to the consolidated financial statements.

D&H

D&H Group LLP
Chartered Professional Accountants
300 – 855 Homer Street
Vancouver, BC V6B 2W2

dhgroup.ca
t. 604.731.5881
f. 604.731.9923

For personal use only

How the Key Audit Matter Was Addressed in the Audit
Our approach to addressing the matter included the following procedures, among others:
We evaluated management's assessment as to whether there were any indicators of impairment to exploration and evaluation assets, which included the following:

- Obtained mineral claims and permit listings held by the Company and confirmed the mineral claims with the related mining authorities.
- Considered the Company's intentions to carry out future exploration and evaluation expenditures which included reading Board of Directors' meeting minutes and enquiring as to the intentions and strategy of the Company.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

D&H

D&H Group LLP
Chartered Professional Accountants
300 – 855 Homer Street
Vancouver, BC V6B 2W2

dhgroup.ca
t. 604.731.5881
f. 604.731.9923

For personal use only

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

D&H

D&H Group LLP
Chartered Professional Accountants
300 – 855 Homer Street
Vancouver, BC V6B 2W2

dhgroup.ca
t. 604.731.5881
f. 604.731.9923

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Cummings.

"D&H Group LLP"

Vancouver, B.C.
August 25, 2026

Chartered Professional Accountants

For personal use only

For personal use only

SOUTHERN CROSS GOLD CONSOLIDATED LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	May 31, 2026 $	May 31, 2025 $
ASSETS			
Current assets			
Cash and cash equivalents		119,129,501	151,212,676
Amount receivable		-	83,392
GST/VAT receivable		657,113	388,315
Prepaid expenses and other assets	5	1,272,897	119,392
Total current assets		121,059,511	151,803,775
Non-current assets			
Investments	6	577,410	773,797
Property, plant and equipment	7	31,673,406	16,539,752
Exploration and evaluation assets	8	119,617,908	74,687,028
Right of use assets	9	733,022	1,263,617
Bonds		1,900,824	95,985
Total non-current assets		154,502,570	93,360,179
TOTAL ASSETS		275,562,081	245,163,954
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	6,363,932	2,759,332
Current portion of lease liabilities	9	197,701	197,699
Total current liabilities		6,561,633	2,957,031
Non-current liabilities			
Non-current portion of lease liabilities	9	551,949	1,066,806
Provision for site restoration	12	1,553,313	-
Total non-current liabilities		2,105,262	1,066,806
TOTAL LIABILITIES		8,666,895	4,023,837
SHAREHOLDERS' EQUITY			
Share capital	11	670,277,562	658,153,333
Share-based payments reserve		10,420,291	13,973,409
Foreign currency translation reserve		20,573,142	(2,086,628)
Deficit		(434,375,809)	(428,899,997)
TOTAL SHAREHOLDERS' EQUITY		266,895,186	241,140,117
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		275,562,081	245,163,954

Nature of Operations - see Note 1

Events after the Reporting Period - see Note 19

These consolidated financial statements were approved for issue by the Board of Directors on August 25, 2026 and are signed on its behalf by:

/s/ David Henstridge
David Henstridge
Director

/s/ Michael Hudson
Michael Hudson
Director

The accompanying notes are an integral part of these consolidated financial statements.

SOUTHERN CROSS GOLD CONSOLIDATED LTD.
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)

	Note	Year Ended May 31, 2026 $	Year Ended May 31, 2025 $
Expenses			
Accretion of interest on lease liabilities	9	65,438	46,278
Administration and corporate costs		4,376,574	2,936,201
Depreciation and amortization	7,9	558,697	262,824
Salaries and benefits		4,506,794	1,093,088
Share-based compensation	11	455,577	1,572,732
		9,963,080	5,911,123
Loss before other items		(9,963,080)	(5,911,123)
Other items			
Interest income		4,674,154	375,882
Other income		13,100	-
Foreign exchange		(3,599)	166,306
Impairment of exploration and evaluation assets		-	(361,289)
Corporate restructuring costs	4	-	(2,625,076)
Unrealized (loss) gain on investments	6(b)	(196,387)	281,291
		4,487,268	(2,162,886)
Net loss for the year		(5,475,812)	(8,074,009)
Other comprehensive income (loss)			
Currency translation adjustment		22,659,770	(1,483,951)
Comprehensive income (loss) for the year		17,183,958	(9,557,960)
Net loss attributable to:			
Shareholders of the Company		(5,475,812)	(6,658,894)
Non-controlling interest		-	(1,415,115)
Net loss for the year		(5,475,812)	(8,074,009)
Comprehensive income (loss) attributable to:			
Shareholders of the Company		17,183,958	(8,142,845)
Non-controlling interest		-	(1,415,115)
Comprehensive income (loss) for the year		17,183,958	(9,557,960)
Basic and diluted loss per common share		$(0.02)	$(0.05)
Basic and diluted weighted average number of common shares outstanding		260,080,403	143,114,221

The accompanying notes are an integral part of these consolidated financial statements.

For personal use only

SOUTHERN CROSS GOLD CONSOLIDATED LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Year Ended May 31, 2026					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Foreign Currency Translation Reserve $	Deficit $	Total Shareholders' Equity $
Balance at May 31, 2025	258,041,648	658,153,333	13,973,409	(2,086,628)	(428,899,997)	241,140,117
Common shares issued for:						
- share options	10,356,373	7,532,298	-	-	-	7,532,298
- lead manager options	750,000	583,236	-	-	-	583,236
- RSUs	198,955	-	-	-	-	-
Transfer on exercise of:						
- share options	-	3,269,964	(3,269,964)	-	-	-
- lead manager options	-	308,354	(308,354)	-	-	-
- RSUs	-	430,377	(430,377)	-	-	-
Share-based compensation:						
- RSUs	-	-	455,577	-	-	455,577
Currency translation adjustment	-	-	-	22,659,770	-	22,659,770
Net loss for the year	-	-	-	-	(5,475,812)	(5,475,812)
Balance at May 31, 2026	269,346,976	670,277,562	10,420,291	20,573,142	(434,375,809)	266,895,186

	Year Ended May 31, 2025							
	Share Capital							
	Number of Shares*	Amount $	Share-Based Payments Reserve $	Equity Attributable to Parent $	Foreign Currency Translation Reserve $	Deficit $	Non-controlling Interest $	Total Equity $
Balance at May 31, 2024	96,293,365	97,678,699	9,382,338	11,947,523	(602,677)	(96,569,072)	16,988,755	38,825,566
Common shares issued for:								
- private placement	31,800,078	143,100,351	-	-	-	-	-	143,100,351
- share options	4,522,058	1,675,385	-	-	-	-	-	1,675,385
- RSUs	50,000	-	-	-	-	-	-	-
- corporate restructuring	125,041,031	418,887,454	-	(19,978,827)	-	(325,672,031)	(26,026,888)	47,209,708
- finder's fees	335,116	1,508,022	-	-	-	-	-	1,508,022
Share issue costs	-	(4,829,990)	-	-	-	-	-	(4,829,990)
Transfer on exercise of:								
- share options	-	694,681	(694,681)	-	-	-	-	-
- RSUs	-	95,111	(95,111)	-	-	-	-	-
Share-based compensation:								
- transferred on closing of SIA	-	-	3,872,260	-	-	-	-	3,872,260
- ESO	-	-	26,880	-	-	-	64,129	91,009
- RSUs	-	-	326,723	-	-	-	-	326,723
- share options	-	-	1,155,000	-	-	-	-	1,155,000
Currency translation adjustment	-	-	-	-	(1,483,951)	-	-	(1,483,951)
Distribution of capital	-	(656,380)	-	-	-	-	-	(656,380)
Net loss for the year	-	-	-	-	-	(6,658,894)	(1,415,115)	(8,074,009)
Change in ownership interest in subsidiary	-	-	-	8,031,304	-	-	10,389,119	18,420,423
Balance at May 31, 2025	258,041,648	658,153,333	13,973,409	-	(2,086,628)	(428,899,997)	-	241,140,117

* The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a one new for 3.169432 old basis effective January 10, 2025. See also Notes 4 and 11.

The accompanying notes are an integral part of these consolidated financial statements.

For personal use only

SOUTHERN CROSS GOLD CONSOLIDATED LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended May 31,	
	2026 $	2025 $
Operating activities		
Net loss for the year	(5,475,812)	(8,074,009)
Adjustments for:		
Depreciation and amortization	558,697	262,824
Foreign exchange	-	(2,481,140)
Impairment of exploration and evaluation assets	-	361,289
Share-based compensation	455,577	1,572,732
Accretion of interest on lease liabilities	65,438	46,278
Unrealized loss (gain) on investments	196,387	(281,291)
Changes in non-cash working capital items:		
Amount receivable	87,643	(83,392)
GST/VAT receivable	(217,267)	(150,127)
Prepaid expenses and other assets	(1,089,192)	9,803
Accounts payable and accrued liabilities	3,098,815	750,933
Net cash used in operating activities	(2,319,714)	(8,066,100)
Investing activities		
Expenditures on exploration and evaluation assets	(32,205,649)	(12,373,607)
Additions to property, plant and equipment	(12,612,059)	(2,470,415)
Additions to bonds	(1,709,310)	(26,520)
Cash acquired from acquisition of subsidiary	-	16,937,494
Cash relinquished under SUA arrangement	-	(613,832)
Net cash (used in) provided by investing activities	(46,527,018)	1,453,120
Financing activities		
Issuance of common shares	8,115,534	144,775,736
Share issue costs	-	(3,321,968)
Payments on lease liabilities	(322,516)	(175,324)
Net proceeds from SXG AUS issuance of ordinary shares prior to SIA	-	1,482,929
Net cash provided by financing activities	7,793,018	142,761,373
Effect of exchange rate changes on cash	8,970,539	(433,236)
Net change in cash and cash equivalents	(32,083,175)	135,715,157
Cash and cash equivalents at beginning of year	151,212,676	15,497,519
Cash and cash equivalents at end of year	119,129,501	151,212,676

Supplemental cash flow information - Note 17

The accompanying notes are an integral part of these consolidated financial statements.

For personal use only

For personal use only

1. Nature of Operations

Southern Cross Gold Consolidated Ltd. (the "Company") was incorporated on March 10, 2004 under the Company Act (British Columbia) and is the ultimate parent company of the Group. In January 2025, the Company completed a reorganization comprising the distribution of its uranium assets and the acquisition of the shares of Southern Cross Gold Pty Ltd. ("SXG AUS") not already owned by the Company (see Note 4). On January 10, 2025 the Company changed its name from Mawson Gold Limited to Southern Cross Gold Consolidated Ltd. and its TSXV trading symbol to "SXGC". On January 15, 2025 the Company's common shares were listed on the Australian Securities Exchange ("ASX") under the symbol "SX2". On July 2, 2025 the Company's common shares ceased trading on the TSXV and began trading on the TSX under the same symbol. On August 19, 2025 the Company's common shares commenced trading on the OTCQX under the symbol "SXGCF". The Company's executive office is located at #1305 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7, Canada.

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at May 31, 2026 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

As at May 31, 2026 the Company had working capital of $114,497,878 and management considers the Company has adequate resources to maintain its core operations, conduct planned exploration programs on its existing exploration and evaluation assets and discharge its obligations as they become due in the next twelve months.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC").

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise stated.

Details of the Group and Non-controlling Interest

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest.

Non-controlling interest in the Company's less than wholly-owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

For personal use only

2. Basis of Preparation (continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

In January 2025 the Company completed a corporate restructuring in which SXG AUS became a 100% wholly-owned subsidiary, as disclosed in Note 4. As at May 31, 2026 the significant subsidiaries of the Company are SXG AUS and its Australian subsidiaries, all incorporated in Australia and 100% owned.

3. Material Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Company's entities' functional currencies are the Canadian dollar and the Australian dollar, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

(iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

For personal use only

3. Material Accounting Policies (continued)

(v) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 15.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Depreciation expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations.

(ii) The cost estimates are updated periodically during the life of a mine to reflect known developments (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iii) The assessment of any impairment of exploration and evaluation assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. In fiscal 2025 management made an impairment charge of $361,289 on certain of its exploration and evaluation assets. In fiscal 2026 management concluded there were no impairment indicators and no impairment charge was required.

(iv) Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity (deficiency).

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution.

Amounts Receivable

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records an allowance for credit losses at an amount equal to the lifetime expected credit losses using a present value and probability- weighted model.

For personal use only

3. Material Accounting Policies (continued)

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties, net of government assistance. Such costs include, but are not limited to, geological and geophysical studies. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on either a straight-line or a diminishing value basis over the estimated useful life of the assets.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

For personal use only

3. Material Accounting Policies (continued)

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Leases

The Company recognizes a right-of-use asset and a lease liability for its leases. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is re-measured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Impairment of Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

An obligation to incur restoration and rehabilitation costs arises when environmental disturbance is caused by the exploration, development or production of a mineral interest. A provision is recognized for the present value of the estimated cost of restoring that disturbance where a present obligation exists and the cost can be reliably estimated. The present value is determined using a pre-tax risk-free discount rate that reflects the time value of money. The corresponding amount is capitalized within exploration and evaluation assets and is not amortized during the exploration and evaluation phase. The related liability is adjusted each period for the accretion of the discount, which is recognized as a finance cost, and for changes in the discount rate and in the amount or timing of the cash flows required to settle the obligation.

For personal use only

3. Material Accounting Policies (continued)

Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit and loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

For personal use only

3. Material Accounting Policies (continued)

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

The tax expense comprises current and deferred tax. Tax is recognized separately in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax relating to items recognized directly in equity or other comprehensive income ("OCI") is recognized in equity or OCI and not in the statement of comprehensive loss.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss Per Share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share.

For personal use only

3. Material Accounting Policies (continued)

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar other than SXG AUS, where the functional currency is the Australian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. For foreign subsidiaries where the Canadian dollar is the functional currency, income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss. For SXG AUS, income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive income (loss) and recognized in the foreign currency translation reserve.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Accounting Standards and Interpretations Issued but Not Yet Effective

IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 *Statement of Cash Flows*. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is assessing the impact of adoption of IFRS 18 and is working to identify all impacts the changes will have on the consolidated financial statements.

4. Corporate Restructuring

On July 30, 2024 the Company entered into a definitive binding scheme implementation agreement (the "SIA") with SXG AUS, its 48.7% owned subsidiary on the date of the SIA, to acquire all of the ordinary shares of SXG AUS (the "SXG AUS Shares") that the Company did not already own, by way of a scheme of arrangement under the laws of Australia (the "SXG AUS Scheme"). Following completion of the SXG AUS Scheme on January 23, 2025, SXG AUS became a wholly owned subsidiary of the Company.

Under the terms of the SXG AUS Scheme:

(i) on January 15, 2025, the Company completed the spin-out of the uranium assets and cash of $613,832 held by its then wholly-owned subsidiary SUA Holdings Limited ("SUA") and SUA's wholly-owned subsidiary, Euro Canna Holdings Ltd. ("Euro Canna") (the "SUA Arrangement") under the Business Corporations Act (British Columbia). Pursuant to the SUA Arrangement, the Company distributed 100% of the common shares of SUA (the "SUA Shares") held by it to shareholders of the Company of record as at January 10, 2025, on a pro rata basis. As a result, the Company shareholders also became shareholders of SUA and SUA and Euro Canna ceased to be subsidiaries of the Company. SUA became a reporting issuer in British Columbia and Alberta.

For personal use only

4. Corporate Restructuring (continued)

The transaction was recorded at carrying value. The carrying value of the net assets transferred pursuant to the SUA Arrangement consisted of the following:

	$
Cash	613,832
Exploration and evaluation assets	42,548
	656,380

(ii) on January 10, 2025, the Company effected a share consolidation of its common shares on the basis of one (1) post-consolidation share (a "Consolidated Share") for every 3.169432 pre-consolidation common shares (the "Consolidation"). As a result, the 306,138,320 common shares issued and outstanding prior to the Consolidation were reduced to 96,590,894 common shares, and outstanding stock options were adjusted accordingly. In addition the Company changed its name to Southern Cross Gold Consolidated Ltd.

(iii) on January 15, 2025, the Company's securities commenced quotation on the ASX under the ticker symbol "SX2" and are settled in the form of CHESS Depositary Interests ("CDIs").

(iv) on January 23, 2025, the Company issued 125,041,031 common shares of the Company, with a fair value of $3.35 per share for total consideration of $418,887,454, to acquire the SXG AUS Shares.

During fiscal 2025 the Company incurred $2,625,076 for costs associated with the SIA.

5. Prepaid Expenses and Other Assets

	As at May 31,	
	2026	2025
	$	$
Prepaid expenses	568,141	119,392
Deposits	600,186	-
Other	104,570	-
	1,272,897	119,392

6. Investments

	As at May 31, 2026			
	Number	Cost $	Unrealized Loss $	Carrying Value $
Common shares				
Nagambie Resources Limited ("Nagambie")	53,361,046	1,768,741	(1,213,269)	555,472
Kingsmen Resources Limited ("Kingsmen")	18,750	45,000	(23,062)	21,938
		1,813,741	(1,236,331)	577,410

	As at May 31, 2025			
	Number	Cost $	Unrealized Loss $	Carrying Value $
Common shares				
Nagambie	53,361,046	1,768,741	(1,013,319)	755,422
Kingsmen	18,750	45,000	(26,625)	18,375
		1,813,741	(1,039,944)	773,797

(a) Pursuant to a subscription agreement dated March 24, 2020 the Company subscribed for 50,000,000 ordinary shares of Nagambie (the "Nagambie Shares"). As consideration for the acquisition of the Nagambie Shares the Company issued Nagambie 2,681,868 common shares of the Company, at a fair value of $1,572,500. As long as the Company continues to hold the Nagambie Shares it maintains a right of refusal to take up or match proposals being considered over a 3,600 square kilometre tenement package held by Nagambie.

The Company subsequently purchased an additional 3,361,046 ordinary shares of Nagambie for $196,241 through open-market purchases.

(b) The carrying values of the investments were determined using quoted market values. During fiscal 2026 the Company recorded an unrealized loss of $196,387 (2025 - gain of $281,291) on its investments held.

For personal use only

For personal use only

7. Property, Plant and Equipment

	Land $	Buildings $	Office and Field Equipment $	Leasehold and Property Improvements $	Vehicles $	Total $
Cost:						
Balance at May 31, 2024	3,014,787	-	165,110	-	227,736	3,407,633
Additions	13,548,156	-	190,771	-	22,738	13,761,665
Foreign exchange movement	(389,507)	-	(8,969)	-	(6,980)	(405,456)
Balance at May 31, 2025	16,173,436	-	346,912	-	243,494	16,763,842
Additions	7,789,851	2,260,587	1,668,859	528,312	364,450	12,612,059
Disposals	-	-	-	-	(5,549)	(5,549)
Foreign exchange movement	2,463,754	149,506	152,167	34,940	53,073	2,853,440
Balance at May 31, 2026	26,427,041	2,410,093	2,167,938	563,252	655,468	32,223,792
Accumulated Depreciation:						
Balance at May 31, 2024	-	-	(61,668)	-	(89,384)	(151,052)
Depreciation	-	-	(44,478)	-	(34,626)	(79,104)
Foreign exchange movement	-	-	6,064	-	2	6,066
Balance at May 31, 2025	-	-	(100,082)	-	(124,008)	(224,090)
Depreciation	-	(69,517)	(147,683)	(5,747)	(62,203)	(285,150)
Disposals	-	-	-	-	4,421	4,421
Foreign exchange movement	-	(4,598)	(25,540)	(380)	(15,049)	(45,567)
Balance at May 31, 2026	-	(74,115)	(273,305)	(6,127)	(196,839)	(550,386)
Carrying Value:						
Balance at May 31, 2025	16,173,436	-	246,830	-	119,486	16,539,752
Balance at May 31, 2026	26,427,041	2,335,978	1,894,633	557,125	458,629	31,673,406

(i) In December 2024 SXG AUS entered into an agreement and acquired a special purpose company holding agricultural land situated over the Sunday Creek Project area and cash of $16,937,494 (AUD $18,750,000) for which SXG AUS issued 22,088,670 SXG AUS ordinary shares with a fair value of $68,839,315 (AUD $76,205,912). SXG AUS also paid $1,345,307 (AUD $1,491,424) for legal and associated costs relating to the acquisition, for a total consideration of $70,184,622 (the "Land Purchase Consideration"). The acquisition of the special purpose company did not meet the criteria of a business combination under IFRS 3.

The Land Purchase Consideration has been allocated as follows:

	$
Cash	16,937,494
Land, at appraised value	11,291,250
Exploration and evaluation assets	41,955,878
	70,184,622

(ii) During fiscal 2026 the Company purchased agricultural land situated over the Sunday Creek Project area for total cash consideration of $7,789,851 (2025 - $2,256,906). All of the purchase consideration has been attributed to land costs.

For personal use only

8. Exploration and Evaluation Assets

	As at May 31, 2026			
	Acquisition Costs $	Deferred Exploration Costs $	Foreign Exchange Movement $	Total $
Australia				
Sunday Creek	42,754,936	60,872,026	13,067,277	116,694,239
Redcastle	284,794	2,607,169	31,706	2,923,669
	43,039,730	63,479,195	13,098,983	119,617,908

	As at May 31, 2025			
	Acquisition Costs $	Deferred Exploration Costs $	Foreign Exchange Movement $	Total $
Australia				
Sunday Creek	42,754,936	27,675,072	2,103,249	72,533,257
Redcastle	284,794	2,128,418	(259,441)	2,153,771
	43,039,730	29,803,490	1,843,808	74,687,028

Australia

(i) *Sunday Creek Project*

Pursuant to an acquisition agreement, dated March 24, 2020 the Company acquired 100% of the shares in Clonbinane Goldfield Pty Ltd ("Clonbinane") from Nagambie. As consideration the Company paid Nagambie a total of $454,480 (AUD $528,880) cash, issued 315,514 common shares of the Company at a fair value of $185,000 and incurred legal fees of $35,786. Clonbinane's sole asset was the Sunday Creek Project.

During fiscal 2025 the Company capitalized $41,955,878 to the Sunday Creek Project, as described in Note 7.

(ii) *Redcastle Property*

On March 24, 2020 the Company entered into an option and joint venture agreement pursuant to which the Company had the right to earn up to a 70% joint venture interest in Nagambie's Redcastle gold property located in Victoria, Australia by incurring AUD $1,000,000 of exploration expenditures on the Redcastle property. In June 2021 the Company notified Nagambie that the Company had earned a 70% interest in the Redcastle gold property. On October 24, 2024 Nagambie and the Company entered into a purchase and sale agreement whereby the Company paid $228,550 (AUD $250,000) and acquired Nagambie's remaining 30% joint venture interest.

(iii) *Commitments*

Australia tenement spending commitments are subject to renegotiation when an application for a mining lease and/or renewal of exploration permits is made or at other times and are subject to whether the Company decides to continue a tenement's rights until its expiry. The amounts detailed below are the minimum expenditures required to maintain ownership of the current tenements held as at May 31, 2026.

	AUD $
Within one year	20,101,792
One to five years	9,057,829
Total	29,159,621

For personal use only

9. Right of Use Assets

	$
Cost:	
Balance at May 31, 2024	306,206
Additions	1,274,828
Foreign exchange movement	(37,291)
Balance at May 31, 2025	1,543,743
Additions	156,305
Re-measurement	(671,365)
Foreign exchange movement	151,924
Balance at May 31, 2026	1,180,607
Accumulated amortization:	
Balance at May 31, 2024	(103,447)
Amortization	(183,720)
Foreign exchange movement	7,041
Balance at May 31, 2025	(280,126)
Amortization	(273,547)
Re-measurement	147,495
Foreign exchange movement	(41,407)
Balance at May 31, 2026	(447,585)
Carrying value:	
Balance at May 31, 2025	1,263,617
Balance at May 31, 2026	733,022

The Company has lease contracts for office and warehouse premises. It does not have any subleases.

Effective April 28, 2025 the Company entered into an office lease agreement with the family trust of the Company's Chief Executive Officer for a term of five years plus a three year renewal option, currently at AUD $8,206 per month.

As at May 31, 2026 the lease liabilities have remaining lease terms of approximately three to eight years and were determined using an effective interest rate between 5% to 7%.

	Year Ended May 31,	
	2026	2025
	$	$
Balance, beginning of year	1,264,505	203,643
Additions	156,305	1,250,577
Adjustment to lease terms	(523,870)	-
Accretion of interest	65,438	46,278
Payments	(322,516)	(175,324)
Foreign exchange movement	109,788	(60,669)
Balance, end of year	749,650	1,264,505
Current portion of lease liabilities	197,701	197,699
Non-current portion of lease liabilities	551,949	1,066,806
Total lease liabilities	749,650	1,264,505

For personal use only

9. Right of Use Assets (continued)

As at May 31, 2026 the total of future minimum lease payments under the lease are as follows:

	$
Less than one year	230,083
Greater than one year	629,305
	859,388

10. Accounts Payable and Accrued Liabilities

	As at May 31,	
	2026	2025
	$	$
Trade creditors and accounts payable	4,702,302	1,957,507
Accruals and provisions	1,661,630	801,825
	6,363,932	2,759,332

11. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Share Consolidation*

On January 10, 2025 the Company completed a consolidation of its share capital on a one new for 3.169432 old basis. The share and per share amounts have been adjusted within these consolidated financial statements to reflect the share consolidation.

(c) *Equity Financings*

Fiscal 2026

The Company did not conduct any equity financings during fiscal 2026**.**

Fiscal 2025

During fiscal 2025 the Company completed a private placement totalling 31,800,078 common shares, at $4.50 per common share, for total proceeds of $143,100,351.

The Company paid finders' fees of $2,898,946 cash and issued 335,116 common shares at an ascribed value of $1,508,022. In addition the Company incurred $423,022 for legal and other costs associated with this private placement.

(d) *Incentive Plans*

On November 17, 2025 the Company adopted a new omnibus equity incentive plan (the "Omnibus Plan"). The Omnibus Plan provides flexibility to the Company to grant equity-based incentive awards in the form of share options, restricted share units, performance share units and deferred share units. The total number of common shares of the Company reserved for issuance granted under the Omnibus Plan and all other security-based compensation arrangements shall not exceed 10% of the issued and outstanding common shares from time to time.

For personal use only

11. Share Capital (continued)

(i) No share options were granted during fiscal 2026.

During fiscal 2025 the Company granted share options to purchase a total of 700,000 common shares and recognized compensation expense of $1,155,000. The fair value of Company share options granted during fiscal 2025 was estimated using the Black-Scholes option pricing model using the following assumptions: a risk-free interest rate of 2.51%; estimated volatility of 72%; expected life of 3 years; expected dividend yield of 0%; and estimated forfeiture rate of 0%.

A summary of the Company's share options at May 31, 2026 and 2025 and the changes for the years ended on those dates, is as follows:

	2026		2025	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Balance, beginning of year	11,706,373	CDN $0.84	1,117,865	CDN $0.76
Exercised	-	-	(297,529)	CDN $0.76
Transferred on closing of SIA	-	-	12,200,000	AUD $0.71
Balance on closing of SIA	11,706,373	CDN $0.84	13,020,336	CDN $0.61
Granted subsequent to the SIA	-	-	700,000	CDN $3.38
Exercised subsequent to the SIA	(10,356,373)	CDN $0.78	(2,013,963) [1]	CDN $0.42
Balance, end of year	1,350,000	CDN $1.80 [2]	11,706,373	CDN $0.84

(1) In fiscal 2025 250,000 share options were exercised on a cash-less basis (net exercise) for the issuance of 220,899 common shares.
(2) Share options exercisable in AUD $ are stated in Canadian currency equivalents at the exchange rate at the end of the year.

The following table summarizes information about the Company share options outstanding and exercisable at May 31, 2026:

Number Outstanding and Exercisable	Exercise Price	Expiry Date
500,000	AUD $0.66	August 15, 2026
250,000	AUD $0.30	May 5, 2027
600,000	CDN $3.38	March 10, 2028
1,350,000		

(ii) On closing of the SIA, the 280,000 employee security ownership plan securities ("ESOs"), awarded by SXG AUS, were exchanged for 280,000 Company restricted shares units ("RSUs"). See also Note 11(e)(iv). During fiscal 2025 the Company recognized $326,723 share-based compensation expense due to additional vesting of the RSUs subsequent to the closing of the SIA. During fiscal 2026 the Company recognized $455,577 share-based compensation expense on the vesting of the RSUs.

During fiscal 2026 the Company awarded 207,813 RSUs.

During fiscal 2026 the Company issued 198,955 (2025 - 50,000) common shares on the redemption of RSUs.

As at May 31, 2026, 238,858 (2025 - 230,000) RSUs remained outstanding, of which 2,500 (2025 - 100,000) RSUs have vested and the remaining 236,358 (2025 - 130,000) RSUs are subject to vesting provisions.

For personal use only

11. Share Capital (continued)

A summary of RSUs at May 31, 2026 and 2025 and the changes for the years ended on those dates, is as follows:

	Number of RSUs Outstanding	
	2026	**2025**
Balance, beginning of year	230,000	-
Transferred from ESO Plan on closing of SIA	-	280,000
Awarded	207,813	-
Exercised	(198,955)	(50,000)
Balance, end of year	238,858	230,000

See also Note 19.

(e) *SXG AUS Lead Manager Options, Broker Options, Share Options and Employee Security Ownership Plan*

(i) During fiscal 2023 SXG AUS issued 3,000,000 options (the "Lead Manager Options") to its broker in connection with its private placement conducted in November 2022.

The SXG AUS Lead Manager Options were transferred to the Company on closing of the SIA. A summary of SXG AUS Lead Manager Options at May 31, 2026 and 2025 and the changes for the years ended on those dates, is as follows:

	2026		2025	
	Number	**Weighted Average Exercise Price AUD $**	**Number**	**Weighted Average Exercise Price AUD $**
Balance, beginning of year	750,000	0.87	1,205,000	0.87
Exercised	(750,000)	0.87	(175,000)	0.87
Balance prior to SIA	-	-	1,030,000	0.87
Exercised	-	-	(280,000)	0.87
Balance, end of year	-	-	750,000	0.87

(ii) During fiscal 2022 SXG AUS issued 6,500,000 options (the "Broker Options") to its lead broker in connection with its IPO.

The SXG AUS Broker Options were transferred to the Company on closing of the SIA. A summary of SXG AUS Broker Options at May 31, 2025 and the changes for the year ended on that date, is as follows:

	2025	
	Number	**Weighted Average Exercise Price AUD $**
Balance, beginning of year	3,902,251	0.30
Exercised	(1,942,584)	0.30
Balance prior to SIA	1,959,667	0.30
Exercised	(1,959,667)	0.30
Balance, end of year	-	-

For personal use only

11. Share Capital (continued)

(iii) A summary of SXG AUS share options at May 31, 2025 and the changes for the year ended on that date, is as follows:

	2025	
	Number of Options Outstanding	Weighted Average Exercise Price AUD $
Balance, beginning of year	14,899,999	0.64
Exercised	(2,699,999)	0.33
Balance prior to SIA	12,200,000	0.71
Transferred to share options on closing of SIA	(12,200,000)	0.71
Balance, end of year	-	-

(iv) On March 17, 2022 SXG AUS adopted an employee security ownership plan (the "ESO Plan"). The ESO Plan provided for the issuance of up to 8,970,000 ESOs. During fiscal 2025 SXG AUS granted 280,000 ESOs with vesting provisions and recorded $91,009 share-based compensation for the vesting of the granted ESOs prior to the closing of the SIA. On closing of the SIA the 280,000 ESOs granted were exchanged for 280,000 Company RSUs.

A summary of ESOs at May 31, 2025 and the changes for the year ended on that date, is as follows:

	2025 Number of ESOs
Balance, beginning of year	-
Awarded	280,000
Transferred to RSUs on closing of SIA	(280,000)
Balance, end of year	-

12. Provision for Site Restoration

	Year Ended May 31,	
	2026 $	2025 $
Balance, beginning of year	-	-
Provision	1,553,313	-
Balance, end of year	1,553,313	-

The total undiscounted amount of estimated cash flows required to settle the Company's estimated obligation at May 31, 2026 was AUD $2,078,330 which, as at May 31, 2026, has been discounted using a credit adjusted pre-tax risk free rate of 4.83% and an inflation rate of 2.5%. The present value of the reclamation liability may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations. Such changes will be recorded in the accounts of the Company as they occur. The settlement of the obligation is anticipated to occur in December 2031.

For personal use only

13. Non-controlling Interests

During fiscal 2022 the Company determined to restructure its Australian assets into a new entity which would conduct an IPO in Australia and a listing of its ordinary shares on the ASX. On July 21, 2021 the Company incorporated SXG AUS as a wholly-owned Australian subsidiary. On August 9, 2021 the Company transferred its shareholdings in its 100% owned Australian subsidiaries, Mawson Queensland Pty Ltd. ("Queensland"), SXG Victoria Pty Ltd. ("Victoria") and Clonbinane Goldfield Pty Ltd. ("Clonbinane"), to SXG AUS. On December 29, 2021 the Company transferred its holdings in Nagambie shares to SXG AUS. During fiscal 2022 SXG AUS conducted a number of private placements and its initial public offering and the Company's interest in SXG AUS was diluted from 100% to 60%.

In fiscal 2023 SXG AUS completed a private placement of its common shares further diluting the Company's interest to 50.99%. In fiscal 2024 SXG AUS completed a private placement and a rights offering, issued ordinary shares for the exercise of share options, Lead Manager Options and Broker Options and, as a result, the Company's ownership interest was diluted to 49.6% as at May 31, 2024. During fiscal 2025 SXG AUS issued ordinary shares and the Company's ownership interest was diluted to 43.6% prior to the SIA. On January 23, 2025 the Company completed the SIA and SXG AUS became a wholly-owned subsidiary of the Company as described in Note 4.

The following is a continuity of SXG AUS' non-controlling interest:

	$
Balance at May 31, 2023	13,870,387
Non-controlling interest adjustment for change in ownership interests	4,505,852
Share-based compensation adjustment	2,341,645
Currency translation adjustment	(173,481)
Share of loss for the year June 1, 2023 to May 31, 2024	(3,555,648)
Balance at May 31, 2024	16,988,755
Non-controlling interest adjustment for change in ownership interests	10,389,119
Share-based compensation adjustment	64,129
Share of loss for the period June 1, 2024 to January 23, 2025	(1,415,115)
Acquisition of remaining non-controlling interest	(26,026,888)
Balance at May 31, 2025	-

14. Related Party Disclosures

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 consists of members of the Company's Board of Directors and its executive officers.

(a) *Transactions with Key Management Personnel*

During fiscal 2026 the Company incurred a total of $1,727,546 (2025 - $709,950) to current and former key management personnel of the Company for salaries and fees which have been allocated based on the nature of the services provided: expensed $1,402,895 (2025 - $540,043) to administration and corporate costs; expensed $nil (2025 - $20,000) to corporate restructuring costs; and capitalized $324,651 (2025 - $149,907) to exploration and evaluation assets. As at May 31, 2026 $107,773 (2025 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

During fiscal 2026 the Company also recorded $196,004 (2025 - $660,000) share-based compensation on the granting and vesting of RSUs and share options.

For personal use only

14. Related Party Disclosures (continued)

(b) On November 4, 2025 the Company's then CFO resigned. During fiscal 2026 the Company incurred a total of $42,500 (2025 - $73,500) with Chase Management Ltd. ("Chase"), a private corporation owned by the former CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the former CFO, and $1,675 (2025 - $4,020) for rent prior to the CFO's resignation.

During fiscal 2025 the Company also recorded $247,500 share-based compensation for the granting of share options.

(c) See also Note 9.

15. Income Taxes

Deferred income tax assets and liabilities of the Company as at May 31, 2026 and 2025 are as follows:

	2026 $	2025 $
Deferred income tax assets (liabilities)		
Losses carried forward	48,029,200	19,910,500
Financing costs	1,000,700	1,137,200
Difference between book value and income tax costs of exploration and evaluation assets	68,591,000	(9,819,300)
Difference between book value and income tax costs of property, plant and equipment	(667,800)	-
Other	76,800	-
	117,029,900	11,228,400
Unrecognized deferred tax assets	(117,029,900)	(11,228,400)
Net deferred income tax asset	-	-

The recovery of income taxes shown in the consolidated statements of comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2026	2025
Income tax rate reconciliation		
Combined federal and provincial income tax rate	27.0%	27.0%

	2026 $	2025 $
Expected income tax recovery	1,478,500	2,180,000
Foreign income tax rate differences	148,300	87,800
Non-deductible share-based compensation	(123,000)	(427,400)
Other	299,500	356,000
Unrecognized benefit of income tax losses	(1,803,300)	(2,196,400)
Actual income tax recovery	-	-

As at May 31, 2026 the Company has non-capital losses of approximately $11,567,200 (2025 - $25,365,500), allowable capital losses of approximately $59,925,400 (2025 - $48,340,600) and tax pools of approximately $2,898,000 (2025 - $4,007,400) carried forward for Canadian income tax purposes which are available to reduce taxable income in future years. The non-capital losses expire commencing in 2038 through 2046. The allowable capital losses and tax pools can be carried forward indefinitely.

For personal use only

15. Income Taxes (continued)

The Company's subsidiaries have incurred losses for tax purposes, as follows:

	2026		2025	
Country	**$**	**Expiry**	**$**	**Expiry**
Australia	149,686,700	Indefinite	43,539,300	Indefinite

16. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; and fair value through other comprehensive income ("FVOCI"). The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	May 31, 2026 $	May 31, 2025 $
Cash and cash equivalents	FVTPL	119,129,501	151,212,676
Amount receivable	Amortized cost	-	83,392
Investments	FVTPL	577,410	773,797
Bonds	Amortized cost	1,900,824	95,985
Accounts payable and accrued liabilities	Amortized cost	(6,363,932)	(2,759,332)
Lease liabilities	Amortized cost	(749,650)	(1,264,505)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities and time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amount receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for lease liabilities approximate their fair value and they have interest at market rates for similar debt. The recorded amounts for cash and cash equivalents, investments and bonds approximate their fair value. The Company's fair value of cash and cash equivalents, and investments under the fair value hierarchy are measured using Level 1 inputs.

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. The Company's credit risk is primarily attributable to cash. Management believes that the potential loss related to the credit risk included in cash is remote.

For personal use only

16. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at May 31, 2026				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash and cash equivalents	119,129,501	-	-	-	119,129,501
Investments	-	-	577,410	-	577,410
Bonds	-	-	1,900,824	-	1,900,824
Accounts payable and accrued liabilities	(6,363,932)	-	-	-	(6,363,932)
Lease liabilities	(49,425)	(148,276)	(470,463)	(81,486)	(749,650)

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. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At May 31, 2026, 1 Canadian dollar was equal to 1.01 Australian dollar and 0.72 US dollar.

Balances are as follows:

	Australian $	US $	Equivalent Canadian $
Cash and cash equivalents	82,912,149	53,411	82,165,419
GST receivable	572,047	-	566,383
Bonds	1,917,313	-	1,900,824
Accounts payable and accrued liabilities	(6,371,243)	-	(6,308,162)
	79,030,266	53,411	78,324,464

Based on the net exposures as of May 31, 2026 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian dollar against the Australian dollar and US dollar would result in the Company's net income or loss being approximately $7,940,000 higher (or lower).

For personal use only

16. Financial Instruments and Risk Management (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

17. Supplemental Cash Flow Information

During fiscal 2026 and 2025 non-cash activities were conducted by the Company as follows:

	2026 $	2025 $
Operating activities		
Accounts payable and accrued liabilities	-	1,061,583
Lease liabilities	156,305	1,274,828
Provision for site restoration	1,553,313	-
	1,709,618	2,336,411
Investing activities		
Additions to property, plant and equipment	-	(11,291,250)
Exploration and evaluation assets	(1,553,313)	(41,672,154)
Addition to right of use assets	(156,305)	(1,274,828)
	(1,709,618)	(54,238,232)
Financing activities		
Issuance of common shares	4,008,695	54,199,635
Share-based payments reserve	(4,008,695)	(789,792)
Share-issue costs	-	(1,508,022)
	-	51,901,821

For personal use only

18. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	As at May 31, 2026		
	Canada $	Australia $	Total $
Current assets	37,255,514	83,803,997	121,059,511
Investments	21,938	555,472	577,410
Property, plant and equipment	-	31,673,406	31,673,406
Exploration and evaluation assets	-	119,617,908	119,617,908
Right of use assets	-	733,022	733,022
Bonds	-	1,900,824	1,900,824
	37,277,452	238,284,629	275,562,081

	As at May 31, 2025				
	Canada $	Australia $	USA $	Sweden $	Total $
Current assets	141,939,124	9,851,211	-	13,440	151,803,775
Investments	18,375	755,422	-	-	773,797
Property, plant and equipment	-	16,539,752	-	-	16,539,752
Exploration and evaluation assets	-	74,687,028	-	-	74,687,028
Right of use assets	-	1,263,617	-	-	1,263,617
Bonds	-	70,030	15,896	10,059	95,985
	141,957,499	103,167,060	15,896	23,499	245,163,954

19. Events after the Reporting Period

Subsequent to May 31, 2026:

(i) the Company issued 70,359 common shares on the redemption of RSUs;
(ii) 5,000 RSUs were forfeited; and
(iii) 250,000 share options, which were priced as AUD $0.66 per share, were exercised on a cash-less basis, resulting in the issuance of 236,227 common shares. In addition 250,000 share options expired without exercise on August 15, 2026.

For personal use only

SOUTHERN CROSS GOLD CONSOLIDATED LTD.

TSX: SXGC | ASX: SX2 | OTCQX: SXGCF

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended May 31, 2026

Dated: August 25, 2026

This management's discussion and analysis ("MD&A") has been prepared as at August 25, 2026 to help investors view the Company through management's lens, to understand not just what happened, but why it matters and how we are positioned going forward. It should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the year ended May 31, 2026 as well as the audited consolidated financial statements and MD&A for the year ended May 31, 2025 for Southern Cross Gold Consolidated Ltd. ("SXGC" or the "Company").

The following disclosure and associated financial statements are presented in accordance with the IFRS Accounting Standards. Calendar Year and Fiscal Year are referenced throughout the document by "CY" and "FY" respectively. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars unless otherwise disclosed.

1. QUARTER AND YEAR IN CONTEXT

Message from Management

FY2026 was the year in which Sunday Creek transitioned from exploration to exploration with pre-development. The Company began the year as an explorer awaiting its key regulatory approval and ended it with an approved Exploration Work Plan, surface infrastructure substantially built, an underground development contract executed and - subsequent to year end - full 24-hour underground exploration decline development underway. Each quarter marked a distinct step in that transition, summarized in the Year in Review below.

Regulatory Milestone

As construction of the exploration decline and associated infrastructure progressed through Q4 FY2026, permitting activities continued to support the development, including Work Plan Variation for surface works, obtaining a Take and Use Groundwater Licence and progressing the Cultural Heritage Management Plan for the Project.

Project Development Summary

The period from April to August 2026 marked the transition of the Sunday Creek Project from surface earthworks to full 24-hour underground development. The Company executed a formal underground development contract with PYBAR Mining Services in May 2026, completed the Box-cut and portal establishment, and commenced underground exploration decline development in June 2026, in line with the schedule set out in prior disclosures. Following the grant of the explosives magazine licence on 13 July 2026, the operation transitioned to continuous 24-hour operations, with exploration decline advance as at the end of July totalling 123.1 m. The circa 1,100 m exploration decline remains targeted for completion in December 2026 and the first underground drill platform targeted for October 2026.

For personal use only

***Figure 1**. Exploration decline portal, face markup prior to firing.*

***Figure 2**. Bogging the first cut from the exploration decline portal.*

***Figure 3**. Scaling the first cut at the portal face.*

***Figure 4**. Box-cut and the portal face June 2026.*

For personal use only

***Figure 5**. Box-cut and the portal face July 2026*

***Figure 6.** Exploration Decline face July 2026*

***Figure 7**. Exploration Decline development July 2026*

For personal use only

Drilling Program Summary

Eleven drill rigs are currently operational on the Sunday Creek project, with an additional rig mobilized in the period. Two of these rigs are dedicated to regional exploration. Results are pending from 76 holes currently being processed and analyzed, comprising 54 holes at Sunday Creek and 22 regional holes. The Company continues its 200,000 m drill program through Q1 CY2027 with the aim to announce a maiden resource during Q1 CY2027.

The confirmation that Golden Dyke and Rising Sun form part of the same large-scale mineralized system, combined with record high-grade shallow intersections at Apollo and the award of the underground exploration decline contract to PYBAR, positions Sunday Creek for accelerated resource definition in CY2026.

Subsequent to year end, the Company announced one of the best holes released at Sunday Creek. SDDSC235 is the **westernmost hole** released from Christina. The hole remained within prospective dyke and altered sediment for a cumulative 800 m of its 1,405.7 m length, including a zone of mineralization from 282.1 m that returned **481 m @ 0.9 g/t Au (uncut)**, carrying Christina through into the Golden Dyke corridor before defining the prospective corridor within Rising Sun 1,010 m below surface. The hole returned **seven individual assays above 50 g/t Au, up to 496.0 g/t Au**, demonstrating that Christina hosts the same scale of mineralized system as Golden Dyke and Rising Sun.

Subsequent to year end, on August 25, 2026 the Company reported five drill holes from Rising Sun, comprising the deepest west-to-east drilling completed beneath the prospect to date. SDDSC230 returned **0.3 m @ 1,466.7 g/t AuEq (1,466.4 g/t Au, 0.1% Sb)** from 886.7 m, hosting an individual assay of 4,500.0 g/t Au, the fourth-highest individual gold assay returned at Sunday Creek to date.

As at August 25, 2026, the Company has reported 278 drill holes for 134,534 m of drilling at Sunday Creek. At 1 m (down hole length) @ 5 g/t AuEq lower cut the project has delivered to date:

Gold downhole composite intersections:

- 96 exceeding 100 g/t Au
- 83 between 50-100 g/t Au

Antimony downhole composite intersections:

- 110 exceeding 10% Sb

Financially, the Company deployed $30.6 million during FY2026, across drilling, exploration decline preparation, and regional exploration, ending the period with $119.1 million in cash, providing a robust runway through resource establishment and PEA completion. The Company is advancing strategic midstream antimony engagement with the Victorian State government, Japan and the USA.

Year in Review

The year's progression from explorer to explorer with pre-development is summarized below by quarter.

Q1 FY2026 (June – August 2025): Capital Markets Graduation and Footprint Expansion

The Company graduated to the Toronto Stock Exchange main board on July 2, 2025, and commenced trading on the OTCQX Best Market on August 19, 2025, while joining the S&P/ASX 300 and FTSE Russell Global Small Cap indices - materially broadening institutional access across three exchanges.

For personal use only

Stage 2 metallurgical test work was completed in August 2025, demonstrating successful selective flotation producing a high-grade, low-arsenic antimony-gold concentrate with 92-96% gold recovery, a key technical foundation for the Company's strategic positioning as a potential Western antimony supplier.

Drilling extended the mineralized corridor to 1.5 km of strike from Apollo East to Christina West, with high-grade intersections across Apollo, Rising Sun, Golden Dyke and Christina, and 220 drill holes for 97,553 m reported at the time of the Q1 MD&A. Safety performance was strong, with zero recordable injuries during the quarter.

Q2 FY2026 (September – November 2025): Regulatory Milestone

Q2 marked a transformational quarter. The Work Plan for the exploration decline was approved by the Victorian Regulator on November 26, 2025 - announced by the Victorian Premier at the CEDA economic forum, with critical minerals named as one of the State's key economic pillars - transitioning Sunday Creek from an exploration discovery to a project with approved exploration underground access and positioning the Company to commence exploration decline construction in January 2026.

Drilling continued to deliver exceptional high-grade intercepts across Rising Sun, Apollo, Golden Dyke and Christina, with 235 drill holes for 107,415 m reported at the time of the Q2 MD&A.

The Company ended the first half with $130.4 million in cash, having deployed $12.4 million across drilling, exploration decline preparation and regional exploration, and continued to advance its strategic antimony positioning following China's export restrictions, supported by Defence Industrial Base Consortium membership.

Q3 FY2026 (December 2025 – February 2026): From Planning to Execution

Q3 marked the transition from planning to execution. Lincolns Earthmoving mobilized to site in January 2026 and commenced surface earthworks including clearing, water storage dams, waste rock facilities and supporting infrastructure, while PYBAR received Board approval as preferred underground contractor in March 2026.

The quarter's most significant geological development was confirmation that Golden Dyke and Rising Sun form part of the same large-scale mineralized system, together with a 200 m western extension of Golden Dyke and continued high-grade intercepts at depth across all prospects, with 249 drill holes for 116,390 m reported at the time of the Q3 MD&A.

The Company built institutional-grade capital markets infrastructure, filing a C$700 million base shelf prospectus, joining the VanEck Junior Gold Miners ETF (GDXJ) and FTSE Canada All Cap Index effective March 20, 2026, and lodging a US EXIM Bank Letter of Intent. The appointments of Ryan Austerberry as Chief Operating Officer (“COO”) and Joe Seppelt as Head of Technology & Processing materially strengthened execution capability.

The Company ended the quarter with $123.2 million in cash.

Q4 FY2026 (March – May 2026) and Subsequent Events: Underground Development Underway

Q4 completed the transition to underground development. The Company executed the formal underground development contract with PYBAR in May 2026 and completed the Box-cut and Dam 4 water storage subsequent in June 2026. The Company commenced underground exploration decline development in June 2026, in line with plan. Following the grant of the explosives magazine licence on 13 July 2026, the operation transitioned to continuous 24-hour operations, with exploration decline advance totalling 123.1 m as at the end of July 2026 and the circa 1,100 m exploration decline targeted for completion in December 2026.

For personal use only

Subsequent to year end, the Company announced an updated Exploration Target on August 4, 2026 of 10.4 – 11.9 million tonnes grading 8.9 – 12.1 g/t AuEq for 3.0 – 4.6 Moz AuEq*, and joined the S&P/TSX Composite Index effective June 22, 2026 - inclusion in Canada's headline equity benchmark. As at August 25, 2026, the Company has reported 278 drill holes for 134,534 m of drilling at Sunday Creek.

*The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been completed in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition ("JORC") and NI 43-101.

Key Themes This Quarter and Year

Management identified the following themes that defined this quarter and year and that will continue to shape performance:

Development Acceleration: The Company executed a formal underground exploration development contract with PYBAR in May 2026. The Box-cut and Dam 4 water storage were completed during May. In June, portal establishment began and by the end of July, exploration decline development had advanced to 123.1 m. The circa 1,100 m exploration decline is expected to be completed in December 2026.

Project Growth & Drilling Momentum: Eleven drill rigs are operating with the 200,000 m program aiming for a maiden resource in Q1 CY2027. The quarter delivered confirmation that Golden Dyke and Rising Sun form a single connected system, a 50 m western extension of Golden Dyke, and continued high-grade intercepts across all prospects - including a record shallow intersection at Apollo (17.3 m @ 22.9 g/t AuEq in SDDSC200) and a standout Golden Dyke result (1.6 m @ 59.8 g/t AuEq in SDDSC203).

Updated Exploration Target: On the 4 August 2026 the Company announced an updated Exploration Target for the Sunday Creek Gold-Antimony Project. The estimated range of potential mineralization for the Exploration Target is 10.4 – 11.9 million tonnes grading from 8.9 g/t gold equivalent ("AuEq") to 12.1 g/t AuEq for 3.0 Moz AuEq to 4.6 Moz AuEq.

The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been completed in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition ("JORC").

* (AuEq = Au (g/t) + 2.39 x Sb (%)) Differences may occur in totals due to rounding.

Capital Markets & Strategic Positioning: The Company joined the S&P/TSX Composite Index on 22 June, 2026. The inclusion of the Company in Canada's headline equity benchmark highlights the rapid advancement of the Sunday Creek Gold-Antimony Project. Combining this with the Company's existing capital markets infrastructure (C$700M base shelf prospectus, GDXJ/FTSE index inclusion), SXGC is positioned to finance the build in this current metals cycle.

Regulatory Approval to Development: The November 26, 2025 Work Plan approval - announced by the Victorian Premier - unlocked underground access and converted Sunday Creek from exploration discovery to project in development within a single year: surface earthworks commenced in January 2026, the underground contract was executed in May 2026, underground development commenced in June 2026 and 24-hour operations were achieved in July 2026.

For personal use only

Investment Highlights

Metric	Value	Management View
Exploration Target*	**3.0 Moz – 4.6 Moz @ 8.9-12.1 g/t AuEq***	Western gold-antimony mineralization
Cash Position	**$119.1 million**	Fully funded to Inferred Resource & PEA
Drilling Completed (Cumulative)	**134,534 m**	Substantial drill program underway
High-Grade Intercepts	**96 intercepts >100 g/t Au**	Strong exploration results
Mineralized Trend	**12+ km**	<10% tested to date
Freehold Land	**1,392 Ha**	Strategic ownership around project

*The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been completed in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition ("JORC") and NI 43-101.

2. OPERATING ENVIRONMENT

Industry Context

Gold Market: Gold prices increased during the fiscal year, rising from approximately US$3,300/oz at the start of the fiscal year to a record high of approximately US$5,600/oz in late January 2026, before consolidating to close May 2026 at approximately US$4,540/oz - up approximately 40% year on year. The Company's high grades potentially position Sunday Creek favourably. Importantly, Sunday Creek can be advanced primarily on gold economics (approximately 80% of recoverable value), reducing antimony-related market risks while maintaining strategic supply potential. Subsequent to year end, gold has continued to trade at historically elevated levels, at approximately US$4,380/oz on August 11, 2026.

Antimony market: According to the China Shanghai Changjiang Antimony Grade 1 spot price, antimony closed at CNY 92,000/mt (approximately US$13,600/mt) on 7 August 2026, down 43.2% year to date and 50.8% over the rolling 12 months, as the market continued to correct from its CY2025 peak.

Antimony surged from mid-CY2024, rising from around CNY 60,000/mt (broadly in line with the long-term nominal average of approximately CNY 62,000/mt over CY2003 to CY2026) to a peak of approximately CNY 240,000/mt in CY2025, close to four times that long-term average. Prices have since retraced sharply and now sit around 1.5 times the long-term average, although the spot price rose 3.4% in the week to 7 August 2026.

The CY2024 to CY2025 price surge followed China's August 2024 announcement of export controls on antimony and antimony products, effective 15 September 2024, which placed significant pressure on Western defence and semiconductor supply chains.

Victorian regulatory environment: In November 2025 the Victorian Regulator approved the Sunday Creek Exploration Decline Work Plan, and this approval, along with four mines receiving key permits in the preceding 12 months, reflects the constructive permitting environment in Victoria. The state hosts globally leading operations including Agnico Eagle's Fosterville mine (the world's highest-grade underground gold mine CY2018-2021) and Alkane Resources' Costerfield (largest Western antimony producer).

For personal use only

The Victorian Government Critical Minerals initiative continues to drive positive support and attention for the Sunday Creek project.

Strategic Positioning

The Company's membership of the US Defense Industrial Base Consortium (DIBC) and Australia's AUKUS-related legislative changes position the Company as a potential key Western antimony supplier:

- Proximity to established processing infrastructure – historically, ore from Sunday Creek was processed at Costerfield, 54 km to the northwest.
- Stage 2 metallurgical test work demonstrating 92-96% gold recovery and successful selective flotation producing high-grade, low-arsenic antimony-gold concentrate.
- Strategic freehold land ownership of 1,392 hectares securing the project footprint.
- Location 60 km north of Melbourne with excellent infrastructure access.

3. STRATEGY EXECUTION

Strategic Priorities & Progress

The Company's strategy centres on three priorities. This section tracks progress against each:

Priority 1: Resource Definition

Objective: Establish Inferred Mineral Resource by Q1 CY2027.

Progress this quarter: 17,753 m of surface drilling completed in Q4 at a drilling only cost of A$280/m, with 60,913 m drilled across the 12 months of FY2026 at a drilling only cost of A$283/m.

Drilling across Rising Sun, Golden Dyke, Apollo and Christina continues to deliver high-grade intercepts. The current Exploration Target released in August 2026 contains 3.0 M oz AuEq to 4.6 M oz AuEq @ 10.4 – 11.9 million tonnes grading from 8.9 g/t to 12.1 g/t AuEq.

The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been completed in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition ("JORC") and NI 43-101.

On track: Yes. Drilling program progressing to plan, with 11 surface rigs currently operating and underground rigs being mobilized in Q3-4 CY2026.

Priority 2: Exploration Decline Development Advancement

Objective: Commence underground exploration decline construction with surface works during January 2026.

Progress this quarter: Surface earthworks and site infrastructure continued to advance significantly, with the Box-cut, portal establishment and Dam 4 construction completed. Site buildings have been installed with exploration decline development advancing as planned.

On track: Yes. Box-cut and portal establishment are complete and the exploration decline has advanced 123.1m as at the end of July 2026.

Priority 3: Strategic Value Realization

For personal use only

Objective: Position Sunday Creek as critical Western antimony supply source.

Progress this quarter: Advancement of processing designs and flowsheet.

Furthered the Front-End Loading (FEL)1 study on the antimony pyro metallization and developed a scope of work and plan with Metso to update FEL1 with pilot test work, and advance to FEL3 with Metso and EPCM.

On track: Yes. Technical and strategic foundations in place.

Milestone Tracker

The following table tracks key milestones:

Milestone	Target	Status	Commentary
Work Plan Approval	Nov 26, 2025	✓ ACHIEVED	Approved November 26, 2025
Agreement with Taungurung Land and Waters Council	Nov 2026	In progress	In discussion
Preliminary Economic Assessment	Q2 CY2027	Pre-work	$1.2 million invested in FY2026
Underground Exploration Decline Commencement	June 2026	✓ ACHIEVED	Exploration decline development commenced June 2026, subsequent to year end
24-Hour Underground Operations	July 2026	✓ ACHIEVED	Magazine licence granted July 13, 2026; 123.1 m advanced as at July 28, 2026
Updated Exploration Target	Aug 2026	✓ ACHIEVED	Announced August 4, 2026
Maiden Mineral Resource Estimate	Q1 CY2027	In progress	134,534 m drilled as at August 25, 2026 under the 200,000 m program

4. FINANCIAL PERFORMANCE

Results and Capital Management Overview

The Company is in the exploration and pre-development stage and does not generate operating revenue. The Company recorded a net loss of $5.5 million for the year ended May 31, 2026 compared to a loss of $8.1 million for the year ended May 31, 2025.

Expenditure Summary

The Company finished the 2026 fiscal year with $119.1 million in cash at bank inclusive of short-term term deposits (June 1, 2025: $151.2 million). Net expenditures for the year ended May 31, 2026 were $32.1 million.

Expenditure	Q1 FY2026 ($ Millions)	Q2 FY2026 ($ Millions)	Q3 FY2026 ($ Millions)	Q4 FY2026 ($ Millions)	FY2026 ($ Millions)
Interest earned and other	0.8	1.5	1.7	8.9	12.9
Drilling - Inferred Resource	(4.5)	(5.8)	(5.1)	(6.8)	(22.2)

For personal use only

Expenditure	Q1 FY2026 ($ Millions)	Q2 FY2026 ($ Millions)	Q3 FY2026 ($ Millions)	Q4 FY2026 ($ Millions)	FY2026 ($ Millions)
Exploration Decline Development	(1.0)	(0.5)	(1.4)	(3.4)	(6.2)
PEA Studies	(0.0)	(0.1)	(0.1)	(0.9)	(1.2)
Regional Exploration	(0.1)	(0.4)	(0.8)	(0.9)	(2.2)
Property & Equipment	(0.3)	(0.1)	(0.4)	(0.3)	(1.1)
Farming Operations	(0.1)	(0.5)	(0.2)	(0.1)	(0.9)
Land Purchases	(4.0)	(4.9)	(1.2)	(0.0)	(10.1)
G&A	(1.2)	(1.9)	(1.6)	(2.8)	(7.4)
Group Expenditures	**(10.4)**	**(12.7)**	**(9.0)**	**(6.3)**	**(38.4)**
Rehabilitation bonding	-	-	(1.8)	-	(1.8)
Working capital & FX adjustments	0.3	1.9	3.6	2.2	8.1
Net Expenditures	**(10.0)**	**(10.8)**	**(7.2)**	**(4.0)**	**(32.1)**

Note: A$ amounts converted at quarterly average exchange rates (Q1: 1AUD:0.8934CAD; Q2: 1AUD:0.9035CAD; Q3: 1AUD:0.9374CAD; Q4: 1AUD:0.9747CAD).

Capital Deployment Analysis

Key areas of investment during FY2026 reflect the Company's strategic priorities:

- **$22.2 million** on diamond drilling and associated geology costs across Rising Sun, Golden Dyke, Apollo and Christina – 60,913 m completed at an all-in cost of $364/m.
- **$6.2 million** on exploration decline development, including boxcut excavation completed in May 2026, and pre-construction preparation, ensuring compliance with the approved Work Plan.
- **$2.2 million** on regional exploration focused on identifying the next Sunday Creek.
- **$2.0 million** related to property improvements at the project to improve pastures, fences, sheds and houses owned by the Company.
- **$1.2 million** in PEA pre-work focused on underground study work and metallurgy.
- **$17.5 million** in G&A inclusive of strategic land purchases in the immediate vicinity of the project.

Share Consolidation

On January 10, 2025 the Company completed a consolidation of its share capital on a one new for 3.169432 old basis in conjunction with the corporate restructuring under the SIA. Share and per share amounts for comparative periods within this MD&A have been adjusted to reflect the share consolidation.

Annual Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company for the three most recently completed financial years (Years Ended May 31).

For personal use only

	FY2026 $	FY2025 $	FY2024 $
Operations			
Revenues	Nil	Nil	Nil
Expenses	(9,963,080)	(5,911,123)	(5,888,440)
Other items	4,487,268	(2,162,886)	(2,029,742)
Loss from continuing operations	(5,475,812)	(8,074,009)	(7,918,182)
Loss from discontinued operations	Nil	Nil	(39,456,229)
Comprehensive income (loss)	17,183,958	(9,557,960)	(47,718,623)
Basic and diluted loss per share - continuing operations	(0.02)	(0.06)	(0.03)
Dividends per share	Nil	Nil	Nil
Balance Sheet			
Working capital	114,497,878	148,767,628	14,384,726
Total assets	275,562,081	245,163,954	40,409,261
Total long-term liabilities	(2,105,262)	(1,066,806)	(103,519)

The FY2024 loss from discontinued operations relates to Mawson Oy, which met the criteria of a discontinued operation under IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and was sold to Mawson Finland Limited on December 19, 2023. The FY2024 loss was mainly attributable to the impairment charge recorded on the Rajapalot Gold Project to reflect its net realizable value.

Quarterly Results Summary

	FY2026				FY2025			
	Q4/2026 May 31 26 $	Q3/2026 Feb 28 26 $	Q2/2026 Nov 30 25 $	Q1/2026 Aug 31 25 $	Q4/2025 May 31 25 $	Q3/2025 Feb 28 25 $	Q2/2025 Nov 30 24 $	Q1/2025 Aug 31 24 $
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for the period	(3,272,563)	(591,021)	(686,716)	(925,512)	(2,539,283)	(2,434,164)	(2,412,727)	(687,835)
Total comprehensive Income/(loss)	1,968,772	10,931,236	2,364,453	1,919,497	(3,240,710)	(2,785,743)	(2,986,373)	(545,134)
Income/(loss) per share (basic and diluted)	(0.01)	(0.00)	(0.00)	(0.00)	(0.02)	(0.02)	(0.02)	(0.00)
Working capital	114,497,878	120,974,138	128,118,940	139,951,604	148,767,628	14,756,360	5,425,387	11,625,413
Total assets	275,562,081	262,425,749	250,480,048	246,976,218	245,163,954	105,220,669	39,263,268	42,083,125
Total long-term liabilities	(2,105,262)	(1,079,223)	(990,779)	(1,003,207)	(1,066,806)	(618,242)	(651,826)	(673,080)

As at the date of this MD&A, the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests; therefore, the expenses are not subject to seasonal fluctuations or general trends. The Company's expenses and cash requirements will fluctuate from

For personal use only

period to period depending on the level of activity and, therefore, lack some degree of comparability. The Company's quarterly results may be affected by many factors such as timing of exploration activity, share-based payment costs, marketing activities and other factors that affect the Company's exploration and financing activities. Furthermore, the Company's net loss/income may also be affected by the current fair value of its investments held.

Three Months Ended May 31, 2026 Compared to Three Months Ended May 31, 2025

During the three months ended May 31, 2026 ("Q4/2026") the Company reported a net loss of $3,272,563 compared to a net loss of $2,539,283 for the three months ended May 31, 2025 ("Q4/2025"), an increase in loss of $733,280. Significant fluctuations were reported in the following:

(i) An increase in salaries and benefits to $2,263,608 during Q4/2026 compared to $457,091 during Q4/2025, primarily reflecting the growth of the Company's in-house workforce in Australia as activity at the Sunday Creek Project expanded;

(ii) A decrease in share-based compensation to $151,710 during Q4/2026 compared to $1,481,723 during Q4/2025, which included the vesting of options granted in the prior year;

(iii) An increase in interest income to $1,255,559 during Q4/2026 compared to $293,303 during Q4/2025 due to increased levels of cash held during the 2026 period; and

(iv) A foreign exchange gain of $439,158 recognized during Q4/2025 compared to a nominal foreign exchange loss during Q4/2026.

Year Ended May 31, 2026 Compared to Year Ended May 31, 2025

During the year ended May 31, 2026 ("fiscal 2026") the Company reported a net loss of $5,475,812 compared to a net loss of $8,074,009 for the year ended May 31, 2025 ("fiscal 2025"), a decrease in loss of $2,598,197. The decrease in loss was attributed to:

(i) An increase in interest income of $4,298,272 (from $375,882 in FY2025 to $4,674,154 in FY2026), reflecting significantly higher average cash balances held during the year together with higher deposit rates earned on funds transferred to Australian bank accounts relative to rates available in Canada.

(ii) The non-recurrence of the prior year's $361,289 impairment of exploration and evaluation assets, and a decrease in share-based compensation to $455,577 (2025 - $1,572,732).

(iii) The non-recurrence of the prior year's $2,625,076 of corporate restructuring costs.

Exploration and Evaluation Assets

As at May 31, 2026	Acquisition cost $	Deferred Exploration Costs $	Foreign Exchange Movement $	Total $
Sunday Creek	42,754,936	60,872,026	13,067,277	116,694,239
Redcastle	284,794	2,607,169	31,706	2,923,669
Total	43,039,730	63,479,195	13,098,983	119,617,908
As at May 31, 2025	**Acquisition cost $**	**Deferred Exploration Costs $**	**Foreign Exchange Movement $**	**Total $**
Sunday Creek	42,754,936	27,675,072	2,103,249	72,533,257
Redcastle	284,794	2,128,418	(259,441)	2,153,771
Total	43,039,730	29,803,490	1,843,808	74,687,028

During the year ended May 31, 2026 the Company incurred a total of $33,675,705 (2025 - $52,984,178) on the acquisition, exploration and evaluation of its unproven resource assets on its Australian properties net of foreign exchange movement.

Investments

As at May 31, 2026	Number	Cost $	Unrealized Loss $	Carrying Value $
Nagambie Resources Limited ("Nagambie")	53,361,046	1,768,741	(1,213,269)	555,472
Kingsmen Resources Limited ("Kingsmen")	18,750	45,000	(23,062)	21,938
		1,813,741	**(1,236,331)**	**577,410**

As at May 31, 2025	Number	Cost $	Unrealized Loss $	Carrying Value $
Nagambie	53,361,046	1,768,741	(1,013,319)	755,422
Kingsmen	18,750	45,000	(26,625)	18,375
		1,813,741	**(1,039,944)**	**773,797**

The carrying values of the investments were determined using quoted market values. During the year ended May 31, 2026 the Company recorded an unrealized loss of $196,387 (fiscal 2025 - unrealized gain of $281,291) on its investments held. As long as the Company continues to hold the Nagambie shares it maintains a right of first refusal over a 3,600 square kilometre tenement package held by Nagambie.

Financings

During fiscal 2026 the Company did not complete any equity financings. During the year the Company issued 11,106,373 common shares on the exercise of share options for gross proceeds of $8,115,534, and 198,955 common shares on the redemption of RSUs. During Q3 FY2026 the Company filed a base shelf prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario enabling the Company to offer for sale and issue, up to $700 million of common shares, warrants, debt securities, subscription receipts and units or any combination thereof, from time to time over a period of 25 months; as at the date of this MD&A no securities had been issued under the base shelf prospectus. The Company has no immediate plans to issue securities under the base shelf prospectus, and may never issue any securities under the base shelf prospectus.

During fiscal 2025 the Company completed a private placement totalling 31,800,078 common shares, at $4.50 (A$5.10) per common share, for total gross proceeds of $143,100,351. The Company paid $2,898,946 cash and issued 335,116 common shares at a fair value of $1,508,022 for finders' fees and incurred $423,022 for legal and other costs associated with the private placement.

Non-controlling Interest

During fiscal 2025 SXG AUS issued ordinary shares and the Company's ownership interest was diluted to 49.6% prior to the SIA. On January 23, 2025 the Company completed the SIA and SXG AUS became a wholly-owned subsidiary of the Company.

For personal use only

For personal use only

5. LIQUIDITY

Liquidity Position

As at May 31, 2026, the Company had cash and cash equivalents of $119.1 million and an accounts payable position (trade and accrued liabilities) of $6.4 million.

Cash runway: Based on expected deployment rates of approximately $25 million per quarter, for the next two quarters before reverting to approximately $10 million per quarter, the Company has sufficient cash to fund operations through resource establishment (Q1 CY2027) and PEA completion (by Q2 CY2027).

Ability to fund activities: Management considers the Company has adequate resources to maintain operations, conduct planned exploration and development programs, and discharge obligations as they become due. The Company does not have debt obligations.

Defaults or arrears: The Company has no defaults or arrears on any debt, lease payments, dividends, or other obligations.

Contractual Obligations

As at May 31, 2026, contractual obligations related to liabilities from continuing operations were as follows:

	Less than 1 year $	1 to 5 years $	Greater than 5 years $	Total $
Accounts payable and accrued liabilities	6,363,932	-	-	6,363,932
Lease liabilities	230,083	535,891	93,414	859,388
Total	**6,594,015**	**535,891**	**93,414**	**7,223,320**

Use of Proceeds

In May 2025, the Company completed a private placement raising gross proceeds of $143 million. The following table compares the intended use of proceeds as disclosed at the time of the offering with actual expenditures to May 31, 2026:

Use of Proceeds	Intended ($M)	Spent to May 31, 2026 ($M)	Variance
Drilling for Inferred Resource	53	22.2	On plan
1km Exploration Decline Development	27	6.2	On plan
PEA Study	4	1.2	On plan
Regional Exploration, Land, G&A	59	21.7	On plan
Total	**143**	**51.3**	**On plan**

The Company is deploying funds in accordance with the stated use of proceeds. Within the Regional Exploration, Land & G&A category, $10.1 million has been invested in strategic land acquisitions, $2.2 million in regional exploration, $1.1 million in plant and property improvements, $0.9 million in farming operations, and $7.4 million in G&A. The three-year deployment timeline allows for measured capital allocation aligned with key milestones.

For personal use only

6. RISKS & OUTLOOK

Risk Assessment

The following risks have been identified or updated based on current operating conditions:

Evolving Risks During the Year and Subsequent to Year End

Exploration Decline Construction Execution: With Work Plan approval received, execution risk shifted to construction phase. Management is mitigating this through engagement of experienced underground contractors familiar with Victorian operations.

Global Antimony Supply Dynamics: While China's export restrictions enhance Sunday Creek's strategic positioning, antimony price volatility remains a consideration. The Company's strategy to develop primarily on gold economics provides significant mitigation.

Principal Ongoing Risks

The Company's principal risks remain: exploration risk, development risk, commodity price volatility, permitting and regulatory risk, financing risk, and environmental and social risk. For comprehensive discussion, refer to the Company's Annual Information Form on SEDAR+.

Outlook

Near-Term Focus (Next 6 Months)

- Reach a steady-state cycle across 24-hour underground exploration decline development operations, toward approximately 1,100 metres of capital development by the end of December 2026.
- Complete surface earthworks and enabling infrastructure, targeting first underground drill platform by October 2026.
- Continue surface drilling program with eleven rigs operating and additional rigs mobilizing, aiming for Q1 CY2027 maiden MRE.
- Advance regional exploration across the 12 km mineralized trend – Tonstal drilling underway.
- Continue deep control drilling program - second deep hole targeting close to two kilometres depth is underway following confirmation of gold mineralization 460 m below the Golden Dyke footprint.
- Progress government antimony midstream processing partnership discussions with the Victorian and Australian governments and international partners.

Medium-Term Direction (12–24 Months)

The Company's medium-term direction centres on three concurrent workstreams: establishing an Inferred Mineral Resource by Q1 CY2027; completing a Preliminary Economic Assessment; and commencing environmental baseline data collection to support the longer-term full-scale build. Underground drilling from the exploration decline (up to 12 rigs) will supplement surface drilling (11 rigs now with 1 additional surface rigs planned during 2026), providing for one of the world's largest pre-development drill programs with up to 24 rigs operating concurrently. The Company's capital markets infrastructure - including the $700M base shelf prospectus, GDXJ/FTSE Index inclusion and S&P/TSX Composite Index inclusion - positions SXGC to finance the build in this current metals cycle.

For personal use only

7. PROJECT UPDATE

Sunday Creek Project

The Sunday Creek Gold-Antimony Project is located approximately 60 km north of Melbourne in Victoria, Australia. The project is the Company's material property and sole reportable segment. It is contained within 16,900 hectares of granted exploration tenements and one granted retention licence, with the Company owning 1,392 hectares of strategic freehold land.

Geologically, Sunday Creek is a shallow orogenic (epizonal) Fosterville-style deposit located within the Melbourne Structural Zone in the Lachlan Fold Belt. The mineralization forms in a 'Golden Ladder' structure where gold and antimony occur in relay vein sets cutting across a steeply dipping zone of intensely altered volcanic and sedimentary rocks, with individual vein sets extending from surface to over 1,100 m.

Exploration Decline Development

Surface Works

Lincolns Earthmoving progressed surface earthworks throughout the period. Box-cut excavation advanced from approximately 25% complete at the end of April to approximately 70% at the end of May, with a Box-cut blast successfully completed during May and excavation reaching approximately 11 metres depth. The Box-cut was completed during June, together with the magazine compound, while the infrastructure pad advanced to approximately 90% complete by the end of July. Dam 4 was completed during May, including installation of the HDPE liner, and commissioned as the site's primary water management structure.

Road construction and site-wide drainage works continued throughout the period, although progress was slower than planned due to winter weather conditions. A temporary traffic management plan was developed to manage a four-week road closure required to progress these works safely. Erosion and sediment controls were substantially enhanced during the period and continued to perform effectively through subsequent rain events, with site runoff captured and directed to Dam 4 as the primary control. Topsoil was progressively spread across disturbed areas, and shotcrete was selected as the preferred erosion control method for a steep embankment following the hydromulch program undertaken in June.

Underground Exploration Development

PYBAR mobilized personnel and plant to site progressively from May, initially supporting Box-cut ground support installation. Underground exploration decline development commenced during June 2026, in line with plan, with the exploration decline advancing approximately 10 metres by the end of June on dayshift-only operations while portal establishment was completed. The magazine licence, which had been the key remaining critical path item, was secured on 13 July 2026, enabling night-shift blasting and the transition to full 24-hour underground operations during July. Exploration decline advance for July totalled 114.2 m, comprising 103.1 m of exploration decline and 11.1 m completing the 20 m initial portal construction (123.1 m in total as at the end of July). The operation is now running continuously, with the focus shifting to achieving a steady-state development cycle across shifts, targeting longer rounds and reduced ground support requirements as development advances into fresh rock.

Enabling Infrastructure

Site office buildings and containers were delivered to site by the end of July, following weather-related delays to the road access works required to support delivery. A new 1,000 kVA generator set was commissioned during July, doubling site power capacity and enabling the underground jumbo and ventilation fan to operate simultaneously. Additional ventilation fans were installed and the

underground VHF radio communications system substantially completed, supporting the transition to 24-hour operations. Engagement with AusNet regarding permanent grid power supply continues, along with a gas-powered generation solution.

Project Resourcing

The owner's team was substantially established during the period. The Project Manager and Underground Development Manager commenced in April, the Environment Manager in May and the Safety Manager in June, with initial safety priorities including establishment of the Safety Management System, completion of major hazard assessments and regulator engagement. Resourcing is no longer considered a key project risk.

Drilling Program

As at August 25, 2026, the Company has reported 278 drill holes for 134,534 m of drilling at Sunday Creek. At 1 m (down hole length) @ 5 g/t AuEq lower cut the project has delivered to date:

Gold downhole composite intersections:

- 96 exceeding 100 g/t Au (up to 3,511 g/t Au over 0.7 m)
- 83 between 50-100 g/t Au

Antimony downhole composite intersections:

- 110 exceeding 10% Sb (up to 47.5% Sb over 0.6 m)

The Company released 12 holes over the quarter which delivered high-grade results across Golden Dyke and Apollo.

For personal use only

For personal use only

Golden Dyke – Rising Sun: A Single Connected System

The quarter's most significant geological development was confirmation that Golden Dyke and Rising Sun form part of the same large-scale mineralized system and the extension of Golden Dyke significantly to the west.

Hole SDDSC193 (April 22, 2026), drilled east-to-west, intersected the upper Rising Sun structure approximately 150 m vertically below surface while confirming Golden Dyke to depth, returning **3.7 m @ 15.8 g/t AuEq** (12.9 g/t Au, 1.2% Sb) from 163.6 m, including **1.2 m @ 45.3 g/t AuEq** (36.7 g/t Au, 3.6% Sb) from 165.4 m, together with a high-grade individual assay of **0.2 m @ 254 g/t Au** from 454.9 m. The intersection of the upper Rising Sun structure directly beneath Golden Dyke provides the clearest evidence to date that the two prospects form part of the same large-scale mineralized system.

SDDSC197 expanded the western boundary of Golden Dyke 50 m beyond the current Exploration Target within 200 m of surface, and a further 30 m to the west at approximately 400 m depth, confirming the prospect remains open for expansion in multiple directions. SDDSC203, drilled as an infill hole, delivered the quarter's standout Golden Dyke intersection of 1.6 m @ 59.8 g/t AuEq (55.3 g/t Au, 1.9% Sb) from 313.8 m, including 0.6 m @ 166.4 g/t AuEq (154.0 g/t Au, 5.2% Sb), while SDDSC210 returned two individual assays exceeding 100 g/t Au and three exceeding 10% antimony, including 0.2 m @ 252.3 g/t AuEq (227.0 g/t Au, 10.6% Sb) from 479.9 m.

Golden Dyke: Deep Control Hole

SDDSC194W1 - the deepest hole completed on the project - intersected gold mineralization 460 metres below the known Golden Dyke footprint at 1,236 m below surface. The hole returned 66 m downhole (approximately 28 m true width) of altered dyke and sediment with anomalous gold throughout, including 6.6 m @ 1.0 g/t Au from 1,389.4 m with a peak of 5.4 g/t Au over 0.9 m. Arsenic-to-antimony ratios confirm the intersection sits within the sulphosalt zone and the brittle-ductile transition, consistent with the epizonal model at depth. The host sequence is comparable in thickness to intervals above, confirming the system is repeatable and fertile at depth. This result demonstrates at least 50% additional vertical space exists below the current drilled envelope, and a second deep hole targeting close to two kilometres is now underway.

Golden Dyke now exhibits the same characteristics observed at Rising Sun: high-grade tenor, frequent visible gold occurrences, and elevated antimony values. The critical distinction is that **Golden Dyke had only been defined with confidence down to 600 m below surface** and has considerably less drilling than Rising Sun.

Apollo: Record High-Grade Near Surface

Four drill holes (**SDDSC195, SDDSC198, SDDSC199 and SDDSC200**), drilled in alternating east-to-west and west-to-east orientations within 220 vertical metres of surface, all intersected high-grade gold-antimony mineralization. Hole SDDSC200 returned **17.3 m @ 22.9 g/t AuEq** (15.3 g/t Au, 3.2% Sb) from 251.1 m, including 6.3 m @ 48.9 g/t AuEq (32.3 g/t Au, 7.0% Sb) - the highest-grade composite intersection recorded in the top 220 vertical metres of Apollo to date - and identified a previously unrecognized vein set. SDDSC199 delineated a high-grade core in the A30 vein set 24 vertical metres below previously reported SDDSC164, returning 17.9 m @ 8.3 g/t AuEq (5.0 g/t Au, 1.4% Sb) from 210.4 m. Multiple intervals across the four holes exceeded 20% antimony, consistent with the zonation model predicting the richest antimony grades in the upper 700 m of the system.

Upper Golden Dyke: Antimony Dominance Confirmed

Subsequent to year end, on July 6, 2026 the Company reported six drill holes targeting the upper portion of the Golden Dyke prospect, all drilled within the highest-density drilled zone of the project

For personal use only

and directly above the base of the planned exploration decline. Best results included **7.9 m @ 19.9 g/t AuEq** in hole SDDSC233, including **3.7 m @ 37.5 g/t AuEq**, with individual assays reaching 47.0% Sb and gold assays up to 127.0 g/t Au. Multiple assays exceeded 20% Sb, confirming antimony dominance in the upper part of the system and consistent with the established zonation of epizonal gold-antimony deposits. These results are directly relevant to the material expected to be intersected by the exploration decline.

Christina: Westernmost Hole Links the Corridor

Subsequent to year end the Company reported SDDSC235, the westernmost hole released from Christina. The hole remained within prospective dyke and altered sediment for a cumulative 800 m of its 1,405.7 m length, including a zone of mineralization from 282.1 m that returned **481 m @ 0.9 g/t Au (uncut)**, carrying Christina through into the Golden Dyke corridor before defining the prospective corridor within Rising Sun 1,010 m below surface. The hole returned seven individual assays above 50 g/t Au, up to **496.0 g/t Au**, demonstrating that Christina hosts the same scale of mineralized system as Golden Dyke and Rising Sun. Christina was included in the Exploration Target for the first time in the August 4, 2026 update.

Rising Sun: Deepest Drilling Returns Highest Grades

Subsequent to year end, on August 25, 2026 the Company reported five drill holes from Rising Sun (SDDSC201, SDDSC205, SDDSC230, SDDSC230W1 and SDDSC231), comprising the deepest west-to-east drilling completed beneath the prospect to date. SDDSC230 returned **0.3 m @ 1,466.7 g/t AuEq (1,466.4 g/t Au, 0.1% Sb)** from 886.7 m, hosting an individual assay of **0.1 m @ 4,500.0 g/t Au**, the fourth-highest individual gold assay returned at Sunday Creek to date. The composite ranks as the twelfth-best composite intersection drilled at the project. The intersection sits 166 m down-dip of SDDSC144 (3.6 m @ 118.0 g/t AuEq), confirming continuity of the RS19 vein set. SDDSC231 stepped out 150 m on the RS11 and RS40 vein sets. It returned **0.4 m @ 82.1 g/t AuEq** from 823.3 m and **0.4 m @ 24.4 g/t AuEq** from 1,031.7 m, the deepest mineralization intersected at Rising Sun to date. The wedge SDDSC230W1 returned 0.4 m @ 88.6 g/t AuEq from 842.8 m, and SDDSC205 returned 0.5 m @ 60.4 g/t AuEq from 852.4 m on the footwall of the system. Together the five holes tested approximately 200 m of lateral extent and approximately 300 vertical metres. They added three composite intersections above 100 g/t Au, four between 50 g/t and 100 g/t Au and eight individual gold assays above 50 g/t Au. Two vein sets sit outside the current Exploration Target. Grade tenor continues to improve with depth.

Geological Modelling

The Exploration Target announced on August 4, 2026 is based on 125 mineralized vein set shapes constrained to diamond drilling data, across 1,500 m of strike spanning Christina, Golden Dyke, Rising Sun, Apollo and Apollo East. SRK Consulting (Australasia) Pty Ltd remains engaged for ongoing geological modelling consistent with the requirements of NI 43-101 and JORC. Subject to achieving sufficient drill density and establishing geological and grade continuity, this work may support consideration of a future Mineral Resource Estimate.

Structural Framework

At least **125 individual "rungs"** of the Golden Ladder structure have now been defined across the 1,550 m strike from Christina to Apollo, with high-grade intercepts ranging from 20 g/t Au to >7,330 g/t Au. The quarter's drilling continues to demonstrate that grade improves at depth-a characteristic of epizonal gold-antimony systems-with the deepest holes consistently returning high-grade values.

For personal use only

Other Properties

Redcastle: The Redcastle Gold-Antimony Project, located 110 km north of Melbourne and 64 km NNW of Sunday Creek in central Victoria. The project comprises three granted exploration licences (EL5546, EL7498 and EL7499) covering a combined 7,500 hectares. The project straddles the northern tenements of Alkane Resources' Costerfield gold-antimony mine, sitting 7 km along strike from Costerfield on a parallel north-south structure and 24 km east of Agnico Eagle's Fosterville mine.

Subsequent to year end, the Company released two drill holes on July 15, 2026. Best results included **26.2 g/t Au over 0.14 m** from 112.98 m and **15.4 g/t Au over 0.22 m** from 321.84 m in drill hole SDDRE016 at the Laura prospect, two of eight individual high-grade gold intervals from that hole, which confirmed Costerfield-style gold-antimony mineralization including visible gold over more than 250 m of vertical extent. The true thickness of the mineralized intervals is interpreted to be approximately 70% to 85% of the sampled thickness for all reported holes.

Community & Safety

The Company maintains an active community engagement program centred on transparent communication with neighbours and the broader local community. During Q4 FY2026, engagement activities included:

- 71 face-to-face meetings or phone calls with immediate neighbours providing operational updates
- 139 direct communications with residents via text, calls, or email
- 18 attendees on public site tours and 74 attendees on private site tours including industry groups
- Community engagement reached over 20,000 people across local events and sponsorships, anchored by the Seymour Alternative Farming Expo 2026.
- Quarterly newsletters distributed to approximately 650 households in Clonbinane and surrounding areas
- Weekly operational updates to the independent Community Reference Group (CRG), which meets quarterly with Resources Victoria and Mitchell Shire Council observers in attendance
- 6 community grants awarded.

The Company undertakes regular attended noise monitoring (21 rounds during Q4 FY2026) to ensure compliance with environmental conditions. A formal complaints process is in place with all matters investigated and responded to.

Safety performance remains strong with no lost time or medical treatment injuries during the period.

For personal use only

8. ADDITIONAL DISCLOSURES

Directors and Officers

As of the date of this MD&A the directors and officers of the Company are as follows:

Tom Eadie	Director, Non-Executive Chairman
Michael Hudson	President & CEO and Managing Director
David Henstridge	Director
Georgina Carnegie	Director
Ian Smith	Director
Michael Frame	Chief Financial Officer
Ryan Austerberry	Chief Operating Officer
Mariana Bermudez	Corporate Secretary

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial performance or financial condition.

Proposed Transactions

The Company has no proposed transactions.

Subsequent Events

The following events occurred subsequent to the year ended May 31, 2026 and up to the date of this MD&A:

- Index inclusion – the Company's common shares were included in the S&P/TSX Composite Index effective June 22, 2026.
- Underground development – underground exploration decline development commenced during June 2026. The explosives magazine licence was granted on July 13, 2026, enabling night-shift blasting and the transition to full 24-hour underground operations during July 2026. Exploration decline advance totalled 123.1 m as at July 28, 2026, comprising 103.1 m of exploration decline and the 20 m initial portal construction.
- Redcastle drilling – on July 15, 2026 the Company released results from two diamond drill holes at the Redcastle Gold-Antimony Project, confirming Costerfield-style gold-antimony mineralization over more than 250 m of vertical extent at the Laura prospect.
- Updated Exploration Target – on August 4, 2026 the Company announced an updated Exploration Target for Sunday Creek of 10.4 – 11.9 million tonnes grading 8.9 – 12.1 g/t AuEq for 3.0 – 4.6 Moz AuEq*, expanding the Exploration Target from three prospects to five and from 1,020 m to over 1,500 m of strike.

  The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been completed in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition ("JORC").

* (AuEq = Au (g/t) + 2.39 x Sb (%)) Differences may occur in totals due to rounding.

- Sunday Creek drilling – the Company continued to release drill results from Sunday Creek, including SDDSC235, the westernmost hole released from Christina, which returned 481 m @ 0.9 g/t Au (uncut) from 282.1 m including seven individual assays above 50 g/t Au, up to 496.0 g/t Au. On August 25, 2026 the Company reported five drill holes from Rising Sun, including 0.3 m @ 1,466.7 g/t AuEq (1,466.4 g/t Au, 0.1% Sb) from 886.7 m in SDDSC230, hosting an individual gold assay of 4,500.0 g/t Au.
- Share capital – 70,359 common shares were issued on the redemption of restricted share units and 236,227 common shares were issued on the exercise of share options subsequent to year end. Refer to Outstanding Share Data below.

Other than as disclosed above, no events have occurred subsequent to May 31, 2026 that require adjustment to, or disclosure in, the consolidated financial statements for the year ended May 31, 2026.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of the Company's critical accounting estimates and sources of estimation is included in Note 3 to the May 31, 2026 audited annual consolidated financial statements.

Changes in Accounting Policies

There were no changes to accounting policies.

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2026 audited annual consolidated financial statements.

Related Party Transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. The Company has determined that key management personnel consists of members of the Company's Board of Directors and its executive officers.

	Year Ended	
	May 31, 2026 $	May 31, 2025 $
Salaries and consulting fees	1,727,546	709,950
Share based compensation	196,004	660,000

a) During fiscal 2026 the Company incurred a total of $1,727,546 (2025 - $709,950) to current and former key management personnel of the Company for salaries and fees which have been

For personal use only

allocated based on the nature of the services provided: expensed $1,402,895 (2025 - $540,043) to administration and corporate costs; expensed $nil (2025 - $20,000) to corporate restructuring costs; and capitalized $324,651 (2025 - $149,907) to exploration and evaluation assets. As at May 31, 2026 $107,773 (2025 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

b) During fiscal 2026 the Company also recorded $196,004 (2025 - $660,000) share-based compensation on the granting and vesting of RSUs and share options.

c) On November 4, 2025 the Company's then Chief Financial Officer ("CFO") resigned. During fiscal 2026 the Company incurred a total of $42,500 (2025 - $73,500) with Chase Management Ltd. ("Chase"), a private corporation owned by the former CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the former CFO, and $1,675 (2025 - $4,020) for rent prior to the CFO's resignation.

d) During fiscal 2025 the Company also recorded $247,500 share-based compensation for the granting of share options.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company believes that it is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at May 31, 2026 there were 269,346,976 issued and outstanding common shares. In addition, there were:

- 600,000 share options outstanding, at an exercise price of CDN $3.38 per share (expiring March 10, 2028);
- 750,000 share options outstanding, at exercise prices ranging from AUD $0.30 to AUD $0.66 per share; and
- 238,858 restricted share units ("RSUs") outstanding.

As at the date of this MD&A, there were 269,653,562 issued and outstanding common shares, 850,000 share options and 163,499 RSUs outstanding.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that material information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and that such material information is accumulated and communicated to the Company's management, including the Chief Executive Officer ("CEO") and CFO, as appropriate to allow timely decisions regarding required disclosure.

For personal use only

For personal use only

The Company's management, under the supervision of the CEO and CFO, has designed the Company's DC&P (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109")) and evaluated their effectiveness as at May 31, 2026. Based on that evaluation, the CEO and CFO have concluded that the Company's DC&P were effective as at May 31, 2026.

Internal Control over Financial Reporting

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management, under the supervision of the CEO and CFO, is responsible for establishing and maintaining adequate ICFR.

The Company's management, under the supervision of the CEO and CFO, evaluated the effectiveness of the Company's ICFR as at May 31, 2026. Based on that evaluation, the CEO and CFO have concluded that the Company's ICFR was effective as at May 31, 2026, and no material weaknesses in ICFR were identified.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's ICFR during the period beginning on June 1, 2025 and ended on May 31, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Limitations of Controls and Procedures

The Company's management, including the CEO and CFO, believes that any system of disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system reflects resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, misstatements or instances of fraud, if any, have been detected. These inherent limitations include, amongst other items, that assumptions and judgments used in decision-making could ultimately prove to be incorrect under varying conditions and circumstances, and the impact of isolated errors. Controls can also be circumvented by individual acts, collusion of two or more people, or by management override. The design of any control system is also based in part upon assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Qualified/Competent Persons

The scientific and technical information in this MD&A, including the information that relates to exploration results at Sunday Creek was prepared under the supervision of, or has been prepared, reviewed, verified and approved by Kenneth Bush, Head of Exploration of SXGC, a qualified person as defined by NI 43-101 and a Competent Person who is a Member of the Australian Institute of Geoscientists and a Registered Professional Geologist in the field of Mining and Exploration (#10315). Mr. Bush holds shares (less than 1%) in the Company. Mr. Bush has sufficient experience relevant to the style of mineralization and type of deposit under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Bush consents to the inclusion in the MD&A of the matters based on his information in the form and context in which it appears.

The information that relates to the Exploration Target is extracted from the technical report titled "NI 43-101 Technical Report, Sunday Creek Gold-Antimony Project, Victoria, Australia" and dated August

For personal use only

10, 2025, and issue date of January 20, 2026 (the "Technical Report") prepared for the Company by Kenneth Bush, a qualified person under NI 43-101. Mr. Bush is the Head of Exploration for the Company and holds shares (less than 1%) in the Company. Mr. Bush has sufficient experience relevant to the style of mineralization and type of deposit under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Bush consents to the inclusion in the MD&A of the matters based on his information in the form and context in which it appears.

The Technical Report is available for download under the Company's profile on www.sedarplus.ca and on the Company's website at www.southerncrossgold.com.

The information in this MD&A that relates to the current Exploration Target for the Sunday Creek Project, which was first reported by the Company in a market announcement titled "Southern Cross Updates Exploration Target at Sunday Creek Au-Sb Project" dated August 4, 2026 (Vancouver time) is available on the Company's website at www.southerncrossgold.com, on SEDAR+ at www.sedarplus.ca and on the ASX website at www.asx.com.au.

Gold Equivalent Calculation

SXGC considers that both gold and antimony that are included in the gold equivalent calculation ("AuEq") have reasonable potential to be recovered at Sunday Creek, given current geochemical understanding, historic production statistics and geologically analogous mining operations. Historically, ore from Sunday Creek was treated onsite or shipped to the Costerfield mine, located 54 km to the northwest of the project, for processing during WW1.

SXGC considers that it is appropriate to adopt the same gold equivalent variables as Mandalay Resources Ltd (now Alkane Resources Limited) in its 2024 End of Year Mineral Reserves and Resources Press Release, dated February 20, 2025. The gold equivalence formula used by Mandalay Resources (now Alkane Resources Limited) was calculated using Costerfield's 2024 production costs, using a gold price of US $2,500 per ounce, an antimony price of US $19,000 per tonne and 2024 total year metal recoveries of 91% for gold and 92% for antimony, and is as follows:

$AuEq = Au\ (g/t) + 2.39 \times Sb\ (\%)$.

Based on the latest Costerfield calculation and given the similar geological styles and historic toll treatment of Sunday Creek mineralization at Costerfield, SXGC considers that a $AuEq = Au\ (g/t) + 2.39 \times Sb\ (\%)$ is appropriate to use for the initial exploration targeting of gold-antimony mineralization at Sunday Creek.

The Company confirms that, as of the date of this MD&A, it is not aware of any new information or data that materially affects the information included in the original document/announcement and the Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement.

Forward-Looking Statements

This MD&A contains "forward-looking information" or "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements are included to provide information about management's current expectations and plans that allow investors and others to have a better understanding of the Company's business plans and financial performance and condition. All statements, other than statements of historical fact included in this MD&A, regarding the Company's strategy, future operations, financial position, prospects, plans and objectives of management are forward- looking statements. Forward-looking statements are typically identified by words such as "plan", "expect", "estimate", "intend", "anticipate", "believe", or variations of such words and phrases

For personal use only

or statements that certain actions, events, or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements include but are not limited to, material factors and assumptions relating to, and risks and uncertainties associated with, the availability of financing for activities when required and on acceptable terms, the accuracy of the interpretation of drill results and the estimation of mineral resources and reserves, the geology, grade and continuity of mineral deposits, the consistency of future exploration, development or mining results with our expectations, metal price fluctuations, the achievement and maintenance of planned production rates, the accuracy of component costs of capital and operating cost estimates, current and future environmental and regulatory requirements, favourable governmental relations and support for the development and operation of mining projects, the threat associated with outbreaks of viruses and infectious diseases, risks related to negative publicity with respect to the Company or the mining industry in general, reliance on a single asset, the Company's ability to attract and retain key personnel, planned drill programs and results varying from expectations; litigation risks, the availability of permits and the timeliness of the permitting process, the Company's ability to obtain social acceptability from local communities, dealings with nongovernmental organizations, the availability of shipping services, the availability of specialized vehicles and similar equipment, costs of remediation and mitigation, maintenance of title to our mineral properties, industrial accidents, equipment breakdowns, contractor's costs, remote site transportation costs, materials costs for remediation, labour disputes, the potential for delays in exploration or development activities, other unforeseen events, developments, or factors causing any of the aforesaid expectations, assumptions, and other factors ultimately being inaccurate or irrelevant; and other risks and uncertainties, including those described under "Risk Factors" in the Company's most recent Annual Information Form. Although the Company believes its expectations are based upon reasonable assumptions and 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; as a result, the Company provides no assurance that forward-looking statements will prove to be accurate. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from any conclusions, forecasts or projections described in the forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward looking statements. Except as required under applicable securities law, the Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements contained herein are presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes. Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

Additional Information

All of the Company's public disclosure filings, including its most recent Annual Information Form, management information circular, material change reports, press releases and other information, may be accessed via www.sedarplus.ca, via www.asx.com.au (under the symbol "SX2") or the Company's website at www.southerncrossgold.com. Readers are urged to review these materials, including the Technical Report filed with respect to the Company's Sunday Creek Project.