

St. Augustine Gold and Copper Limited

Management's Discussion and Analysis

Three months ended March 31, 2026
Expressed in U.S. dollars

Dated as of May 13, 2026

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Executive summary

St. Augustine Gold and Copper Limited is a TSX-listed mineral-development issuer (TSX: SAU) advancing the Kingking Copper-Gold Project ("Project") in Pantukan, Davao de Oro, Mindanao, Philippines. Kingking is the Company's principal asset and a large-scale copper-gold project with proven and probable mineral reserves containing approximately 5.4 billion pounds of copper and 9.8 million ounces of gold, as documented in the updated NI 43-101 Preliminary Feasibility Study filed on July 31, 2025. The Project represents a long-life, large-scale asset with an estimated 38-year mine life and supported by favorable long-term copper and gold market fundamentals.

As of March 31, 2026, the Company held cash of approximately US\$15.7 million (December 31, 2025: US\$20.3 million) and working capital of approximately US\$5.8 million (December 31, 2025: US\$9.7 million). For the three months ending March 31, 2026, the Company recorded a comprehensive loss of approximately US\$2.4 million, compared with a comprehensive loss of approximately US\$0.2 million for the three months ended March 31, 2025. The increase is primarily attributable to a US\$2.9 million increase in operating expenses (driven by professional fees on technical consulting and feasibility-stage workstreams) and an increase of approximately US\$0.5 million in foreign-exchange translation losses, offset in part by higher foreign-exchange gains in profit or loss.

The Definitive Feasibility Study ("DFS") is being prepared by Stantec Consulting Ltd. and Independent Mining Consultants, Inc. The Environmental Compliance Certificate ("ECC") and DMPF remain in good standing. The Company continues to progress the renewal of Mineral Processing Permit ("MPP"). Management considers the Amended Project Framework Agreement ("PFA") to be the operative governing agreement for the Project as of March 31, 2026, with the legacy 2010 Memorandum of Understanding no longer treated as the primary contract. The May 2025 Ore Sales Agreement ("OSA") between KMC and Kingking Milling Corporation completes the ore-monetization architecture contemplated by the PFA. The Company also maintained its ISO certification, having again passed the ISO Re-Certification Audit, with certification valid until March 12, 2029.

The Company's principal priorities for the balance of 2026 are to: (i) advance the DFS within budget and on schedule, (ii) advance Project financing initiatives across equity, debt, royalty, streaming and strategic-partnership alternatives, and (iii) preserve and advance key permits and regulatory areas of work (including the renewal of the MPP and engagement on Republic Act No. 12253 implementing rules).

The Company's principal risks remain (i) the requirement to secure additional financing to advance the Project through DFS, permitting, detailed engineering, land acquisition, construction and commissioning; (ii) permitting and regulatory uncertainty in the Philippines, including the implementation of Republic Act No. 12253 and any future policy changes affecting open-pit mining, watershed protection or Indigenous-Peoples consents; (iii) commodity-price exposure to copper and gold; and (iv) execution risk associated with advancing a large-scale mine development project. These risks are described more fully in the "Risk Factors" section of this MD&A.

Introduction

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of St. Augustine Gold and Copper Limited (the "Company" or "SAGC") is dated May 15, 2026 and is in respect of the three months ended March 31, 2026. This has considered information available up to the date of this MD&A and has satisfied itself that the disclosure remains current and not misleading as at the date of filing on SEDAR+.

This MD&A has been prepared in accordance with the requirements of Form 51-102F1 — Management's Discussion & Analysis under National Instrument 51-102 — Continuous Disclosure Obligations and updates the Company's annual MD&A for the year ended December 31, 2025. It should be read in conjunction with: the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2026, prepared in accordance with International Accounting Standard 34 — Interim Financial Reporting ("IAS 34"); the audited consolidated financial statements of the Company for the years ended December 31, 2025 and 2024, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"); the Company's annual MD&A for the year ended December 31, 2025; the Annual Information Form ("AIF") of the Company for the year ended December 31, 2025; and the NI 43-101 Technical Report entitled "NI 43-101 Technical Report — Updated Preliminary Feasibility Study, Kingking Copper-Gold Project", with an effective date of July 10, 2025 and filed on SEDAR+ on July 31, 2025 (the "Technical Report"). All the foregoing documents are available on SEDAR+ at sedarplus.ca under the Company's profile.

All dollar amounts are presented in United States dollars ("US\$" or "\$") unless otherwise indicated. References to "CAD\$" mean Canadian dollars and "₱" refers to Philippine pesos.

This MD&A does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company, nor shall it form the basis of, or be relied upon in connection with, any contract or investment decision.

At present, St. Augustine Gold & Copper Limited has an indirect and direct equity interest (through local shareholdings) in the project. References to economic interests should be interpreted from a whole of project value chain perspective since such interests will encompass a package of direct minority equity interests in entities subject to nationality laws, a fully owned processing subsidiary which is not so subject and contractual rights and benefits under associated Project agreements. The current equity and economic interests may increase upon fulfillment of obligations under existing agreements. Please refer to our previous press releases and financial disclosures in the Investors section of our website for further information.

Forward-looking information

Certain statements contained in this MD&A constitute "forward-looking statements" and "forward-looking information" within the meaning of applicable securities legislation (collectively, "forward-looking information"). Forward-looking information may be identified by terminology such as "outlook," "anticipate," "project," "target," "believe," "estimate," "expect," "intend," "forecast," "should," and similar expressions.

Forward-looking information in this MD&A includes, but is not limited to, the Company's business strategy, plans, outlook, shareholder value, projections, targets, and expectations as to reserves, resources, results of exploration (including targets) and related expenses, mine development, mine operations, mine production costs, drilling activity, sampling and other data, recovery improvements, future production levels, capital costs, cost savings, cash and total costs of production of copper and gold, expenditures for environmental matters, reclamation and other post closure obligations and estimated future expenditures for those matters, completion dates for the various development stages of projects, future gold prices (including the long-term estimated prices used in calculating mineral reserves), currency exchange rates, the Kingking Copper-Gold Project and the timing, outcome and assumptions underlying the Definitive Feasibility Study.

This MD&A also includes forward-looking information regarding related-party transactions and contractual arrangements among the Company and other Project counterparties.

Forward-looking information are necessarily based upon a number of estimates and assumptions contained in the Technical report that, while considered reasonable, are inherently subject to known and unknown risks,

uncertainties, and other factors that may cause SAGC's actual results, level of activity, performance, or achievements to be materially different from those expressed or implied by such information. There can be no assurance that these estimates will be realized, and actual results may differ materially.

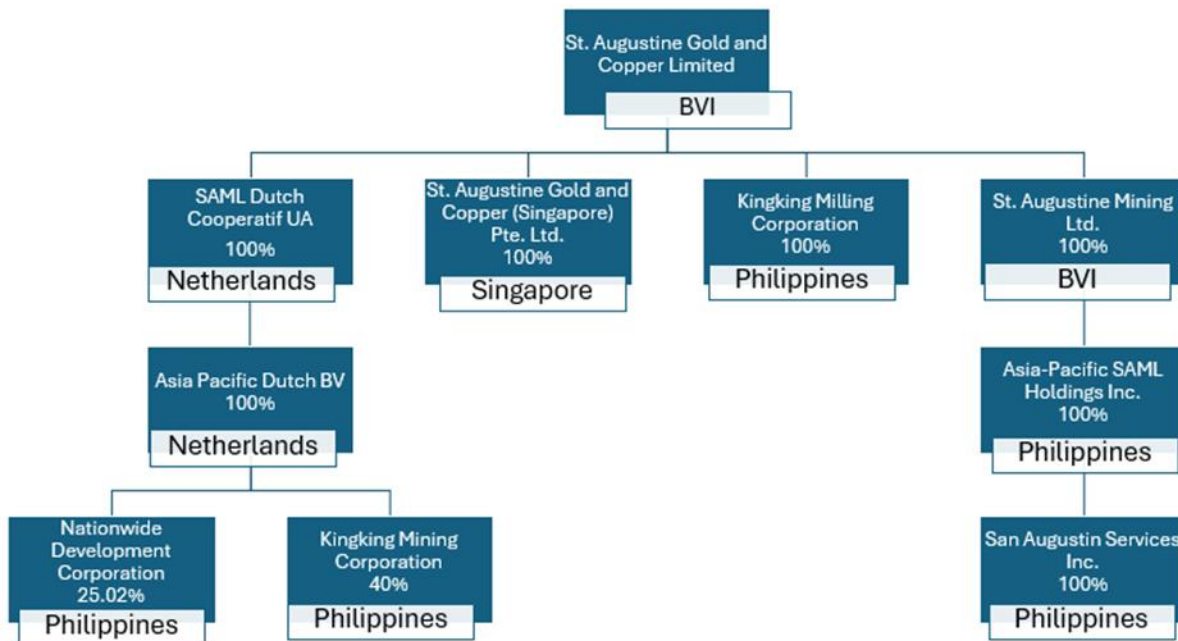
Overall Performance and Business Overview

Corporate Background

The Company was incorporated in the British Virgin Islands on January 27, 2010. The Company is engaged in the business of mineral property exploration and development. Its only activity is the continued evaluation and advancement of the Kingking copper-gold property through its operating subsidiaries and joint-venture interests.

The Company has substantially performed and satisfied the principal obligations contemplated under the Project Framework Agreement ("PFA"), as amended in August 2014, in connection with the Project. Accordingly, the amended PFA has effectively implemented the restructuring and alignment of the respective interests of the Company and Nationwide Development Corporation ("NADECOR") in the Project, including the consolidation of the parties' arrangements into the Company as the principal corporate vehicle. As such, the amended PFA now governs the parties' rights and obligations relating to the Project and supersedes the Memorandum of Understanding ("MOU") and related agreements pertaining to the prior earn-in arrangement.

The Company's corporate structure as of March 31, 2026 is shown below.



The Company's operating subsidiaries were formed for advancing the Project's large proven and probable mineral reserves containing copper and gold (5.4 billion pounds of contained copper and 9.8 million troy ounces of contained gold, as documented in the Company's NI 43-101 compliant Technical Report). The Company's objective is to bring the Project into commercial production in a timely and cost-effective fashion. Management believes that due to the past and expected strength in the markets for gold and copper, the Project represents an opportunity to generate attractive returns based on current project economics.

The Project

Kingking property

The Kingking property is centered at approximate geographical coordinates 7°11'31"N Latitude and 125°58'24"E Longitude on the Philippine Island of Mindanao. The mineral reserve is located at Sitio Gumayan, Barangay Kingking, Municipality of Pantukan, Davao de Oro, in Mindanao.

Project History

The Kingking mineralized material was originally discovered in 1966.

In April 2010, NADECOR, Russell Mining and Minerals, ULC, ("RMMU"; formerly Russell Mining and Minerals Inc. "RMMI"), the Company and shareholders of NADECOR entered an MOU, which was subsequently amended, (inclusive of amendments) to develop the Kingking property. The MOU addresses the formation of a joint venture to develop the Kingking property.

During 2010 and 2011, the Company settled with other parties which held an interest in the Project, such that only the Company and NADECOR have rights to develop and place the Project into production. Benguet Corporation divested all rights under its previous operating agreement with respect to the Project.

The PFA, as amended in August 2014 (the "Amended PFA"), assures the Company's economic interest in the Project and sets out the structure for the future mining and milling operations of the Project. The Amended PFA also established commitments to acquire lands and consolidate Project stakeholders' interests into the Company. The Amended PFA is described in detail in the Current Highlights.

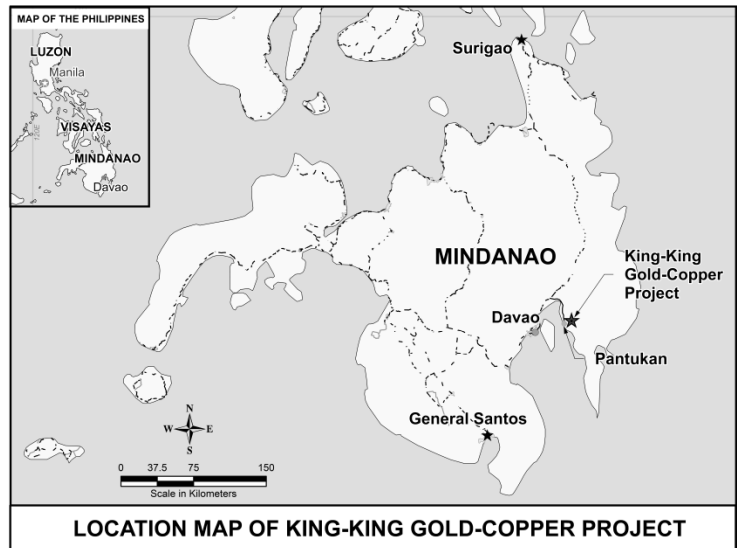
The Company announced in a press release (dated September 18, 2013) the results of its NI 43-101 compliant Preliminary Feasibility Technical Report (effective date of the report February 25, 2013). This Technical report was filed on SEDAR+ on November 1, 2013. The level of information provided in this report permits the Company to report on the Kingking deposit as a mineral reserve. The current technical and economic disclosure in this MD&A is based primarily on the updated NI 43-101 Technical Report for the Project with an effective date of July 10, 2025, filed on SEDAR+ on July 31, 2025.

The Kingking tenement comprises 184 mining claims that are owned by NADECOR under Mineral Production Sharing Agreement #009-92-XI (the "MPSA"), which was approved by the Government of the Philippines on May 27, 1992, amended December 11, 2002, and was renewed for another 25 years on May 23, 2016. The MPSA grants NADECOR the exclusive right to explore, develop and exploit minerals within the area comprising the Kingking tenement.

On July 31, 2025, the Company announced the results of the updated Preliminary Feasibility Study ("PFS") for the Kingking Copper-Gold Project located in Pantukan, Davao de Oro, Philippines. The updated PFS provides the technical and economic basis to advance the Project to a Definitive Feasibility Study ("DFS") and supports the progression toward potential development and construction, subject to financing and permitting requirements.

Mineral Reserves

The Kingking property is a large copper-gold proven and probable mineral reserve. The proven and probable mineral reserves of the Project, as documented in the 2025 Technical Report and approved by the qualified person, are summarized below:



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Mineral Reserve (Milling):	Tonnes Mt	NSR (\$/t)	Tot Cu (%)	Sol Cu (%)	Gold (g/t)	Copper (Mlbs)	Gold (Koz)
Proven Mineral Reserve:	142.3	37.83	0.33	0.12	0.49	1,037	2,253
Oxide Mill Ore	45.4	58.56	0.52	0.30	0.71	516	1,033
Sulfide Mill Ore	76.5	31.90	0.26	0.04	0.45	444	1,117
Low Grade Stockpile	20.4	13.93	0.17	0.02	0.16	78	103
Probable Mineral Reserve:	706.5	25.51	0.24	0.04	0.33	3,803	7,519
Oxide Mill Ore	52.0	43.46	0.36	0.21	0.59	412	986
Sulfide Mill Ore	499.7	27.08	0.25	0.03	0.36	2,776	5,751
Low Grade Stockpile	154.9	14.43	0.18	0.02	0.16	615	782
Proven/Probable Reserve:	848.9	27.57	0.26	0.06	0.36	4,840	9,771
Oxide Mill Ore	97.4	50.50	0.43	0.25	0.64	928	2,018
Sulfide Mill Ore	576.2	27.72	0.25	0.03	0.37	3,220	6,868
Low Grade Stockpile	175.3	14.37	0.18	0.02	0.16	692	885
Mineral Reserve (Leaching):	Tonnes Mt	NSR (\$/t)	Tot Cu (%)	Sol Cu (%)	Gold (g/t)	Copper (Mlbs)	Gold (Koz)
Proven Mineral Reserve	50.2	14.97	0.25	0.16	N.A.	275	N.A.
Probable Mineral Reserve	60.4	12.22	0.21	0.12	N.A.	280	N.A.
Prov/Prob Leach Reserve	110.5	13.47	0.23	0.14	N.A.	555	N.A.
Copper Mineral Reserve Milling and Leaching	Tonnes Mt	NSR (\$/t)	Tot Cu (%)	Sol Cu (%)	Gold (g/t)	Copper (Mlbs)	Gold (Koz)
Proven/Probable Reserve	959.4	25.95	0.26	0.06	N.A.	5,396	N.A.
Proven Mineral Reserve	192.5	31.87	0.31	0.13	N.A.	1,312	N.A.
Probable Mineral Reserve	766.9	24.46	0.24	0.05	N.A.	4,083	N.A.

The proven mineral reserves are 192.5 million tonnes at 0.31% total copper, and 0.13% soluble copper. The probable mineral reserves include 766.9 million tonnes at 0.24% total copper, and 0.05% soluble copper. The proven and probable mineral reserve consists of 5.4 billion pounds (2.4 million tonnes) of contained copper and 9.8 million troy ounces (304 tonnes) of contained gold.

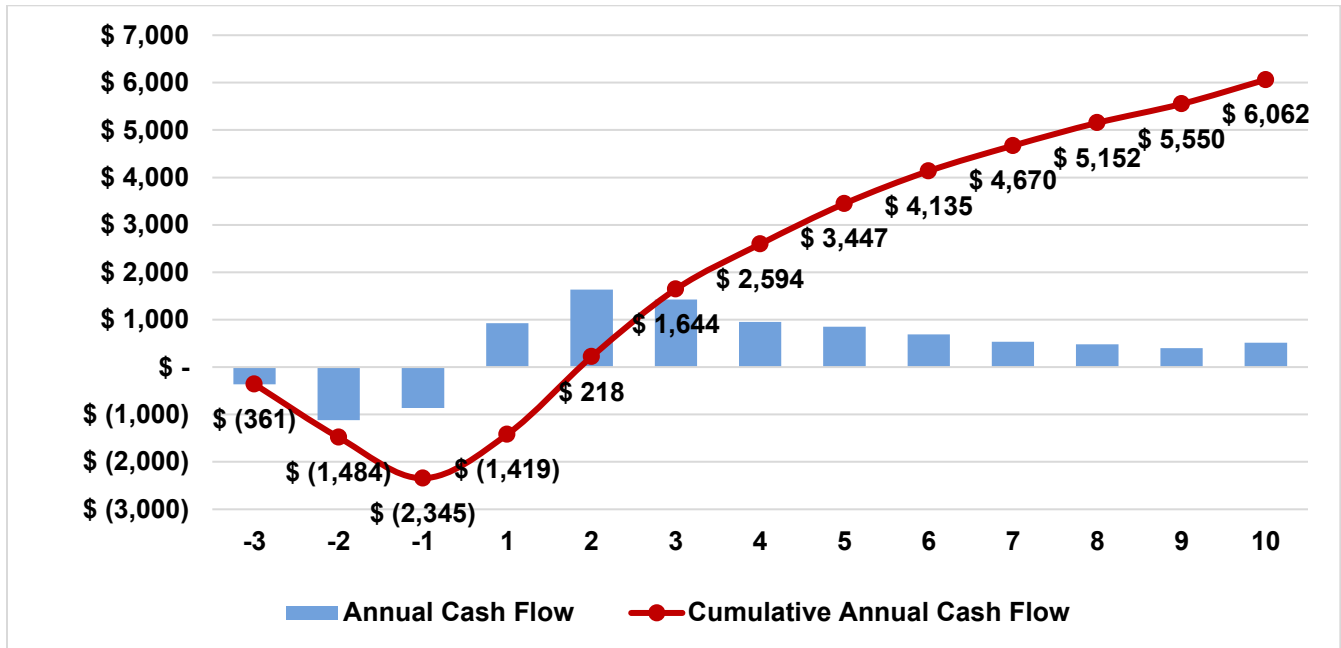
Project Economics

The PFS demonstrates strong project economics, including the following as defined in the NI 43-101 Technical Report dated July 10, 2025:

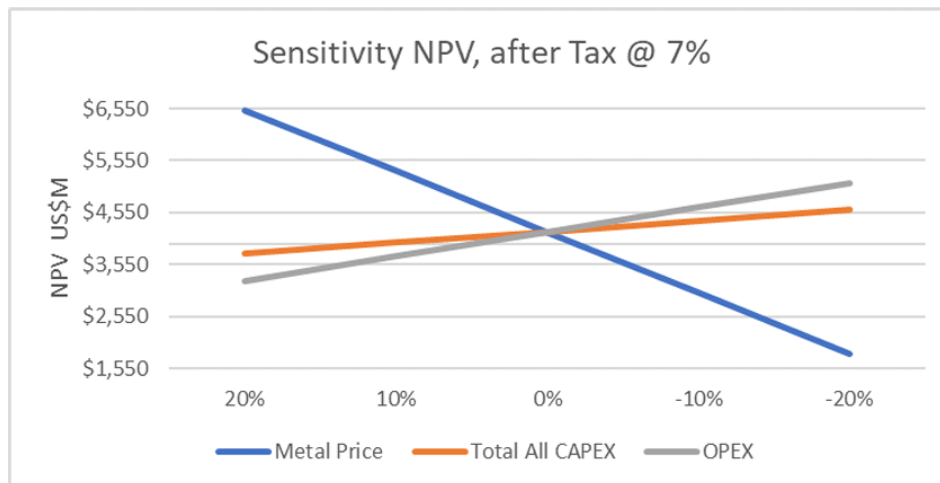
- Mill: 142 million tonnes of proven reserves and 707 million tonnes of probable reserves
- Heap Leach: 50 million tonnes of proven reserves and 60 million tonnes of probable reserves
- Total: 192 million tonnes of proven reserves and 767 million tonnes of probable reserves

The Technical Report also supports the following indicative Project economics on a 100% basis at long-term metal-price assumptions of US\$4.30 per pound of copper and US\$2,150 per troy ounce of gold and a 7% discount rate:

The chart below shows the Project's projected cash flows from the start of construction through Year 10 of operations. It shows negative cash flows during the construction period, reflecting upfront capital expenditures, followed by strong positive cash flows once operations begin. The projected cash flow profile indicates that the Project is expected to recover its initial investment within the early years of operations.



Based on the Technical Report, the Project's net present value ("NPV") is most sensitive to changes in metal prices, with comparatively lower sensitivity to variations in capital expenditures ("CAPEX") and operating costs ("OPEX").



As illustrated in the sensitivity analysis, a 20% increase in metal prices results in a significant increase in Project value, with NPV rising to approximately \$6.5 billion compared to the NPV baseline value of \$4.2 billion, while a 20% decrease in metal prices reduces NPV to approximately \$1.8 billion. This wide range demonstrates that the Project's economics are highly leveraged to commodity price movements.

In contrast, changes in CAPEX and OPEX have a more moderate and linear impact on Project value. A 20% reduction in CAPEX increases NPV to approximately \$4.6 billion, while a 20% increase in CAPEX reduces NPV to

approximately \$3.8 billion. Similarly, a 20% reduction in OPEX results in an NPV of approximately \$5.1 billion, while a 20% increase in OPEX reduces NPV to approximately \$3.2 billion.

Industry and Economic Factors – Commodity Prices

Commodity prices for copper and gold are key drivers of the economic viability of the Project. Average annual market prices for the past ten years and the year-to-date 2026 average are summarized below:

Average annual market prices (US\$)		
Year	Copper (lb)	Gold (oz)
2016	2.21	1248
2017	2.79	1257
2018	2.96	1269
2019	2.72	1394
2020	2.80	1770
2021	4.23	1800
2022	4.00	1794
2023	3.85	1941
2024	4.15	2389
2025	4.51	3446
2026 YTD*	5.88	4707

**Most current spot pricing as of May 5, 2026. Source: Monthly spot prices for gold and London Metal Exchange monthly average prices for copper*

Year-to-date 2026 average copper and gold prices are materially above the long-term price assumptions used in the Technical Report (US\$4.30/lb Cu and US\$2,150/oz Au), suggesting that, were current spot prices to persist, Project economics could be significantly more favorable than the base case. However, commodity prices are inherently volatile, and the Company's Project economics are based on long-term price assumptions that management considers to be prudent for development planning.

Project Permitting and Regulatory Status

The principal permits and regulatory approvals associated with the Project are summarized below as at the date of this MD&A:

Permit / Approval	Status	Comment
Mineral Production Sharing Agreement (MPSA No. 009-92-XI)	In good standing	Renewed for 25 years on May 23, 2016. Subject of a 2017 DENR show-cause order on which no resolution has been issued; management's view is that there are no valid grounds for cancellation.
Environmental Compliance Certificate	In good standing	Issued by the DENR in February 2015.
Declaration of Mining Project Feasibility (DMPF)	In good standing	Approved by the DENR in December 2015 and amended in May 2016 to permit a two-stage development.
Mineral Processing Permit (MPP)	Renewal in progress	Originally issued June 2016 by the MGB. The Company is actively progressing renewal.

Permit / Approval	Status	Comment
Indigenous Peoples MOA / Certification Precondition (CP)	In place	MOA executed May 2015 (25-year term); CP issued by NCIP in January 2016.
Reclassification of Project lands to heavy industrial use	Approved	Approved by the Municipal Planning and Development Office in August 2016.

The Company revised its major permitting documents — the Environmental Impact Statement (“EIS”) and Declaration of Mining Project Feasibility (“DMPF”) during 2013 and 2014 based on comments received from the Department of Environment and Natural Resources (“DENR”) on earlier submissions made in 2012. The updated EIS was submitted to the DENR in May 2014, and the DMPF followed in December 2014. After review, the DENR approved the EIS in February 2015, issuing the ECC for the Project. Subsequently, the DMPF was approved in December 2015, and the Company received the DENR’s Order to Proceed to the development and operating stages of the Project in January 2016.

In August 2014, the coastal complex land position was purchased (~100 Hectares). This land area is important for the future project regarding port, production storage (concentrates and copper cathode) and operating supplies (fuel, sulfuric acid, lime, etc.) that will support the mining project.

In July 2015, the Company announced the execution of a Memorandum of Agreement (“MOA”) among NADECOR, the Mansaka Indigenous Cultural Communities/Indigenous Peoples (“IPs”) and the National Commission on Indigenous Peoples (“NCIP”) in May 2015. The MOA is effective for a period of twenty-five (25) years. The key features of the agreement are the commitment by NADECOR to pay a royalty fee of one percent of the Project’s gross revenues and to provide employment priority to members of the IPs, and the IPs will provide their Free and Prior Informed Consent certificate with respect to the MPSA. The MOA was approved at the Central Office of the NCIP and it issued a Certification Precondition (“CP”) to NADECOR in January 2016.

The DMPF (a major project permit) approved by the DENR in December 2015 was further amended through the Integrated Kingking Copper-Gold Project document in March 2016. The amended DMPF was approved by the DENR in May 2016. The amended DMPF basically implements the Original Project in two (2) stages within the same area of the same facilities. The Stage 1 portion of the Project involves mining and processing of 1.1 million tonnes per year (TPY) of high-grade mixed copper oxide–sulfide ore by sulfide flotation and agitation tailing leach–SXEW. Stage 2 mirrors the larger-scale configuration described in the December 2015 DMPF, representing full-scale expansion following the successful implementation of Stage 1.

In April 2016, the Supreme Court of the Philippines issued a Notice of Judgment dated March 9, 2016 on the intra-corporate dispute involving the Company’s joint venture partner, NADECOR, and dismissing the petition filed by the Ricafort group which was questioning the legitimacy of the NADECOR Board headed by Mr. Conrado T. Calalang and upholding the decision of the Court of Appeals in finding that the Calalang Board is the legitimate Board. A Motion for Reconsideration dated May 31, 2016, was lodged by Ricafort group. On March 8, 2017, the Supreme Court issued a Resolution denying the Motion for Reconsideration filed with finality. In view thereof, all subsisting contracts between the Company and NADECOR continue to be valid and binding.

In June 2016, the Mines and Geosciences Bureau (“MGB”) issued an order approving the assignment of the MPSA to Kingking Mining Corporation (“KMC”) pursuant to the deeds of assignment dated October 22, 2010, and November 25, 2013. A Mineral Processing Permit (MPP) for the Project was also issued by the MGB and the application for the area expansion involving consolidation of APSA No. 026-XI and MPSA No. 009-92-XI AMD was approved.

The Kingking project lands were approved for re-classification to heavy industrial use by the Municipal Planning and Development Office (MPDO) in August 2016. These are lands that will have project facilities on them, such as the processing and tailing-storage sites.

On August 8, 2016, the Company announced that the DENR through MGB has approved the renewal of the amended MPSA for another 25-year term.

On February 22, 2017, KMC received show cause order from the DENR directing KMC to explain why the MPSA should not be cancelled for being located within a protected watershed area.

On February 27, 2017, management of KMC responded to the show cause order stating that there are no valid grounds to cancel, terminate or suspend the MPSA. The DENR has yet to render a resolution on the matter, as with other mining companies that received similar show-cause orders.

On April 27, 2017, the DENR issued Administrative Order No. 2017-10 ("DAO No. 2017-10"), banning the open pit method of mining for copper, gold, silver and complex ores in the country. With the change in the leadership of the DENR, all actions of the previous DENR Secretary are being reviewed by the Mining Industry Coordinating Council ("MICC") which is co-chaired by the Secretary of Finance and the DENR Secretary. Subsequently, a joint letter from numerous mining companies, including KMC, requested for the suspension of the implementation pending the review on the legality of DAO 2017-10. In October 2017, the new DENR Secretary announced that during the last meeting of the MICC, a Resolution was issued, whereby a majority of the members thereof voted to recommend changes to DAO No. 2017-10, to the effect that the DENR lifts the ban on open-pit mining.

However, by December 2017, the Company received information that then President Duterte wanted a thorough review of mining policies, despite the recommendation of the MICC, and thus did not agree to remove the ban on open pit mining. Eventually, the DENR sent out notices to all mining companies that a forum will be conducted beginning January 2018 to discuss revisions to existing mining policies. Thus far, four (4) meetings have been held about the proposed revisions, the last of which was in July 2018. Another meeting with the DENR Secretary was scheduled last October 2018, where mining companies, including KMC, provided their inputs to the proposed revisions. KMC continued to participate in such meetings/forums.

On December 23, 2021, the DENR Secretary signed an administrative order (DAO No. 2021-40), effectively lifting the 4-year nationwide ban. The government described this as a move to "revitalize the mineral resource industry" and help the COVID ravaged economy rebound.

In subsequent meetings, the DENR informed the mining companies about new policies regarding the need for rehabilitation of areas that were disrupted by mining operations, i.e., the need to commence the planting of trees in those areas that, based on the Company's assessment, have no more potential for the extraction of ores. As the Company has not started operations due to the ban, the Company will not be covered by those new policies just yet, as there are no disrupted areas to speak of. However, the Company continues to engage the DENR, through the MGB, in discussions regarding this policy.

Also in December 2017, then President Rodrigo R. Duterte signed into law Republic Act No. 10963, also known as the TRAIN Law or the Tax Reform for Acceleration and Inclusion Law. This law took effect on January 1, 2018. Pursuant to Section 48 of the TRAIN law, the excise tax for metallic and non-metallic minerals was raised from the previous 2% to 4%. The Bureau of Internal Revenue (BIR) then issued Revenue Regulation No. 1, s. 2018 (effective January 15, 2018), which stated that the 4% excise tax would be based "on the actual market value of the gross output at the time of removal."

Republic Act No. 12253 — Enhanced Fiscal Regime for Large-Scale Metallic Mining

On September 4, 2025, Republic Act No. 12253, also known as the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act, was passed into law, with implementing rules and regulations issued in December 2025. This reforms the Philippines' mining tax system to ensure a fairer government share of revenues while maintaining investor stability. Its principal features include: (i) a five-tier, margin-based royalty system (1% to 5%) for operations outside mineral reservations and a fixed 5% royalty within reservations; (ii) a windfall-profits tax of 1% to 10% on margins exceeding 30%; (iii) project-level ring-fencing, treating each mining project as a separate taxable entity; (iv) a 2:1 debt-to-equity ratio cap to limit related-party interest deductibility; (v) fiscal-stability guarantees for existing agreements; (vi) mandatory transparency and public disclosure; and (vii) the allocation of 40% of national mining revenues to local governments.

Current highlights

During the three months ended March 31, 2026, the Company continued to advance the Project through feasibility, permitting, financing and corporate-structure workstreams. As a pre-revenue, development-stage issuer, the Company's activities during the period remained focused on advancing the Project toward development while preserving its contractual and regulatory position.

Financial condition

On March 31, 2026, the Company reported cash of \$15.7 million, total current assets of \$16.9 million, total current liabilities of \$11.1 million and working capital of \$5.8 million (calculated as current assets less current liabilities). Short-term funding needs beyond the Company's cash position are expected to be made primarily through either the issuance of equity or debt. At March 31, 2026, the Company's working capital is approximately \$5.8 million.

The Company has not yet generated revenue and has incurred an accumulated deficit of \$38.8 million as at March 31, 2026. Additional funds must be raised to further develop and construct the Project and ultimately realize a positive economic return. As a pre-revenue, development-stage issuer, the Company continues to rely on external financing, and its results remain sensitive to equity-accounted outcomes, foreign exchange movements, and the timing of project and corporate activities until commercial production is achieved.

The Company also holds notes receivable of approximately \$15.4 million, these notes do not generate material interest income and were issued to support overall Project development. The Company invests in joint ventures and in its partner, NADECOR; these investments have historically increased the Company's net loss, which is expected to continue, at a minimum, until commercial operation of the Project.

The Company's results for the year were driven primarily by higher operating expenses and translation losses. The increase in operating expenses arose from general and administrative costs, particularly professional fees associated with technical consulting and feasibility-stage project advancement, while wages remained flat year over year.

The Company's financial statements are assessed under the going concern assumption, which assumes that it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Project Milestones

As of March 31, 2026, the Company considers the amended PFA to be the operative governing agreement for the Kingking Project, with the legacy 2010 MOU no longer treated as the primary contract in force. This reflects the Company's substantial performance of the PFA's core obligations, including funding the NADECOR credit facility, settling specified NADECOR obligations, issuing shares to NADECOR, transferring the MPSA to KMC, and earning at least a 50% economic interest through qualifying Project expenditures. The Ore Sales Agreement ("OSA"), executed last May 12, 2025, between KMC and Kingking Milling Corporation ("MillingCo") further advances this contractual framework. Under the OSA, KMC will sell all ore production exclusively to MillingCo on a production-cost-plus basis, with obligations beginning only upon practical completion of the Project. The Company views this as completing the ore-monetization structure contemplated under the PFA and reducing historical contractual uncertainty around the Project.

The Company continued the areas of work described in its annual MD&A for the year ended December 31, 2025, including DFS, permitting, financing and corporate-structure activities.

The Company remains to be International Organization for Standardization ("ISO")-certified to-date, having again passed the ISO Re-certification Audit conducted by Intertek last March 2026.

Discussion of Operations

The Company's interim financial report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee and is expressed in U.S. dollars unless otherwise

noted. The Company's operations and business are not driven by seasonal trends, but by efforts to achieve project milestones. These milestones include various technical, environmental, socio-economic and legal objectives, including obtaining the necessary permits; completion and publishing of a DFS and preparation of engineering designs.

Selected financial information – Statement of Financial Position

Balance	March 31, 2026	December 31, 2025	December 31, 2024
Total assets	\$ 138,341,991	\$ 141,548,942	\$ 111,800,910
Total liabilities	11,064,221	11,916,111	3,162,349
Total equity	127,277,770	129,632,831	108,638,561

Total assets decreased by approximately \$3.2 million from December 31, 2025 to March 31, 2026, principally from the Company's continued spending to fund its ongoing operations (notably professional fees on technical consulting areas of work). Total liabilities decreased by approximately \$0.9 million due to settlement of due to related parties' balances. Total equity decreased by approximately \$2.4 million, reflecting the comprehensive loss for the period.

Investment In Mineral Property

Movements in the Company's investment in mineral property during the period were limited to general and administrative and labor costs of approximately \$92,210 (Q1 2025: \$92,474), reflecting the care-and-maintenance posture of the Project pending completion of the DFS and a Project financing decision.

	As of March 31,	
	2026	2025
Investment in Mineral Property	\$ 64,472,986	\$ 64,380,776
	Three months ended March 31,	
	2026	2025
Changes in Mineral Property due to General, administrative and labor	\$ 92,210	\$ 92,474

Comprehensive Loss

The Company recorded a comprehensive loss of approximately \$2.4 million for the three months ended March 31, 2026 compared to a comprehensive loss of approximately \$0.2 million for the same period in 2025. The components and the year-on-year change are summarized below:

	Q1 2026	Q1 2025	Change
Operating expenses	(3,265,226)	(364,641)	(2,900,585)
Other income	447,512	45,786	401,726
Share of equity-accounted results	(140,094)	30,753	(170,847)
Net loss	(2,957,808)	(288,102)	(2,669,706)
Foreign-exchange translation gain (OCI)	602,747	112,045	490,702
Comprehensive loss	(2,355,061)	(176,057)	(2,179,004)

The increase in comprehensive loss is largely attributed to higher operating expenses, as well as changes in other income and foreign-exchange translation adjustments. Operating expenses for the first quarter of 2026 amounted to \$3.3 million, a significant increase of \$2.9 million compared to \$0.4 million in the same period of 2025. Foreign exchange translation gains and losses recognized in other comprehensive income arise from the translation of the Company's Philippine operations and equity-accounted investees, whose functional currency is the Philippine peso, into the Company's reporting currency, the U.S. dollar. Accordingly, fluctuations in the Philippine peso relative to the U.S. dollar can have a significant impact on reported comprehensive income through translation adjustments, independent of underlying operating performance.

St. Augustine Gold and Copper Limited
Management's Discussion and Analysis
For the three months ended March 31, 2026
Financial information is presented in U.S. dollars

Operating expenses

Operating expenses for the three months ended March 31, 2026 totaled approximately \$3.3 million, an increase of approximately \$2.9 million over the comparative period. The components and changes are presented below:

(USD)	Q1 2026	Q1 2025	Change
Wages and share-based compensation	55,000	55,000	-
General and administrative costs	3,210,226	309,641	2,900,585
<i>Professional fees</i>	2,979,200	246,420	2,732,780
<i>Stock listing and transfer fees</i>	118,768	18,653	100,115
<i>Legal fees</i>	55,425	40,668	14,757
<i>Insurance</i>	30,787	-	30,787
<i>Travel expense</i>	20,616	-	20,616
<i>Director fees</i>	4,233	3,400	833
<i>Others</i>	1,197	501	696
Total operating expenses	3,265,226	364,641	2,900,585

The increase in operating expenses is driven primarily by higher general and administrative expenses, specifically professional fees, which rose by approximately US\$2.7 million. Professional fees in Q1 2026 reflect (i) technical-consulting areas of workadvancing the DFS and (ii) Project advisory and administrative services associated with Project consolidation and financing initiatives. Stock-listing and transfer fees rose by approximately US\$100,000 driven by higher listing-related fees during the period.

Wage and share-based compensation costs remained consistent over the period. Share-based compensation represents the difference between the market price and the subscription price of shares issued to a related party during the period, in accordance with the IFRS 2 measurement principles applied by the Company.

Other income

Other income for the three months ended March 31, 2026 totaled approximately \$447,512 (Q1 2025: \$45,786). Components are summarized below:

(USD)	Q1 2026	Q1 2025	Change
Interest income	127,423	141,741	(14,318)
Foreign exchange gain (loss)	320,089	(95,955)	416,044
Total	447,512	45,786	401,726

Other Income increased by \$401,726 to \$447,512 in 2026, driven mainly by higher foreign exchange gain.

The Company recorded a foreign exchange gain of \$320,089 in Q1 2026 compared to a loss of \$95,955 in Q1 2025. The increase in foreign exchange gain of \$416,044 reflects movements in exchange rates between the U.S. dollar and the Philippine peso, which is the functional currency of the Company's primary operating subsidiaries and investees. The average USD/PHP rate was ₱58.92 in Q1 2026, ₱57.88 in Q1 2025, and ₱57.37 (average) in 2025.

Interest income decreased modestly in 2026 compared to 2025, reflecting changes in average cash balances and interest rates over the period. The average effective interest rate was 3.65% in Q1 2026, down from 4.35% in Q1 2025.

Equity-accounted results from associates and joint ventures

The following table summarizes the Company's share of results from its equity-accounted investments:

(USD)	Q1 2026	Q1 2025	Change
Income (Loss) from NADECOR	(90,337)	4,055	(94,392)

(USD)	Q1 2026	Q1 2025	Change
Income (Loss) from joint ventures	(49,757)	26,698	(76,455)

The Company's proportionate share of its 25% equity interest in NADECOR resulted in a loss of \$90,337 in Q1 2026, compared to an income of \$4,055 in Q1 2025, reflecting NADECOR's net loss or income for the same period. Losses from joint ventures totaled \$49,757 in 2026, compared to \$26,698 income in 2025, primarily reflecting the Company's 40% proportionate share in the net loss of Kingking Mining Corporation for the period. The Company's investment in joint ventures remains nil because losses have historically exceeded the carrying value of the investment.

Summary of Quarterly Results

The following table summarizes the Company's results for the seven most recently completed quarters.

Quarterly result	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Total assets	\$ 138,341,991	\$ 141,548,942	\$ 133,476,503	\$ 114,071,801	\$ 112,101,567	\$ 111,800,910	\$ 113,586,636
Operating expenses	3,265,226	4,502,833	480,272	204,256	364,641	309,210	44,848
Income (loss)	(2,957,808)	(4,907,966)	(543,064)	(5,923)	(288,102)	(1,152,952)	368,519
Earnings (loss) per share (i)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00

Quarter-over-quarter variation in net loss is principally driven by the timing of professional and consulting fees on Project areas of work (notably the 2025 PFS, the engagement of DFS consultants, and Project consolidation initiatives) and by foreign-exchange translation. Quarterly net loss is not subject to seasonal patterns. Per-share figures are presented in accordance with IAS 33; basic and diluted loss per share are equal in all periods presented.

Liquidity and Capital Resources

The Company is a pre-revenue, development-stage issuer. The Company's operations and Project advancement are funded through cash on hand and from time to time by issuances of equity and other securities. The Company has not generated revenue from operations and has incurred an accumulated deficit; this is expected to continue, at a minimum, until commercial operation of the Project.

Cash and Working Capital

At March 31, 2026, the Company had cash of approximately \$15.7 million (December 31, 2025 – approximately \$20.3 million) and a working capital of approximately \$5.8 million (December 31, 2025 – \$9.7 million). The decrease in cash during the period was primarily attributable to continued spending to support its operations and Project advancement.

The Company's cash utilization reflects its status as a development-stage entity with no operating revenues. Net cash used in operating activities totaled approximately \$4.4 million for the three months ended March 31, 2026 (2025 – \$0.4 million), primarily driven by general and administrative expenditures. Net cash used in investing activities totaled approximately \$1.1 million (2025 - \$0.1 million), primarily due to advances to joint ventures and mineral property expenditures. Net cash used in financing activities totaled approximately \$1.1 million (2025 - net cash provided of \$0.4 million).

Liquidity Risk

The advancement of the Project beyond its current stage, including completion of a Definitive Feasibility Study ("DFS"), with targeted completion in the fourth quarter of 2026, detailed engineering, and construction activities, will require significantly higher levels of funding than current expenditure levels. These future expenditures are expected to materially exceed the Company's current annual burn rate and will necessitate additional financing.

The Company has historically funded its operations through equity issuances and expects to continue to rely on a combination of equity financing, debt financing, strategic partnerships, royalties, or asset-level transactions to fund

future development. Management may also consider project-level financing arrangements as the Project advances. There can be no assurance that such financing will be available on acceptable terms or at all.

The Company had no long-term debt at March 31, 2026 and December 31, 2025. The Company was not in default or arrears on dividend, lease, interest or principal payments and had no known covenant breaches as at March 31, 2026.

Contractual Obligations

Credit Facility to Kingking Mining Corporation

The Company has committed to lend up to \$11.0 million to Kingking Mining Corporation ("KMC") under a credit facility primarily to secure land acquisitions and compensate Queensberry Mining and Development Corp. ("Queensberry") for certain services. As of March 31, 2026, the Company had advanced \$7.5 million of the facility to KMC, leaving up to approximately \$3.5 million of remaining principal availability under the facility, subject to the terms of the underlying arrangements and timing of qualifying obligations. The Company has committed to fund approximately \$3.5 million in remaining obligations to a joint venture investee, primarily relating to land acquisition payments and milestone-based obligations associated with Kingking Mining Corporation.

Project Framework Agreement ("PFA")

With the substantial performance of the PFA's core obligations and the execution of the Ore Sales Agreement ("OSA") in May 2025, management considers the PFA as the operative agreement as of March 31, 2026. The MOU is no longer the primary contract in force.

Under the PFA, the Company has the right to earn up to a 60% interest in the Kingking Project (the "Project") through a combination of expenditures, milestone payments, and capital development funding. The original earn-in structure summarized in the MOU has been substantially modified and largely fulfilled under the amended PFA.

As of March 31, 2026, Management has taken the position that the Company has substantially performed its principal obligations under the PFA, including:

- Establishing and funding the agreed credit facility to NADECOR;
- Assuming and discharging certain NADECOR obligations to third parties (Queensberry and Bromius Capital Pte. Ltd.);
- Issuing shares to NADECOR pursuant to the amended terms;
- Transferring the MPSA to KMC
- Earning at least a 50% economic interest through qualifying expenditures; and
- Execution of the OSA by Kingking Mining Corporation ("KMC") and Kingking Milling Corporation ("MillingCo") in May 2025, thus completing the commercial architecture for ore monetization. The OSA provides that KMC shall sell all ore production exclusively to MillingCo at a production cost plus price, with obligations commencing only upon practical completion of the Project. This framework fully implements the ore monetization mechanism contemplated under the PFA.

The Company has committed to lending up to \$11.0 million to KMC, a Project joint venture mining entity, of which the Company owns 40%. As at March 31, 2026, the Company had lent \$7.5 million and KMC owed \$3.5 million, including accrued interest. The facility accrues interest at one-year LIBOR rate per annum until commercial production, and one-year LIBOR plus 2% thereafter. During the year ended December 31, 2024, the maturity was extended an additional 15 years at KMC's option and the note can be repaid without premium or penalty.

Other Contractual Obligations

There were no other material changes in contractual obligations outside the ordinary course of business during the period.

Off balance sheet arrangements

As at March 31, 2026, the Company had no material off balance sheet arrangements (December 31, 2025 – none).

Transactions with related parties

Legal services

For the three months ended March 31, 2026, the Company received advice from Dentons Canada LLP which is considered a related party because of a partner of that firm acting as corporate secretary to the Company. Services rendered during the three months ended March 31, 2026, totaled approximately \$57,000 (2025 – approximately \$40,000). The increase year over year was mainly attributable to additional services performed in connection with the Company's other consultancy services during the period. At March 31, 2026, \$nil was outstanding (December 31, 2025 – \$29,000).

Officers, directors and employees

The aggregate value of transactions with officers and directors during the three months ended March 31, 2026, including salaries, benefits and other compensation, totaled approximately \$150,000 (2025 – approximately \$164,000).

Entities with common management

The Company and Queensberry are parties to the amended PFA. The Company's Chief Executive Officer ("CEO") and Chairman of the Board, Manuel Paolo A. Villar, controls the new parent company of Queensberry, Faithful Holdings, Inc. (FHI). During 2014, the Company paid Queensberry approximately \$2.4 million to settle a debt payable by NADECOR to Queensberry. Over the course of the company's relationship, the Company has issued approximately 291,000,000 shares to Queensberry, making it the Company's largest shareholder. During 2015, Queensberry entered into a management service agreement with the Company. During 2016, Queensberry assigned the management service agreement to Prime Asset Ventures Inc. (PAVI), a company controlled by the CEO and the former parent company of Queensberry. The Company has an employment agreement with Mr. Villar pursuant to which he is compensated \$36,667 per month. The same agreement includes bonuses should the Company execute a material sale of the Company or its interest in the Project and calls for stock options to be issued to Mr. Villar in the future.

In March 2018, the Company entered a contract for services with Agata Mining Ventures, Inc. ("AMVI") and TVI Resource Development Phils., Inc. ("TVIRD"), affiliates, wherein the Company shall render technical services, legal consultancy and administration services to AMVI and TVIRD for a monthly fee of ₱525,000 and ₱100,000, respectively.

On June 18, 2025, the Company announced the completion of the debt settlement (the "Debt Settlement") transaction with Queensberry (the "Creditor"). Pursuant to the Debt Settlement, the Company issued an aggregate of 25,306,166 common shares in the capital of the Company, at a deemed price of CAD\$0.066 per common share, in consideration for the settlement of a total of CAD\$1,670,207 in connection with certain funds advanced to the Company by the Creditor.

As at March 31, 2026, Queensberry has advanced \$78,157 to the Company (December 31, 2025 - \$55,174) for operational requirements.

Critical Accounting Estimates

The Company's significant accounting estimates are presented in Note 2 to the annual consolidated financial statements for the year ended December 31, 2025 and should be read together with Note 2 to the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2026.

Statement of compliance

The Company's financial statements for the three months ended March 31, 2026, including comparatives, have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34").

There were no changes in accounting policies from the latest completed financial year end.

Statement of compliance analysis

Management has implemented internal controls over financial reporting and disclosure controls and procedures which management believes operate effectively. In addition to performing a rigorous period end review of the close and financial reporting process, management analyzes its financial statements and related disclosures in relation to IFRS guidance effective for the reporting year. At March 31, 2026, management determined that the financial statements, notes to the financial statements, and this MD&A are in compliance with IFRS and applicable regulations.

Investment in mineral property

The Company's directed purpose is to develop the Project under an agreement with NADECOR and will ultimately receive up to an aggregate 60% economic interest in a joint venture based upon required expenditures and completion of certain milestones. Those expenditures which were directly allowed under the MOU were included in the investment in mineral property accounts. Amounts not allowed to earn-in, following NADECOR's audit, were either reported in the investment in mineral property under IFRS 6 – Exploration for and Evaluation of Mineral Resources, or expensed, depending on the character of the expenditure. Under the terms of the MOU, accrued amounts earned-in upon cash settlement and NADECOR had a limited right to audit the underlying expenditure. Following the implementation and substantial performance of the PFA, as amended, the amended PFA superseded the MOU and now governs the parties' respective rights and interests relating to the Project.

Following the establishment of economic viability by the PFS filed on SEDAR on November 1, 2013, and the updated PFS filed on SEDAR+ on July 31, 2025, qualifying expenditures will be capitalized in accordance with relevant standards until production commences. Management periodically reviews the recoverability of the capitalized value of the Project, including by reference to the most recent technical and economic information available.

Analysis of investment in mineral property

Management has performed a rigorous review of its contractual commitments and rights and IFRS 6 - *Exploration for and Evaluation of Mineral Resources*. The Company's expenditures included in the Company's investment in mineral property are those which have directly benefited the Project and which management has determined, based on an assessment of whether impairment indicators exist, to be recoverable, and expenses which qualify for shares in its joint venture partner's capital accounts under its contractual arrangements.

The impact of the Company's treatment of capitalized expenses in respect of the Company's financial statements has been to increase the Company's assets and decrease net loss, as compared to a policy which expensed a higher proportion of Project expenditures.

Investments in Associates and Joint Ventures

The Company accounts for investments below the threshold of having significant influence either at fair value or at amortized cost, depending on the nature of the investment.

If the Company has significant influence over an investee as defined under IAS 28 – Investments in Associates and Joint Ventures, the investment is initially recognized at cost and is adjusted periodically to reflect the Company's portion of the investees' profit or loss.

Analysis of Investments in other entities

The Company's investments in other entities include its investment in NADECOR, Kingking Gold and Copper Mines Inc. ("KGCM") and KMC.

The investments in NADECOR, KGCM and KMC were accounted for using the equity method at March 31, 2026. Certain agreements of the Company contain clauses, which if met, could cause the Company's investment in KMC to change to proportionate consolidation.

Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets or a cash-generating unit are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to dispose. Cash generating units are identified as the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This value is held through the Company's investment in mineral property, investment in NADECOR and investments in joint ventures.

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. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Analysis of impairment of non-financial assets

The Company's non-financial assets or a cash-generating unit include investment in mineral property (described above) and property and equipment. Management's policy is to analyze its investment in mineral property and property and equipment for impairment at each reporting period and as circumstances and events warrant. Management has recognized no impairment losses against property and equipment or investment in mineral property since significant activity began in 2011.

As at March 31, 2026, no impairment loss has been recognized; the Company's investment in joint ventures (KMC) remains fully impaired from a prior period.

Share-based Compensation

Share-based compensation is measured in accordance with IFRS 2 — Share-based Payment. Where common shares have been issued to a related party at a subscription price below the prevailing market price, the difference is recognized as share-based compensation over the vesting period, with a corresponding increase in equity. Estimates relate principally to the grant-date fair value of awards, vesting probabilities and forfeiture rates.

Significant accounting estimates, judgments and assumptions

The preparation of consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors which it is believed to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to share-based compensation payments, impairment assessment of investment in mineral property and associates, and depreciation and impairment of property and equipment.

The most significant judgments relate to recoverability of capitalized amounts, accounting for long-term investments, accounting for investments in joint ventures and associates and the determination of the economic viability of a project.

Analysis of accounting estimates and judgments

The useful lives of assets are generally determined by a categorical assignment of fixed asset purchases. In general, management uses a 3, 5, or 10-year depreciation life for vehicles and equipment purchased. Its judgments in analyzing fixed assets for impairment include whether events and circumstances are significant enough to warrant an impairment analysis and its selection of financial data used in calculating the effects of external variables.

Management's judgment as to the recoverability of capitalized amounts is closely tied to management's impairment analysis. A significant difference arises in determining the economic viability of a project, in which case management relies on internal and contracted experts. As of the date of this MD&A, the economic viability of the Company's only mineral asset has been determined by way of a PFS, however, a DFS has not been completed.

Management valued its investment in NADECOR at fair value at June 30, 2013, at cost. In August 2013, the Company obtained board representation, requiring the Company to account for its investment in NADECOR using the equity method. Accordingly, the Company recorded its pro-rata share of comprehensive loss for the periods thereafter. The value of the investment will be affected by the future financial performance of NADECOR, which owns 60% of the Project's joint venture mining entity, as well as by changes in the exchange rate of the U.S. dollar and Philippine peso. This value of the investment is the same cash-generating unit as Company's investment in mineral property (described above).

Changes in Accounting Policies

There were no changes in accounting policies adopted by the Company during the three months ended March 31, 2026 that had a material effect on the interim financial report. The Company continues to monitor IASB pronouncements that have been issued but are not yet effective, including IFRS 18 — Presentation and Disclosure in Financial Statements (effective January 1, 2027), and is evaluating the implications for its presentation and disclosure in advance of its effective date.

Financial instruments

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of IAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Classification, measurement and reclassification of financial assets

Under IFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

All of the Company's financial assets meet these criteria and are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company's financial assets at amortized cost are presented in the statement of financial position as cash, note receivable from NADECOR, advances to joint ventures, and note receivable from joint venture.

For purposes of cash flows reporting and presentation, cash in banks generally earn interest based on daily bank deposit rates. These are unrestricted and readily available for use in the Company's operations and are subject to insignificant risks of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of interest income.

Impairment of financial assets under IFRS 9

The Company assesses its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies a simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.
- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Derecognition of financial assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Equity and financial liabilities

Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the appropriate reporting standard.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavorable conditions. Financial liabilities also include contracts which may be settled in an entity's equity instruments.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued wages and due to related parties as other financial liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

Other MD&A requirements

Outstanding share data

The Company's outstanding equity securities and securities convertible into or exercisable for voting or equity securities are disclosed below as at May 15, 2026, the latest practicable date before this MD&A.

Outstanding share data at the date of this MD&A

Securities	Outstanding
Voting securities issued and outstanding	1,579,549,129 common shares
Securities convertible or exercisable into voting equity securities	- stock options

No equity securities were issued during the three months ending March 31, 2026.

Historical Share Price

The figure below presents the historical trading performance of the Company's common shares for the period indicated. It shows the trend in market price, trading volume over time.

Published on Investing.com, 8/May/2026 - 9:09:53 GMT, Powered by TradingView.
St Augustine Gold and Copper Ltd, Canada, Toronto:SAU, D



Source: Investing.com

Internal controls over financial reporting and disclosure controls and procedures

National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings requires the Company's Chief Executive Officer and Chief Financial Officer, as certifying officers of a non-venture issuer, to certify the Company's interim filings using the applicable non-venture issuer certificate. Management is responsible for designing, or causing to be designed under its supervision, disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR").

Internal controls over financial reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An effective ICFR design provides reasonable assurance that the Company's financial information is reliable and that its financial statements have been prepared, for the purpose of publishing financial information, in accordance with applicable reporting requirements. Management believes its ICFR was appropriately designed as of March 31, 2026. There were no changes in ICFR during the three months ending March 31, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Disclosure controls and procedures

An effective DC&P system provides reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. Management believes its disclosure procedures in place as at March 31, 2026, were effective.

Corporate Governance Policies

Policies Regarding the Representation of Women on the Board

The Company has not adopted a written policy relating to the identification and nomination of directors, including women directors. The number of women directors on the Board is a factor that the Nominating and Corporate Governance Committee considers when selecting new nominees for the Board. The Board feels that having written policies governing the selection of board nominees could unduly restrict the Board's ability to select the most capable nominees.

Consideration of the Representation of Women in the Director Identification and Selection Process

When considering director nominations, the Nominating and Corporate Governance Committee considers the number of women currently on the Board. The Board includes the gender of a potential candidate as one component in the overall list of factors it considers when selecting candidates.

Consideration Given to the Representation of Women in Executive Officer Appointments

When considering executive officer appointments, the Nominating and Corporate Governance Committee considers the number of women currently employed in senior executive positions. The Chief Executive Officer, when considering the appointment of senior executives, also considers the number of women currently in senior executive positions. As in the director selection process, the gender of a potential candidate is one component in the overall list of factors that the Nominating and Corporate Governance Committee and the Chief Executive Officer consider when selecting candidates.

Issuer's Targets regarding the Representation of Women on the Board and in Executive Officer Positions

The Board has not adopted a target regarding women on the Board or in senior executive positions. The Board feels that adopting such a target could unduly restrict the Company's ability to select the most capable nominees. The Board and the Chief Executive Officer do consider the number of women on the Board and in senior executive positions when identifying candidates.

Number of Women on the Board and in Executive Officer Positions

	# of Women	Total # of Board/Officers	%
Board Positions	1	8	13%
Executive Officer Positions	3	13	23%

Risks and uncertainties

The Company is a development-stage mineral issuer and is exposed to a wide range of risks. The following discussion summarizes the principal risks identified by management as at the date of this MD&A. It should be read together with the more comprehensive risk-factor disclosure in the Company's AIF available at www.sedarplus.ca.

Project Development and Permitting Risks

Mine development and project financing risk

Mine development is highly speculative and involves substantial risks. Although the Project has completed the preliminary feasibility stage, there is no assurance that the Company will be able to complete a definitive feasibility study, obtain all remaining permits and approvals, arrange project financing, construct the required mining and processing facilities and infrastructure, or place the Project into commercial production.

Substantial additional expenditures will be required to develop the Project. There can be no assurance that the Company will be able to obtain the required financing on a timely basis, on acceptable terms or at all. Failure to secure financing, whether through equity, debt, strategic investment, joint venture arrangements, royalties, stream financing, asset sales or other alternatives, could delay, curtail or prevent advancement of the Project. Any additional equity financing may result in material dilution to existing shareholders, and any debt or structured

financing may impose restrictive covenants, security interests, cash sweep provisions or other terms that could adversely affect the Company's flexibility.

The Project is in the pre-development stage, and the Company has no history of earnings from mining operations. There can be no assurance that the Project will ever achieve commercial production or generate positive cash flow.

Environmental, permitting, regulatory risks and fiscal regime

The Company's operations and the development of the Project are subject to extensive environmental, health and safety, mine permitting and other regulation in the Philippines. The Company must obtain, renew and maintain permits, licenses and approvals required for continued engineering, construction, mining, processing, environmental compliance, water use, waste management, land access, occupational health and safety, and community and Indigenous Peoples matters. There can be no assurance that all required permits and approvals will be obtained, renewed or maintained on acceptable terms or on a timely basis. Changes in law, policy, interpretation or enforcement, or the imposition of more stringent permit conditions could delay development, increase capital or operating costs, reduce planned production or require material changes to the Project.

On February 22, 2017, KMC received a show cause order from the Department of Environment and Natural Resources ("DENR") directing KMC to explain why the MPSA should not be cancelled for being located within watershed areas. On February 27, 2017, management of KMC responded to the show cause order stating that there are no valid grounds to cancel, terminate or suspend the MPSA. The DENR has yet to render a resolution on the matter, as with other mining companies that received similar show-cause orders. There can be no assurance that this matter will be resolved favorably or without delay.

In addition, although the national ban on prospective open-pit mining was lifted in December 2021, future changes in national or local policy, including any reinstatement or restriction of open-pit mining or changes in environmental, watershed, biodiversity, rehabilitation or closure requirements, could adversely affect the Project, delay permitting or development, or increase costs.

The fiscal regime applicable to large-scale metallic mining in the Philippines changed materially in 2025 with the enactment of Republic Act No. 12253, or the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act, and the issuance of its implementing rules and regulations in December 2025. The law introduces a revised fiscal and compliance framework for large-scale metallic mining operations, including royalties, a windfall profits tax, project-level ring-fencing, related-party debt-to-equity limits and enhanced transparency and reportorial requirements. Depending on the Project's ultimate structure, profitability, financing and timing of operations, the new regime and its implementation could increase the Company's tax burden, compliance costs and administrative complexity, and could adversely affect Project economics, financing and valuation.

Climate change and emissions-related regulation

The Company may be affected by current or future laws, regulations and policies relating to climate change, greenhouse gas emissions, energy transition, carbon pricing, disclosure obligations and environmental performance standards. Such measures may increase capital and operating costs, require changes to Project design, increase monitoring and reporting obligations, or adversely affect financing availability and stakeholder expectations.

Social and Community

Development of the Project is expected to affect local communities and may require resettlement, relocation of infrastructure and continued engagement with affected stakeholders. Project delays, increased costs or the inability to proceed as planned could result if broad local community support is not maintained or if resettlement and compensation arrangements cannot be completed on acceptable terms and within expected timelines.

Although the Company has received local endorsements and has entered arrangements with Indigenous Peoples in the Project area, there can be no assurance that future community support, social license, Indigenous Peoples engagement or implementation of the Resettlement Action Plan will proceed as expected.

Foreign operations and joint venture risk

The Company's operations are located in the Philippines and are subject to the risks associated with operating in a foreign jurisdiction, including changes in law or government policy, local unrest, small-scale mining activity, corruption, demands for improper payments, physical security issues and judicial or administrative processes that may differ materially from those in Canada and the United States.

The Company's interest in the Project is held in part through agreements and through its interests in NADECOR and KMC. The Company is dependent on its counterparties and joint venture partners to perform their obligations under the applicable agreements. If they fail to do so, the Company may be required to pursue arbitration or litigation, including in foreign jurisdictions, which may be costly, time-consuming and uncertain.

Market and Financial Risks

Fluctuating mineral prices

The Company's business is highly dependent on the market prices of copper, gold and other metals. Commodity prices are volatile and are affected by factors beyond the Company's control, including global supply and demand, inflation, exchange rates, interest rates, geopolitical events, trade restrictions and general economic conditions. Declines in mineral prices may adversely affect the economic viability of the Project, the Company's ability to finance development and the value of its mineral interests.

Adverse fluctuations in currency exchange rates

The Company is exposed to fluctuations in the exchange rates among the Canadian dollar, United States dollar and Philippine peso, which could materially and adversely affect the Company's financial position, results of operations and cash flows. The costs of goods and services may increase due to changes in the value of these currencies. As a result, development of the Company's properties may be costlier than anticipated.

Current global economic conditions

Adverse global economic conditions, including inflation, disruptions in credit and capital markets, recessionary pressures, geopolitical instability and reduced investor appetite for risk, may impair the Company's ability to raise capital or increase its cost of financing. These factors may also increase Project costs, delay development and reduce the availability of contractors, equipment and services.

Operational Risks

Security of energy supplies

The availability and price of power, fuel and other energy inputs may materially affect the development and operation of the Project. Energy markets may be affected by strong regional demand, supply chain disruptions, regulatory change, geopolitical events and environmental constraints. Although the Company may seek long-term supply arrangements where appropriate, there can be no assurance that reliable energy supply will be available on acceptable terms.

Operating hazards and uninsured or uninsurable risks

Mineral exploration, development and mining operations involve significant risks, including slope failures, flooding, fire, seismic events, geotechnical instability, equipment failure, environmental incidents, labour disruptions,

accidents, injury, loss of life and damage to property. Damage caused by local insurgents or other security incidents is also possible.

The Company may maintain insurance where it considers appropriate, but insurance may not be available on reasonable terms, may not cover all risks or may prove inadequate in the event of a claim. Liabilities and losses arising from uninsured or underinsured events could have a material adverse effect on the Company's business, financial condition and prospects.

Reliability of historical information

The Company has relied, and may continue to rely, on historical data compiled by previous parties involved with the Project. To the extent that any such data is inaccurate, incomplete or unreliable, the Company's development plans, estimates and conclusions may be adversely affected.

Title risks

Although the Company has exercised due diligence in connection with its mineral property interests, there can be no assurance that title to the Project or related rights will not be challenged or impaired. Title may be affected by unregistered agreements, competing claims, defects, boundary disputes, errors in registration or other matters beyond the Company's knowledge or control.

Corporate and Governance Risks

Competition

The mining industry is highly competitive in all its phases. The Company competes with other mining and exploration companies, many of which have greater financial, technical and operational resources. Competition is principally for mineral-rich properties, qualified personnel, contractors and access to capital. Such competition may adversely affect the Company's ability to advance the Project, attract and retain skilled personnel or obtain financing on favorable terms.

Dependence on directors, officers and key personnel

The Company is dependent on the services of its directors, officers and other key personnel. There can be no assurance that the Company will be able to retain its current management team or attract and retain additional qualified personnel as required. The loss of the services of one or more key persons could have a material adverse effect on the Company and its prospects.

Conflicts of interest

Certain directors and officers of the Company are or may become involved in other companies or projects in the mining and mineral exploration industry. Circumstances may arise in which the interests of such directors and officers conflict with the interests of the Company. Directors and officers are required to act honestly and in good faith with a view to the best interests of the Company and to comply with applicable corporate and securities laws, regulations, rules and policies regarding conflicts of interest.

Related-party concentration and control risk

The Company has significant related-party concentration risk. Following the June 2025 debt conversion, Queensberry became the Company's controlling shareholder, holding approximately 52.0% of the issued and outstanding common shares. In addition, the December 2025 private placement to an entity controlled by Nicolaos Paraskevas constituted a related-party transaction.

As a result, related parties may be able to exert significant influence over director elections, shareholder votes, financing decisions, strategic alternatives and the terms or timing of future transactions. The Company may also remain dependent on related-party support for financing or transaction execution.

Other Corporate Risks

Other corporate risks include risks associated with future acquisitions and strategic transactions (including identification, integration and realization of expected benefits); the Company's history of not paying dividends and its intention not to do so in the foreseeable future; and the volatility of the Company's share price, which may be affected by factors beyond the Company's control, including changes in commodity prices, market conditions, financing announcements, exploration or development results, regulatory developments and general economic and political conditions.

Future acquisitions and strategic transactions

As part of its business strategy, the Company may consider acquisitions, asset purchases, joint ventures, strategic investments or other transactions. There can be no assurance that the Company will identify suitable opportunities, complete any such transaction on favorable terms, successfully integrate acquired assets or businesses, or realize the expected benefits of any transaction.

Dividends

The Company has never paid dividends on its common shares and does not expect to pay dividends in the foreseeable future.

Volatility of share price

The market price of the Company's common shares may be volatile and may be affected by factors beyond the Company's control, including changes in commodity prices, market conditions, financing announcements, exploration or development results, regulatory developments and general economic and political conditions. Securities markets in Canada and elsewhere have experienced significant price and volume volatility in recent years, and such volatility may continue regardless of the Company's operating performance.

Qualified person

Disclosure of a scientific or technical nature in this MD&A with respect to the Project was prepared and approved by, or under the supervision of James Moore, P.E., Consulting Engineer. Mr. Moore is a "qualified person" for the purposes of National Instrument 43-101 of the Canadian securities administrators ("NI 43-101").

General business commentary, outlook and accomplishments

The Company's principal focus for the balance of 2026 is the advancement of the DFS by Stantec Consulting Ltd. and Independent Mining Consultants, Inc.. The Company expects the DFS to further refine the Project's engineering, development plan, capital requirements and implementation schedule.

For the three months ended March 31, 2026, the Company remains to be International Organization for Standardization ("ISO")-certified to-date, having again passed the ISO Re-certification Audit which certification is valid until March 12, 2029. During the period, the Company also maintained ECC and DMPF in good standing and continued progression of the MPP renewal.

The Company continued during the first quarter of 2026 to advance the permitting, engineering, financing and corporate structuring areas of work required for Project development, including the evaluation of Project-financing alternatives, the integration of Republic Act No. 12253 into the Project's fiscal model, and the implementation of consolidation arrangements designed to optimize the Company's effective interest in the Project.

Other than as may be disclosed elsewhere in this MD&A or in the interim financial report, no significant subsequent events occurred between March 31, 2026 and the date of this MD&A that require adjustment to, or further disclosure in, the interim financial report.

Contact details

Investor & Public Relations Contact

Investor Relations

Email: info@kingking.ph

Registrar and Transfer Agent

Computershare Trust Company of Canada

800, 324 – 8th Avenue SW

Calgary, Alberta, Canada T2P 2Z2

Telephone: (403) 267-6800

Share Listing:

TSX ticker: SAU

Auditors:

Davidson & Company, LLP

1200 - 609 Granville Street

P.O. Box 10372, Pacific Centre

Vancouver, BC Canada V7Y 1G6

Telephone: (604) 687-0947

Prepared by:

SAU Finance, Legal & Technical Team

Email: info@kingking.ph