



## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2023 of Galloper Gold Corp. (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

### **DATE**

This MD&A is prepared as of April 16, 2024.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for commodities and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of precious and base metals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in the province of Newfoundland and Labrador regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

### **DESCRIPTION OF BUSINESS**

The Company was incorporated under the laws of the province of British Columbia on October 6, 2021. The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and has recently focused on the acquisition of interests in, and exploration for gold in the province of Newfoundland and Labrador, Canada. The Company's common shares were not listed on a stock exchange as of December 31, 2023. On March 1, 2024, the Company's common shares began trading on the Canadian Securities Exchange (CSE) under the trading symbol BOOM.

The Company currently has two mineral exploration properties, which are 100% owned and originally acquired through the purchase of Rocky Island Gold Corp. The properties include Glover Island, and Mint Pond. The Company recently sold 100% interest in the Long Range property and has let the Triple Point claims lapse. The Company had previously optioned four properties consisting of the Wolf Mountain/Steel Pond Property, Puddle Pond Property, Hughes Lake Property, and the Facheux Property. On July 17, 2023, the Company terminated the four option agreements. All of the properties are located in Newfoundland and Labrador, Canada, the details of which are set out below. The Company has not yet determined whether its property interests contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the

Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

## MINERAL PROPERTIES

### ROCKY ISLAND GOLD CORP.

On May 20, 2022, the company entered into an agreement to purchase all of the issued and outstanding shares of Rocky Island Gold Corp. ("RIG") from Sassy Resources Corporation ("Sassy"). As such, RIG became a wholly-owned subsidiary of the Company upon closing of the transaction on June 16, 2022. The purchase price consisted of cash consideration of \$700,000 and 2,666,667 common shares of the Company with a fair value of \$880,000. The parties have entered into a Royalty Agreement whereby the Company will grant to Sassy a one percent (1%) net smelter royalty, in addition to a 1% net smelter royalty held by Vulcan Minerals Inc. The assets of RIG consisted of 5,273 mineral claims in Newfoundland & Labrador, which make up the claim blocks/properties referred to as Glover Island, Triple Point, Long Range, and Gander East. The Gander East property is also known as the Mint Pond property.

In addition to the consideration paid, the Company shall pay additional consideration as follows:

- an additional one million (\$1,000,000) dollars shall be paid to Sassy upon completion of a positive feasibility that shows that placing a Property or part thereof into production is feasible and economic;
- an additional one million (\$1,000,000) dollars shall be paid to Sassy upon the declaration of a five hundred thousand (500,000) ounce gold equivalent resource proven, measured, indicated and inferred ("PMII") on any Property; and
- an additional one million (\$1,000,000) dollars shall be paid to Sassy upon the declaration of a one million (1,000,000) ounce gold equivalent resource PMII on any Property.

On July 17, 2023, the Company completed the sale of 100% interest in the Long Range property to Vortex Energy Corp. (Vortex). The purchase payment consisted of \$162,800 in cash and 750,000 Vortex shares. The sale is also subject to bonus payments of:

- (i) 1,000,000 common shares if Vortex completes a drill hole on the property which intersects a core length of at least 300 meters with an average grade of at least 90% sodium chloride (NaCl); and
- (ii) 3,000,000 common shares and \$1,000,000 if Vortex first utilizes, on a commercial basis, any salt caverns on the Property for underground energy storage.

### C2C Claims – Glover Island

On March 21, 2023, the Company purchased 100% interest in 123 additional mineral exploration claims on Glover Island from C2C Gold Corp., a private Canadian company, for cash consideration of \$90,393. These claims are included as part of the Company's Glover Island property.

During the year ended December 31, 2023, the Company staked additional Glover Island claims for cash payments of \$10,076.

## OPTIONED PROPERTIES

On October 28, 2021, the Company entered into four option assignment agreements with 1318228 B.C. Ltd. (the "Assignee"), whereby the Company was assigned the option to acquire a 100% interest in four sets of mineral claims in Newfoundland and Labrador, Canada. The four option agreements consist of The Wolf Mountain/Steel Pond Option Agreement, The Puddle Pond Option Agreement, The Hughes Lake Option Agreement, and the Facheux Option Agreement, (collectively the "Assignment Agreements"). The original option agreements between the Assignee and the optionors were dated September 14, 2021. As consideration to enter into the Assignment Agreements the Company made a \$354,000 cash payment and the issued 1,000,000 common shares to the Assignee. On November 29, 2022, the Wolf Mountain/Steel Pond agreement was amended. Pursuant to the four option agreements the Company issued 1,650,000 common shares with a fair value of \$82,500 on November 5, 2021, issued 1,600,000 common shares with a fair value of \$240,000 on September 14, 2022, and made cash payments of \$120,000.

After preliminary exploration on the properties, consisting of primarily soil samples, the Company determined the four option agreements should be terminated. On July 17, 2023, the four option agreements were terminated and costs associated with the option payments have been written down to \$nil and an impairment amount of \$846,500 was posted during the year ended December 31, 2023.

## RESULTS OF OPERATIONS

### Three-month period ended December 31, 2023

During the quarter ended December 31, 2023, the Company incurred expenses of \$410,979 (2022 - \$417,162). Expenses were comprised primarily of exploration costs of \$158,272 (2022 - \$209,945), which was lower during the three months ended December 31, 2023, due to the Company having fewer exploration properties and conducting fewer exploration programs. Advertising & promotion costs were \$30,861 during the quarter ended December 31, 2023 compared to \$53,630 during the quarter ended December 31, 2022. Of the advertising and promotion fees incurred during the quarter ended December 31, 2023, \$24,000 was related to website and social media management. During the quarter ended December 31, 2022, advertising and promotion costs were primarily comprised of \$15,000 to Bantr Media Inc. for on-camera hosting of interviews, event attendance, and producing website and social media content, and \$15,000 to the Toronto Marlboro's for sponsorship advertising. Consulting fees were \$91,500 during the quarter ended December 31, 2023 compared to \$46,775 during the quarter ended December 31, 2022, which was higher in 2023 due to the Company having additional consultants. Professional fees (legal & Accounting) fees were \$80,487 during the three-month period ended December 31, 2023 compared to \$33,368 for the same period ended December 31, 2022, which was significantly higher in 2023 due to legal and auditing costs related to the prospectus filing. Travel costs were \$24,946 (2022 - \$38,410) during the three-month period ended December 31, 2023. Exchange and filing fees were \$20,250 during the quarter ended December 31, 2023 compared to \$14,338 during the quarter ended December 31, 2022. Office & miscellaneous expenses were \$4,663 for the three months ended December 31, 2023 compared to \$5,777 for the same period in 2022. The fair value of the common shares of Vortex Energy Corp., which the Company received from the sale of the Long Range property, had a decrease by \$135,000 during the quarter ended December, 2023. Net loss for the quarter ended December 31, 2023, was \$545,979 compared to a net loss of \$417,162 for the quarter ended December 31, 2022.

### Year ended December 31, 2023

During the year ended December 31, 2023, the Company incurred expenses of \$1,277,785 compared to expenses of \$2,388,422 during the year ended December 31, 2022. Expenses were comprised primarily of exploration expenses of \$527,048 during the year ended December 31, 2023, compared to \$1,586,780 during the year ended December 31, 2022. Exploration costs were significantly higher in 2022 due to the Company conducting exploration programs on all eight properties during the period. During the year ended December 31, 2023, consulting fees were \$343,285, of which \$252,750 was paid to related parties and the balance to external consultants. During the year ended December 31, 2022, \$303,000 was paid in consulting fees, of which 228,000 was paid to related parties and the balance to external consultants. Advertising & promotion costs were \$127,434 during the year ended December 31, 2023, compared to \$356,929 during the year ended December 31, 2022. These costs were primarily made up of \$41,186 (2022 - \$180,000) to Bantr Media Inc. for on-camera hosting of interviews, event attendance, and producing website and social media content, \$33,334 (2022 - \$66,666) to the Canucks Alumni Association for sponsorship advertising, \$24,000 (2022 - \$49,000) for website and social media management and \$12,500 to Dig Media Inc (2022 - \$nil), and \$nil (2022 - \$15,000) to the Toronto Marlboro's for sponsorship advertising. Professional fees (legal & Accounting) were \$186,160 for the year ended December 31, 2023, compared to \$37,866 for the year ended December 31, 2022, which were significantly higher in 2023 due to the legal and auditing costs related to the prospectus. Travel costs during the year ended December 31, 2023, were \$45,985 compared to \$73,722 during the year ended December 31, 2022. Exchange and filing fees were \$21,739 during the year ended December 31, 2023, compared to \$20,250 during the year ended December 31, 2022. Office & miscellaneous expenses were \$27,623 in 2023 compared to \$8,386, which was significantly higher during the year ended December 31, 2023, due to the Company paying \$12,900 in insurance premiums and \$6,000 in website related expenses. During the year ended December 31, 2023, the Company received an exploration rebate from the Government of Newfoundland and Labrador in the amount of \$7,394. During the year ended December 31, 2023, the Company terminated the four option agreements and relinquished some of the claims blocks included in the Rocky Island purchase. This resulted in the Company recording an impairment of the properties in the amount of \$1,249,271. During the year ended December 31, 2023, the Company recorded a gain from the sale of the Long Range property of \$1,010,382. The common shares received from Vortex Energy Corp. for the sale of Long Range had a decrease in value of \$765,000 during the year ended December 31, 2023. Net loss for the year ended December 31, 2023, was \$2,274,280. Net loss for the year ended December 31, 2022, was \$2,388,422.

## SUMMARY OF QUARTERLY RESULTS

A summary of the Company's financial results for the last eight quarters is as follows:

	Quarter Ended December 31, 2023 \$	Quarter Ended September 30, 2023 \$	Quarter Ended June 30, 2023 \$	Quarter Ended March 31, 2023 \$	Quarter Ended December 31, 2022 \$	Quarter Ended September 30, 2022 \$	Quarter Ended June 30, 2022 \$	Quarter Ended March 31, 2022 \$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss)	(545,979)	(202,241)	(1,287,921)	(238,139)	(417,162)	(1,389,540)	(489,365)	(92,355)
Loss per share, basic and diluted	(0.02)	(0.01)	(0.04)	(0.01)	(0.02)	(0.06)	(0.03)	-

On a quarter-by-quarter basis the loss can fluctuate significantly due to exploration costs, the timing of stock option grants and from other expenses outside of operating expenses.

During the quarter ended December 31, 2023, the Company recorded a reduction in the fair value of the Vortex Energy Corp. shares of \$135,000 and exploration expenses were \$158,272. During the quarter ended September 30, 2023, the Company recorded an impairment of \$402,771 due to relinquishing exploration claims. During the same quarter, the Company also recorded a gain from the sale of the Long Range property of \$1,010,382 and recorded a decrease in the fair value of the Vortex Energy Corp. shares received for the sale in the amount of \$630,000. During the quarter ended June 30, the Company recorded an impairment of \$ 846,500, which related to the termination of the four property option agreements. During the quarter ended September 30, 2022, the Company incurred \$978,371 in exploration expenses as exploration work was performed eight properties. Management anticipates expenses will increase going forward, which will primarily be as a result of increased exploration programs.

#### LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company had a working capital of \$2,097,200 and \$2,901,909 at December 31, 2022.

On October 26, 2023, the Company completed a share consolidation of its share capital on the basis of three existing common shares for one new common share. As a result of the share consolidation, the 90,927,168 common shares issued and outstanding were consolidated to 30,309,052 common shares.

During the year ended December 31, 2023, the Company had the following share issuances:

- a) On September 27, 2023, the Company issued 166,667 common shares with a fair value of \$75,000 as a finder's fee pursuant to the sale of the Long Range property.

During the year ended December 31, 2022, the Company had the following share issuances:

- a) On February 16, 2022, the Company issued 303,333 common shares at \$0.33 per share for gross proceeds of \$100,100.
- b) On February 18, 2022, the Company issued 184,848 common shares at \$0.33 per share for gross proceeds of \$61,000.
- c) On March 23, 2022, the Company issued 148,485 common shares at \$0.33 per share for gross proceeds of \$49,000.
- d) On April 18, 2022, the Company issued 58,333 common shares at \$0.33 per share for gross proceeds of \$19,250.
- e) On May 2, 2022, the Company issued 4,188,666 common shares at \$0.33 per share for gross proceeds of \$1,382,260.
- f) On June 2, 2022, the Company issued 2,666,667 common shares to Sassy Resource Corporation with a fair value of \$880,000 pursuant to the purchase Rocky Island Gold Corp.
- g) On August 31, 2022, the Company issued 5,187,087 common shares at \$0.45 per share for gross proceeds of \$2,334,189.
- h) On September 14, 2022, the Company issued 533,333 common shares with a fair value of \$240,000 pursuant to mineral property option agreements.
- i) On September 30, 2022, the Company issued 2,435,778 common shares at \$0.45 per share for gross proceeds of \$1,096,100.

### *Cash and Cash Equivalents*

The Company's cash balances are deposited with major financial institutions in Canada.

### *Sources and Uses of Cash*

The Company's ability to continue operations and fund its development expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The following are the Company's cash flows from operating, investing, and financing activities for the year ended December 31, 2023:

### *Operating Activities*

The Company used net cash of \$952,787 in operating activities during the year ended December 31, 2023 and used net cash of \$2,691,714 in operating activities during the year ended December 31, 2022.

### *Financing Activities*

The Company received net cash of \$nil from financing activities during the year ended December 31, 2023 and received \$5,016,726 from financing activities during the year ended December 31, 2022.

### *Investing Activities*

The Company received cash of \$318,181 in from investing activities during the year ended December 31, 2023 and used cash of \$836,640 in investing activities during the year ended December 31, 2022. Cash received in 2023 consisted of \$162,800 from the sale of the Long Range claims and \$255,850 in claims staking refunds from the Government of Newfoundland and Labrador.

### *Contractual Obligations and Commitments Excluding Provisions*

The Company does not have any contractual obligations or commitments other than trade accounts payable due within one-year.

### *Off-balance sheet arrangements*

The Company does not have off-balance sheet arrangements including any arrangements that would affect the liquidity, capital resources, market risk support and credit risk support or other benefits.

### *Capital Management*

There were no changes in the Company's approach to capital management during the year ended December 31, 2023.

In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due. The Company's operations to date have been funded by issuing equity. The Company expects to improve the working capital position by securing additional financing.

The Company's investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, which may include currency risk, credit risk, liquidity risk and interest rate risk.

The Company's mineral property interests are all in the exploration stage, as such the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or to increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in current economic conditions through cost control measures that minimizes discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages the capital structure (consisting of shareholders' deficiency) on an ongoing basis and adjusts in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company's capital structure may involve the issuance of new shares, assumption of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements.

The Company has no capital commitments in connection with its exploration properties.

### **TRANSACTIONS WITH RELATED PARTIES**

Parties are related if one party has the direct or indirect ability to control or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of economic resources or financial obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value.

Related parties include companies controlled by key management personnel. Key management personnel are composed of the board of directors, Chief Executive Officer and Chief Financial Officer of the Company (being Mark Scott, CEO and director, Bryan Loree, CFO and director, Ravinder Mlait, director, and Peter Lauder, director).

During the year ended December 31, 2023, directors and officers were paid \$252,750 (2022 - \$228,000) in consulting fees as follows:

- a) \$120,000 was paid to the CEO during the year ended December 31, 2023 (2022 - \$120,000).
- b) \$54,000 was paid to the CFO during the year ended December 31, 2023 (2022 - \$54,000).
- c) \$54,000 was paid to a director, Ravinder Mlait, during the year ended December 31, 2023 (2022 - \$54,000).
- d) \$24,750 was paid to a director, Peter Lauder, during the year ended December 31, 2023. Peter became a director of the Company during the year ended December 31, 2023, replacing Patrick Laracy.
- e) As at December 31, 2023, expense reimbursements of \$nil (2022 - \$22,733) remain unpaid and have been included in accounts payable and accrued liabilities.

### **SUBSEQUENT EVENTS**

- a) On March 1, 2024, the Company's common shares began trading on the CSE under the trading symbol BOOM.
- b) Subsequent to December 31, 2023, the Company has sold 140,500 common shares of Vortex Energy Corp. for net proceeds of \$41,438.
- c) Upon the Company's common shares listing on the CSE, 1,533,335 common shares and 433,334 share purchase warrants are subject to escrow.

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

### **DISCLOSURE OF OUTSTANDING SHARE DATA**

#### **Common Shares**

The Company's common shares are not currently listed on an exchange. The Company's authorized share capital consists of an unlimited number of common shares without par value.

As at December 31, 2023, the Company had 30,309,052 common shares issued and outstanding and at April 16, 2024 the Company had 30,309,052 common shares issued and outstanding.

### **Share Purchase Warrants**

As at December 31, 2023, there were 2,583,334 share purchase warrants were outstanding. As at April 16, 2024, the Company had 2,583,334 warrants outstanding.

### **Stock Options**

As at December 31, 2023 and April 16, 2024, the Company had no stock options outstanding.

### **CRITICAL ACCOUNTING ESTIMATES**

To prepare financial statements in conformity with IFRS, the Company must make estimates, judgements and assumptions concerning the future that affect the carrying values of assets and liabilities as of the date of the financial statements and the reported values of revenues and expenses during the reporting period. By their nature, these are uncertain and actual outcomes could differ from the estimates, judgments and assumptions.

The impacts of such estimates are pervasive throughout the 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 also in future periods when the revision affects both current and future periods. Significant accounting judgments, estimates and assumptions are reviewed on an ongoing basis.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the condensed consolidated interim financial statements relate to the following:

#### *Going concern*

The preparation of the consolidated financial statements requires management to make judgments regarding the ability to continue as a going concern.

### **ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### **RISK FACTORS**

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

#### **Risks Related to the Company's Business**

*Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.*

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the

Company may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's exploration do not reveal viable commercial mineralization, the Company may decide to abandon some or all of its property interests.

#### *Loss of Interest in Properties*

The Company's ability to maintain an interest in the properties optioned by the Company will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the properties optioned by the Company, including the Qualifying Property.

*Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Company's exploration activities will result in the discovery of any quantities of mineral deposits on its current properties or any other additional properties the Company may acquire.*

The Company intends at this time to continue exploration on its current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on its current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

*The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.*

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explores the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

*Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.*

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on its business.

*Title to mineral properties is a complex process and the Company may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.*

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has either staked property or entered into property option agreements or joint venture agreements on its existing Project interests, the Company cannot give an assurance that title to such property will not be challenged or impugned. Further, the Company cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. Mineral properties sometimes contain claims

or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to one or more of its properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

The properties optioned by the Company may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the properties optioned by the Company.

*Because the Company's property interests may not contain mineral deposits and because it has never made a profit from its operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.*

The Company's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, the Company has not generated significant revenues nor has it realized a profit from its operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on the Company's current properties or mineral deposits on any additional properties that the Company may acquire. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of its securities may decline and investors may lose all of their investment in the Company.

*As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with the Company's competitors for financing and for qualified managerial and technical employees.*

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the Company's exploration programs may be slowed down or suspended, which may cause the Company to cease operations as a company.

*The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.*

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company requires additional financing in order to proceed with the exploration and development of its properties. The Company will also require additional financing for the fees it must pay to maintain its status in relation to the rights to the Company's properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company will also need further financing if it decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

*The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.*

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

### **Risks Relating to the Company's Common Stock**

*A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.*

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

### **DIVIDENDS**

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

### **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance with respect to the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well-conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the disclosure and internal controls and procedures would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

### **DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures and internal controls over financial reporting and has not completed such an evaluation.

Inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **BOARD APPROVAL**

The board of directors of the Company has approved this MD&A.