

GEOLOGICA RESOURCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Year Ended December 31, 2023

Overview

This MD&A has been prepared as of May 3, 2024 and the following information should be read in conjunction with the Geologica Resource Corp. ("**Geologica**" or the "**Company**") audited financial statements for the years ended December 31, 2023 and the audited consolidated financial statement and accompanying notes for the year ended December 31, 2022. The Company's financial statements for the twelve (12) month period ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

This discussion contains forward-looking statements that involve certain risks and uncertainties. Statements regarding future events, expectations and beliefs of management and other statements that do not express historical facts are forward-looking statements. In this discussion, the words "believe", "may", "will", "estimate", "continue", "anticipate", "intend", "expect", "plan", "predict", "potential" and similar expressions, as they relate to the Company, its business and management, are intended to identify forward looking statements. Geologica Resource Corp. has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting the financial condition of the business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Except as may be required by applicable law or regulation, the Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If the Company updates one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Additional information relating to the Company, is available by accessing the SEDAR website at www.sedarplus.ca.

Business Overview and Strategy

Geologica Resource Corp. was incorporated as a wholly owned subsidiary of Tower One Wireless Corp. ("**Tower One**") in order to facilitate a plan of arrangement with Tower One which closed on October 13, 2016. As a result of the plan of arrangement, the Company became a reporting issuer in British Columbia. On October 25, 2022 the Company completed its Initial Public Offering and began trading on the Canadian Securities Exchange.

The Company is a mineral exploration and resource development company engaged in the business of acquiring, exploring and evaluating natural resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is complete. As at the date of this MD&A, the Company has not earned any production revenue and is considered to be an exploration stage company.

Topley Property

Geologica Resource Corp. is a mineral explorer, building shareholder value through the acquisition of projects with significant technical merit. The Topley Copper Property consists of the Topley Claims, Rooster Claims and the TAC Claim.

Topley Claims

On October 19, 2020 the Company signed an option agreement for 100% of the mineral claims known as the Topley Claims. The property includes 6 claims totaling 2,669ha. and is located on trend with the Granisle and Bell mine in the Babine Porphyry Belt north west of Prince George British Columbia. The option agreement was amended on October 28, 2020 to add an additional claim to the optioned claims. In order to earn an interest in the property, the Company must make the following:

Cash payments:

- \$5,000 on signing the agreement (paid)
- \$50,000 by December 31, 2023

Share issuances:

- 250,000 on listing of the Company's shares (issued)
- 250,000 by December 31, 2021 (issued)
- 250,000 by December 31, 2022 (issued)
- 250,000 by December 31, 2023

Exploration expenditures:

- \$15,000 by November 7, 2020 (incurred)
- \$25,000 by December 31, 2020 (completed)
- 110,000 by December 31, 2023

The option is subject to a 2% Net Smelter Return royalty, of which 1% can be repurchased by the Company for \$1,000,000.

TAC Claim Purchase and Sale Agreement

On April 14, 2021, the Company entered into an agreement to purchase a 100% interest in a mineral property in British Columbia known as the TAC Claims. The property is strategically located within the Topley Claims and adds 37.4 hectares to the Company's land position. In order to earn an interest in the property, the Company must make the following:

Cash payment:

- \$2,500 on signing the agreement (paid)

Share issuances:

- Shares valued at \$5,000 by December 31, 2021 (issued)
- Shares valued at \$10,000 by December 31, 2022 (issued)
- Shares valued at \$15,000 by December 31, 2023
- Shares valued at \$20,000 by December 31, 2024.

The number of shares to be issued is calculated based on the 10-day average closing price of the Company's

shares immediately preceding delivery of notice of the share issuance to the vendor.

Rooster Property Purchase and Sale Agreement

On February 21, 2023, the Company entered into an agreement with Atkinson Resource Corp. to purchase a 100% interest in a mineral property in British Columbia known as the Rooster Claims. The claims are strategically located continuous with the western side of the Topley Claims and adds 709 hectares to the Company's land position. In order to purchase the claims, the Company must make the following:

Exploration Expenditure:

- Pay the Vendor \$20,000. Vendor to spend \$20,000 in exploration expenditures during the year ended December 31, 2023

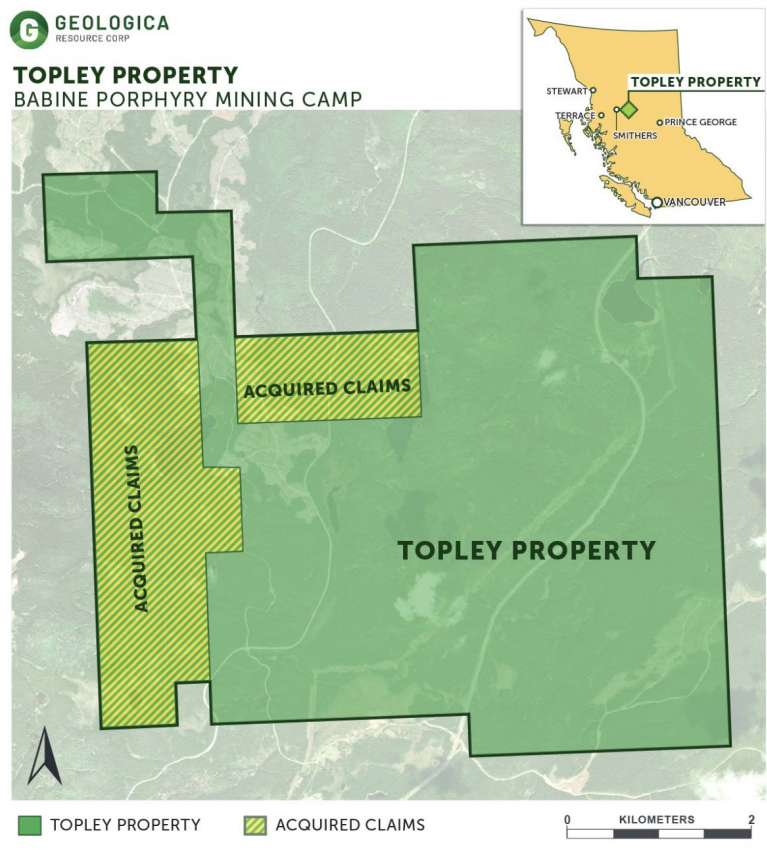
Share issuances:

- 1,800,000 Shares to be issued to Atkinson Resource Corp.

A continuity of the Company's exploration and evaluation assets for the year ended December 31, 2023 is as follows:

	Topley Property	
Balance December 31, 2021	\$	69,976
Acquisition costs - shares		45,287
Exploration costs		
Assay		12,300
Geological		2,420
Permits		907
Sampling		6,256
Technical report		20,000
Balance December 31, 2022	\$	157,146
Acquisition costs - shares		92,250
Exploration costs – Topley		
Data analysis, survey planning		
geophysics and geochemical		
surveys		21,299
Mining exploration tax credit		(5,658)
Property payment – Atkinson		10,000
Exploration costs - Atkinson		
Data analysis and survey		
planning		10,015
Balance December 31, 2023	\$	285,052

Claims Map



Topley Property

Geologica has decided to focus its exploration on the western side of the Topley Landing property and the Rooster Claims for the following reasons:

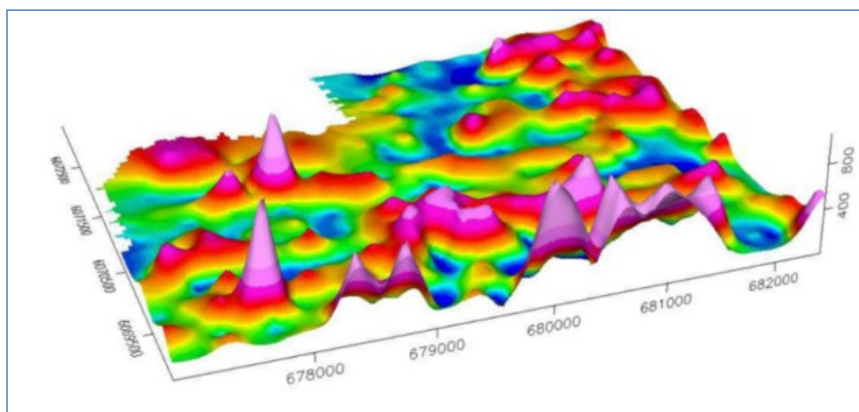
- Copper bearing float has been reported in the western region of the claims;
- Magnetics from previous area wide surveys suggest that this area is structurally complex with multiple circular magnetic features and a large magnetic high;
- The 2020 geochemistry survey identified a large redox center with corresponding gold and copper values;
- Drill results from holes just west of the claims when exploring the Fulton Lake area for VMS intersected intense epithermal alteration with Ag, Pb, and Zn mineralization;
- Potential epithermal/VMS system
- 3 percussion holes to test the top of bedrock (ie. 2- 3m beneath the till) within the current claims was drilled by previous owners, LLRC-13-001 intersected maroon xlitic tuff at

24m depth. LLRC-13-007 intersected pink intrusive rock at 19.5m depth. LLRC-13-008 assayed 200-300 ppm Cu in volcanics at 36m depth (*note: these values are similar to percussion top of bedrock holes drilled in the same program at the Lennac Lake copper porphyry deposit 6 km west*).

- Sporadic regional till samples in the area are in the 90th+ percentile for As, Sb, Pb, and Zn; and
- A small lake on the claims contains the highest regional lake sediment samples for molybdenum
- The claims are on trend with the past producing Bell and Granisle mines as well as the NAC copper discovery

The 2020 geochemistry survey identified a rabbit ear copper anomaly in the western area of the Topley claims within the redox zone. The same geochemistry identified the Mount Milligan copper rich MBX zone rabbit ear anomaly. In addition the 2020 survey identified an apical gold anomaly in the same area.

Figure 1 Copper Geochemistry, Rabbit Ear Anomaly



Overall Performance

The Company has focused during the period ended December 31, 2023 on the exploration permitting of the Topley Property and on engaging with first nations in the exploration area and business development.

On February 21, 2023, the Company entered into an agreement to purchase a 100% interest in a mineral property in British Columbia known as the Rooster Claims. The 3 claims are also known as HUD, GD West and GD North. The property is strategically located contiguous with the Topley Claims and adds 709 hectares to the Company's land position. With the addition of the Claims the Company now has a land position of 3,414 hectares at Topley. *These claims are being acquired to further Geologica's stated mission of "Building Shareholder Value through the acquisition of properties of technical merit".*

On March 3, 2023 the Company issued 600,000 stock options to consultants. 400,000 stock options have an exercise price of \$0.125 and expire 2 years from issue. 200,000 options have an exercise price of \$0.10

and expire 3 years from the issue date. All the above options will be subject to a 4 month hold period and the terms of the Companies Stock Option Plan as approved by the shareholders.

On March 17, 2023 – Geologica Resource Corp. announced the addition of Mark Miyaoka, BS. Engineering to the Company’s board of directors. The board has resolved to issue Mark 100,000 options to purchase common shares an exercise price of \$0.075 per share and an expiry date 5 years from issue. All the above options will be subject to a 4 month hold period and the terms of the Company’s Stock Option Plan as approved by the shareholders.

On March 20, 2023 – Geologica Resource Corp. announced the passing of director, accomplished geophysicist and friend Mr. John Buckle P. Geo.

On March 21, 2023 – Geologica Resource Corp. announced that it has received positive results from its 2022 SGH geochemistry survey (the “**2022 Survey**”). In the fall of 2022 Geologica collected 182 soil samples from the western portion of its Topley Property. The samples were analysed to identify redox cells, volcanic massive sulphide, gold and copper anomalies. The 2022 survey successful identified 2 additional potential redox zones in the western portion of the Topley Property. These cells are symmetrically segmented halo anomalies. The analysis for the detection of potential copper mineralization illustrates apical anomalies as expected. Each of these apical anomalies, especially those that show synergy with redox zones, may be indicative of copper mineralization. For further details please see the Company’s news releases dated March 21, 2023 and March 28, 2023.

On June 27, 2023, the Company issued 2,050,000 common shares at \$0.045 with a fair value of \$92,250 for its Topley property.

On July 10, 2023 the Company received an exemption from permitting to allow the Company to conduct an Induced Polarization survey at the Topley property.

On December 31, 2023 the Company issued 430,000 shares for proceeds of \$21,500;

On December 31, 2023 the Company issued 770,000 flow thru shares for proceeds of \$38,500 less commissions of \$3,080.

Selected Financial Information

The financial information reported here has been prepared in accordance with IFRS. The Issuer uses the Canadian dollar (CDN) as its reporting currency. Selected financial data for the year ended December 31, 2023 and for the year ended December 31, 2022:

Selected Statement of Operations Data

Year ended	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Total revenues	\$Nil	\$Nil	\$Nil
Expenses		(406,808)	(232,132)
Net Income/Loss	\$(483,629)	\$(403,060)	\$(245,726)
Basic and Diluted loss per share	\$(0.02)	\$(0.03)	\$(0.02)
Weighted average shares	22,593,016	13,7155,69	9,847,676

Selected Balance Sheet Data

As At	December 31, 2023	December 31, 2022	December 31, 2021
Cash & Equivalents	\$7,175	\$47,594	\$73,019
Current Assets	\$24,806	\$530,377	122,408
Exploration and Evaluation Assets	\$285,052	\$157,146	69,679
Total Assets	309,858	\$687,523	192,384
Current liabilities	\$404,753	\$331,884	212,628
Non-Current liabilities	\$Nil	\$Nil	65,367
Total liabilities	\$404,753	\$331,884	277,995
Working Capital / (deficit)	\$(379,947)	\$198,493	(90,220)

Revenues

The Company had no revenues for the years ended December 31, 2023, 2022 and 2021. The Company does not expect any revenues during the current fiscal year.

Mineral Property Exploration and Evaluation

During the year ended December 31, 2023 the Company spent \$112,250 in exploration and evaluation of the Topley Property compared to \$87,170 during the fiscal year ended December 31, 2022.

	Topley Property
Balance December 31, 2021	\$ 69,976
Acquisition costs - shares	45,287
Exploration costs	
Assay	12,300
Geological	2,420
Permits	907
Sampling	6,256
Technical report	20,000
Balance December 31, 2022	\$ 157,146
Acquisition costs – Topley -shares	92,250
Exploration costs – Topley	
Data analysis, survey planning geophysics and geochemical surveys	21,299
Mining exploration tax credit	(5,658)
Property payment – Atkinson	10,000
Exploration costs - Atkinson	
Data analysis and survey planning	10,015
Balance December 31, 2023	\$ 285,052

Expenses

For the year ended December 31, 2023 expenses totaled \$483,629 (December 31, 2022 - \$406,808). The increase was due to \$20,439 in accounting and audit as well as an increase of 154,159 in marketing and investor relations and \$9,091 in site investigation costs.

Profits

At this time, the Company is not anticipating profit from operations. The Company will report an annual deficit and quarterly deficit and will rely on its ability to obtain equity/or debt financing to fund on-going operations. For information concerning the business of the Company, please see “*Business Overview and Strategy*”.

Stock Based Compensation

For the year ended December 31, 2023 stock based compensation was \$35,425 (2022- \$54,134).

During the year ended December 31, 2023:

On March 3, 2023, the Company issued 400,000 stock options to purchase one common share of the Company with an exercise price of \$0.125 to consultants for a period of two years. Share- based payments expense of \$18,301 was recorded.

On March 3, 2023, the Company issued 200,000 stock options to purchase one common share of the Company with an exercise price of \$0.10 to consultants for a period of three years. Share-based payment expense of \$11,586 was recorded.

On March 17, 2023, the Company issued 100,000 stock options to a director of the Company with an exercise price of \$0.075 for a period of five years. Share-based payment expense of \$5,538 was recorded.

Selected Quarterly Information

	Three Months Ended Dece,ber 31, 2023	Three Months Ended September 30, 2023	Three Months Ended June 30, 2023	Three Months Ended March 31, 2023	Three Months Ended December 31, 2022	Three Months Ended Sept. 30, 2022	Three Months Ended June 30, 2022	Three Months Ended March 31, 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (Loss)	(110,845)	(118,901)	(101,257)	(152,626)	(288,586)	(29,246)	(42,649)	(42,579)
Income (Loss) per Share basic and diluted	(0.00)	(0.01)	(0.00)	(0.01)	(0.02)	(0.00)	(0.00)	(0.00)

Cash	7,175	420	17	16	47,594	8,816	5,636	5,173
Exploration and Evaluation Assets	285,052	269,396	269,396	303,146	157,146	61,914	69,976	69,976
Total Assets	309,858	478,538	655,944	726,983	687,523	100,541	106,125	111,721
Non- Current Liabilities	404,753	Nil	Nil	Nil	Nil	68,724	59,969	66,268

Liquidity and Capital Resources

At December 31, 2023, the Company had cash of \$7,175 (December 31, 2022 – 47,594) and a working capital deficit of \$379,947 (December 31, 2022 - \$198,493). Working capital decreased when compared to the year ended December 31, 2022. This decrease was due to an operating loss and amortization of prepaid expenses. Working capital is defined as current assets less current liabilities.

Cash utilized in operating activities during the year ended December 31, 2023 was \$140,271 (December 31, 2022 - \$532,984).

	December 31, 2023	December 31, 2022
Operating Activities		
Net loss for the year	\$ (483,629)	\$ (403,060)
Items not involving cash:		
Accrued interest and other financing costs	12,464	13,944
Share-based compensation	35,425	54,135
Gain on debt settlement	-	(3,450)
Accrued interest on due from related parties	-	(292)
	(435,740)	(338,723)
Changes in non-cash working capital item related to operations:		
Advances	-	(312)
GST receivable	13,114	(18,044)
Prepaid expenses	235,746	(198,746)
Accounts payable and accrued liabilities	46,609	22,841
Cash used in operating activities	(140,271)	(532,984)

At December 31, 2023, 2023 share capital decreased from December 31, 2022 to \$2,442,665, which was comprised of 24,131,203 issued and outstanding Common Shares.

Warrant and Option Reserves at December 31, 2023 of \$622,026 is up from December 31, 2022 Option Reserves of \$586,581.

As a result of the net loss for the year ended December 31, 2023 of \$483,629 the deficit at December 31, 2023 increased to \$3,195,638 from \$2,712,009 for the year ended December 31, 2022.

Total equity improved from a deficit of \$355,639 at December 31, 2022 to a deficit of \$94,895 at December 31, 2023.

At present, the Company's operations do not generate cash inflows and its financial success after December 31, 2023 is dependent on the development of its mineral exploration operations which will not generate revenues for the foreseeable future.

In order to finance the Issuer's future exploration and development plans as well as administrative and overhead expenses in the coming years the Issuer may raise money through equity sales. Many factors influence the Issuer's ability to raise funds, including the Issuer's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of the Issuer's exploration activities, issuance of permits and licenses from governments, approval from first nations band councils, construction of facilities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. Should those risks fully materialize, it may not be able to raise adequate funds to continue its operations.

Off Balance Sheet Arrangements

There are currently no off -balance sheet arrangements which could have an effect on current or future results or operations or the financial condition of the Company.

Transactions with related parties are as follows:

	December 31, 2023	December 31, 2022
Accounting fees to a Company previously related to the CFO and director	\$ 15,500	\$ 10,000
Consulting fees to the CFO and director	18,000	12,000
Management fees to the CEO and director	102,000	57,500
	\$ 135,500	\$ 79,500

Commented [DU1]: Insert table from financial statements

Furthermore, during the year ended December 31, 2023, the Company issued 100,000 stock options to purchase common shares of the Company at a price of \$0.075 for two years to a director of the Company. Share-based payments of \$5,538 were incurred. See Note 8.

Balances due from (to) the CEO and Director

As of December 31, 2023 the Company has \$20,120 (2022 - \$31,264) owing to the CEO and director of the Company. The balance has no set terms of repayment and does not bear interest.

As of December 31, 2023, the Company has loan receivable of \$nil (2022 - \$41,292) due from a Company controlled by the CEO. During the year ended December 31, 2023, this loan was settled against due to related party, resulting in a reduction of loan receivable and due to related party of \$43,357. The loan accrued interest at 5% per annum and is due on November 9, 2023. Interest of \$2,064 was charged during the year ended December 31, 2023.

Balance due to the CFO and director

As of December 31, 2023, the Company has \$47,413 (2022 - \$47,413) owing to a company previously related to the CFO and director, and \$58,675 (2022 - \$35,500) owing to that director. The amounts do not bear interest and have no set terms of repayment.

Balance due from former subsidiary

During the year ended December 31, 2023, the Company loaned \$100 to its former subsidiary, Alta-Sun. The amount does not bear interest and has no set terms of repayment.

Additional Disclosure for Venture Issuers Without Significant Revenue

The following table sets forth material cost for the Company, which has been derived from the Company's financial statements for the year ended December 31, 2023 and December 31, 2022. This summary should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2023 and 2022:

<i>Material Costs</i>	<i>Year ended December 31, 2023</i>	<i>Year ended December 31, 2022</i>
<i>Consulting fees</i>	\$24,007	\$122,416
<i>Legal fees</i>	\$Nil	\$18,971
<i>Management fees</i>	\$102,000	\$60,000
<i>Transfer Agent & Filing Fees</i>	\$24,352	\$38,465
<i>Share-based compensation</i>	\$35,425	\$54,134
<i>Total Expenses</i>	\$483,629	\$406,808
<i>Net loss and comprehensive loss for the nine months</i>	\$(483,629)	\$(403,060)

Subsequent Events

There are no subsequent events to the date of this Management Discussion and Analysis other than;

- On February 21, 2024 the Company issued 400,000 options to directors and consultants. The options expire in 5 years from the date of issuance.
- Pursuant to a Purchase and Sale Agreement dated April 12, 2024, the Company purchased a 100% interest in a mineral property in British Columbia known as the Topley West. To complete the purchase of the property, the Company must issue 2,000,000 shares on transfer of the property from an arms-length vendor.
- The Company intends to issue 10 million units at 3.5 cents per unit for total proceeds of \$350,000. Each unit consists of a share and a whole warrant. Each warrant may be exercised for one share for two years from closing for five cents. A warrant holder must exercise the warrant, within 30 days of the shares of the company trading at a 20-day volume-weighted average price of 10 cents or greater once the four-month statutory hold has expired.

Proposed Transactions

As at the date of this Management Discussion and Analysis there are no transactions currently contemplated by the Issuer, See “*Business Overview and Strategy*”

Financial Instruments and Other Instruments

As at December 31, 2023, the Company’s financial instruments consist of cash, advances, accounts payable and accrued liabilities, due from related parties, loans payable, and due to related parties.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, advances, due from related parties and subscriptions receivable. To minimize the credit risk, the Company places these instruments with a high credit quality financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure relating to cash of \$7,175 (December 31, 2022 - \$47,594) held in deposits at Canadian chartered banks, due from related parties of \$Nil (December 31, 2022 - \$41,292) and subscriptions receivable of \$Nil (December 31, 2022 - \$175,000). The Company considers this credit risk to be minimal.

Liquidity Risk

The Company’s financial liabilities consist of \$142,996 (2022 - \$96,387) in accounts payable and accrued liabilities, \$135,649 (2022 - \$121,420) in loans payable, and \$126,108 (2022 - \$114,077) in due to related parties. The Company manages liquidity risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such a loss is limited because the Company's interest bearing notes due from related parties and notes payable have fixed rates of interest.

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

As at December 31, 2023, the Company had the following instruments measured at Level 1: Cash of \$7,175 (December 31, 2022 - \$47,594), Due from related parties of \$Nil (December 31, 2022 - \$41,292), accounts payable of \$142,996 (December 31, 2022 - \$96,387), loans payable of \$135,649 (December 31, 2022 - \$121,420) and Due to related parties of \$126,108 (December 31, 2022 - \$114,077).

The fair value of long-term loans payable are determined based on level 2 inputs and estimated based on the present value of future cash flows based on current interest rates for financial instruments with similar conditions and maturity. As at June 30, 2023, the Company believes that the carrying values of its cash, advances, accounts payable and accrued liabilities, shares payable, due from related parties, due to related parties, and short-term loans payable approximate their fair values because of their nature and relatively short maturity dates or durations.

Disclosure of Outstanding Share Data

As at December 31, 2023, the Issuer had an unlimited number of authorized common shares with 24,131,203 common shares issued and outstanding an increase of 1,500,000 from December 31, 2022.

As at December, 31, 2023 the issuer had 1,825,000 options outstanding an increase of 1,300,000 options from December 31, 2022.

As at December 31, 2023 the Issuer had 1,427,700 warrants outstanding a decrease of 415,743 from December 31, 2022.

The following table shows the details for the outstanding warrants as at December 31, 2023:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Warrants 1 whole warrant exercisable at \$0.125 up until March 29, 2026	661,300	661,300
Warrants 1 whole warrant exercisable at \$0.10 up until October 25, 2024	336,400	336,400
Warrants 1 whole warrant exercisable at \$0.08 up until December 31, 2025	430,000	430,000
Options exercisable at \$0.075 up until November 2, 2027	1,125,000	1,125,000
Options exercisable at \$0.125 up until March 2, 2025	400,000	400,000
Options exercisable at \$0.10 up until March 2, 2026	200,000	200,000
Options exercisable at \$0.075 up until March 16, 2028	100,000	100,000

RISK FACTORS

The common shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in the Company's Prospectus, the following risk factors.

These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the Company's common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment. There is currently no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the Prospectus.

The possible sale of common shares released from escrow on each release date could negatively affect the market price of the Company's common shares and also result in an excess of sellers of common shares to buyers of common shares and seriously affect the liquidity of the common shares.

No Ongoing Operations and No Production History

The Company is a mineral exploration company and has no operations or revenue.

Limited Operating History

The Company has no history of earnings. There are no known commercial quantities of mineral reserves on the Company's properties. There is no assurance that the Company will ever discover any economic quantities of mineral reserves.

Negative Operating Cash Flow

Since inception, the Company has had negative operating cash flow. The Company has incurred losses since its founding. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the exploration programs on the properties and administrative costs. The Company cannot predict when it will reach positive operating cash flow.

Requirement for Further Financing

The Company has limited financial resources and may need to raise additional funds to carry out exploration of its properties. There is no assurance the Company will be able to raise additional funds or will be able to raise additional funds on terms acceptable to the Company. If the Company's exploration programs are successful and favourable exploration results are obtained, the properties may be developed into commercial production. The Company may require additional funds to place the properties into production. The only sources of future funds presently available to the Company are the sale of equity capital, debt, or offering of interests in its properties to be earned by another party or parties by carrying out development work. There is no assurance that any such funds will be available to the Company or be available on terms acceptable to the Company. If funds are available, there is no assurance that such funds will be sufficient to bring the Company's properties to commercial production. Failure to obtain additional financing on a timely basis could have a material adverse effect on the Company, and could cause the Company to forfeit its interest in its properties and reduce or terminate its operations.

Exploration

At present, there are no bodies of ore, known or inferred, on the properties and there are no known bodies of commercially recoverable ore on the properties. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore on the properties.

Development

The business of exploration for precious metals involves a high degree of risk. Few exploration properties are ultimately developed into producing properties. The Company's properties are at the early exploration stage.

Title to Properties

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 investigated its title to the properties, for which it holds exploration licenses or exploration license applications, and the Company is satisfied with its review of the title to the properties, the Company cannot give an assurance that title to the properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law often are complex. The Company does not carry title insurance on the properties.

A successful claim that the Company does not have title could cause the Company to lose its rights to the properties, perhaps without compensation for its prior expenditures relating to the properties.

Management

The success of the Company is largely dependent upon the performance of its management. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. There is no assurance that the Company can maintain the service of its management or other qualified personnel required to operate its business.

Requirement for Permits and Licenses

The Company has obtained certain licenses and permits from applicable authorities and is pending receipt of approval of certain licenses and permits. Further, the Company will be applying for all necessary licenses and permits under applicable laws and regulations to carry on the exploration activities which it is currently planning in respect of the properties, and the Company believes it will comply in all material respects with the terms of such licenses and permits.

However, such licenses and permits are subject to changes in regulations and in various operational circumstances. A substantial number of additional permits and licenses will be required should the Company proceed beyond exploration. There can be no guarantee that the Company will be able to obtain such licenses and permits.

Environmental Risks and other Regulatory Requirements

The current or future operations of the Company, including the exploration activities and commencement of production on the properties, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. There can be no assurance that all permits which the Company may require for its facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulations would not have a material adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the operations and activities of mineral companies, or more stringent enforcement thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditure or exploration and development costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Uninsurable Risks

Exploration of mineral properties involves numerous risks, including unexpected or unusual geological

conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against environmental risks.

Currency Risks

As the Company raises its capital in Canadian dollars and uses Canadian dollars as the presentation currency in its financial statements, and as the Company currently incurs exploration expenditures in Australian dollars and has obligations in Australian dollars, currency fluctuations could have a material effect on its operations. The Company may incur realized foreign exchange losses as a result of currency exchange fluctuations.

Competition

Significant and increasing competition exists for mineral opportunities in the State of Western Australia. There are a number of large established mineral exploration companies with substantial capabilities and greater financial and technical resources than the Company.

The Company may be unable to acquire additional mineral properties or acquire such properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company's exploration programs will yield any reserves or result in any commercial mineral operations.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Conflicts of Interest

Directors of the Company may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource development. As a result, there may be situations that involve a conflict of interest for such directors. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the *Business Corporations Act* (British Columbia) and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. The Company does not know of any such pending or actual material legal proceedings as of the date of this MD&A.

No Cash Dividends

The Company has not declared any cash dividends to date. The Company intends to retain any future earnings to finance its business operations and any future growth. Therefore, the Company does not anticipate declaring any cash dividends in the foreseeable future.

Ore Reserves and Reserve Estimates

The Company's business relies upon the ability to determine whether a given property has commercial quantities of recoverable minerals. No assurance can be given that any discovered mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience.

Fluctuating Mineral Prices

The mining industry is heavily dependent upon the market price of the metals or minerals being mined or explored for. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond the Company's control may affect the marketability of any minerals discovered. The prices of base and precious metals have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the Company's control. The market price of metals and minerals is volatile and cannot be controlled by the Company. Metal prices have fluctuated widely, particularly in recent years.

Factors beyond the control of the Company may affect the marketability of minerals or concentrates produced, including quality issues, impurities, deleterious elements, government regulations, royalties, allowable production and regulations regarding the importing and exporting of minerals, the effect of which cannot be accurately predicted.