HAWTHORN RESOURCES CORP.

("Hawthorn" or "the Company")

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX-MONTH PERIOD ENDED JANUARY 31, 2025

Introduction

This management discussion and analysis ("**MD&A**") of the financial position and results of operations is the responsibility of management and covers the six-month period ended January 31, 2025. The MD&A takes into account information available up to and including March 28, 2025, and should be read together with the condensed interim financial statements for the period ended January 31, 2025, and with the audited financial statements for the year ended July 31, 2024, and have been prepared in accordance with IFRS Accounting Standards ("IFRS"). This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations. The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties.

The Company's head office and registered office is located at Suite 2500-700W Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3. The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 8, 2020.

The Company's shares trade on the Canadian Securities Exchange (the "CSE") under the symbol **HWTN**.

Description of Business

The Company is a mineral resource company engaged in the business of acquiring and exploring mineral resource properties in Canada. The Company's principal property is the Broken Handle Project, located in British Columbia, Canada. Please refer to the "*Additional Disclosure for Venture Issuers Without Significant Revenue*" section below for the acquisition and project details.

Subsequent to January 31, 2025, the Company announced a binding letter agreement (the "Letter Agreement") with Stampede Metals Ltd., a private Australian company, ("Australia Corp") to acquire (the "Acquisition") its wholly-owned subsidiary, Stampede Metals Corporation, a private Nevada, USA Corporation ("Nevada Corp").

Nevada Corp has the rights, as described below, to the Prince Silver and Stampede Gap porphyry Cu-Mo projects in southeastern Nevada near the town of Pioche. See "Proposed Transaction" for more information.

Proposed Transaction

On February 20, 2025, pursuant to the Letter Agreement, the Company agreed to acquire 100% interest in the issued and outstanding shares of Nevada Corp. from the shareholders of Australia Corp under the following terms:

Consolidation: Hawthorn will conduct a share consolidation of all its issued and outstanding share capital at a ratio of 0.75 new shares to 1 existing share.

Consideration Shares: In consideration of acquiring all of the issued and outstanding common shares of Nevada Corp, Hawthorn will issue 15 million common shares (the "Consideration Shares") to the benefit of Australia Corp shareholders at a deemed price of $0.27 per Consideration Share. The Consideration Shares will be subject to voluntary restricting re-sale for a period of one year from the date (the "Closing Date") of the closing of the Acquisition (the "Closing").

Prince Project Milestone Shares: Hawthorn will allot an additional 8.5 million shares (the "Prince Milestone Shares") to Australia Corp shareholders to be issued upon the publication of a NI 43-101 technical report for the Prince Silver project demonstrating aggregate inferred, measured and indicated resources containing a minimum of 100 million ounces of silver equivalent (the "Prince Project Milestone"). Should the Prince Project Milestone not be achieved within four years from the Closing Date, the allotment will expire.

Hawthorn will have the option to accelerate the issuance of Prince Milestone Shares within one year of the Closing Date by issuing instead 6.8 million common shares to the Australia Corp Shareholders, representing a 20% reduction to the 8.5 million Prince Milestone Shares.

Appointments: In connection with Closing, Hawthorn will: (i) appoint Robert Wrixon as a director of Hawthorn; and (ii) appoint Harrison Matson as consultant geologist for the Project.

In connection with the Acquisition, Hawthorn will conduct a private placement of subscription receipts for minimum aggregate proceeds of $3.5 million, up to maximum aggregate proceeds of $4.0 million at a price of $0.27 per subscription receipt. In connection with closing of the Acquisition, each subscription receipt will automatically convert into one unit, where each unit will consist of one common share and one-half of a share purchase warrant with each whole warrant exercisable into one common share at $0.40 per share for a period of eighteen months, provided that if the closing price of the Company's common shares on the CSE is equal to or greater that $0.60 for a period of 10 consecutive trading days, the Company will have the right, for a period of 15 business days, to accelerate the expiry date of the warrants upon notice given by press release and the warrants will thereafter expire on the 30th calendar day after the date of such press release (the "Initial Private Placement").

The Company has determined that it intends to pay finders fees to certain arm's length parties consisting of cash fees equal to 7% of the of the aggregate subscription proceeds, and finder's warrants equal to 7% of the number of subscription receipts issued. Each finder's warrant will be exercisable to acquire one post 0.75:1 consolidation common share of the Company at a price of $0.40 per share for a period of 18 months.

In connection with the closing of the Acquisition, the Company intends to issue an aggregate of 370,000 common shares as finder's shares, at a deemed price of $0.27 per share to an arm's length party. The final structure of the Transaction will be determined by the parties, based upon tax, securities and corporate law considerations, and will be governed by the terms of a definitive agreement governing the Transaction (the "Definitive Agreement") containing warranties, covenants, conditions, and agreements customary for transactions of the nature and magnitude of the Acquisition.

Completion of the proposed Acquisition is subject to a number of conditions, including, but not limited to, negotiation of a Definitive Agreement, completion by parties of satisfactory due diligence, finalization of the terms of the Initial Private Placement, satisfaction by the parties of all applicable filing requirements pursuant to the policies of the CSE, and acceptance and receipt of all applicable regulatory, corporate and shareholder approvals, including the approval of the CSE.

Properties of Nevada Corp

The following outlines the ownership of the Prince and Stampede Gap projects. Information with respect to the technical and geological profiles are available in the news release dated February 21, 2025 and the Company's website at www.hawthornresources.ca

Prince Project

The Prince Silver project is comprised of: (i) 20 unpatented mineral claims in which Nevada Corp holds an 100% interest; and (ii) 12 patented mineral claims (the "Prince Optioned Claims") which Nevada Corp holds pursuant to a lease, under an option agreement with an arm's length third party (the "Lease and Option Agreement"), pursuant to which Nevada Corp holds an option to acquire a 100% interest in the Prince Optioned Claims.

Pursuant to the terms of the Lease and Option Agreement:

1. Nevada Corp may acquire the Prince Optioned Claims until March 31, 2031 for annual lease payments of USD $80,000 per year until March 31, 2026, and thereafter for annual lease payments of USD $100,000; and
2. During the term of the lease Nevada Corp shall have the option to: (a) acquire 11 of the Prince Optioned Claims for a cash payment of USD $2,750,000 minus all option payments made previously; and (b), after exercise of the first option, and subject to satisfaction of conditions precedent including obtaining a feasibility study or positive preliminary assessment for the Prince Mine (the "Conditions Precedent"), for a period of 36 months from the satisfaction of the Conditions Precedent, acquire the remaining Prince Optioned Claim for a cash payment of USD $1,040,000.

Stampede Gap Project

The Stampede Gap project is comprised of: (i) 223 unpatented mineral claims (99 of which are subject to a 1% net smelter royalty and 124 are subject to a 0.5% net smelter royalty) and 6 patented mineral claims (which are subject to a 1% net smelter royalty), which are owned 100% by Nevada Corp, subject only to the net smelter royalties; and (ii) 103 unpatented mineral claims (the "Gap Optioned Claims") which Nevada Corp holds pursuant to an option agreement (the "Gap Option Agreement") with an arm's length third party (the "Gap Vendor"), pursuant to which Nevada Corp holds an option to acquire a 100% interest in the Gap Optioned Claims, subject to a 1.5% net smelter royalty.

Pursuant to the terms of the Gap Option Agreement, in order to exercise the option and acquire a 100% interest in the Gap Optioned Claims, Nevada Corp must either complete 7,500 meters of drilling on the property, or make a USD $500,000 cash payment on or before April 20, 2027. In addition, in the event that commercial production commences on the Gap Optioned Property during the term of the Gap Option Agreement, Nevada Corp must pay the Gap Vendor a production payment (the "Production Payment") equal to USD $2.50 per ounce of gold equivalent ounces contained on the property. If the Option is exercised before the commencement of commercial production, the Production Payment obligation will terminate.

Pursuant to the Gap Option Agreement, in connection with the partial exercise of the Gap Option Agreement, Australia Corp issued an aggregate 375 shares to the Gap Vendor, representing 7.5% of the then issued and outstanding shares of Nevada Corp. During the term of the Gap Option Agreement, the Gap Vendor has the right to participate in any equity issuance to maintain its percentage equity interest in Nevada Corp.

Performance Summary and Subsequent Events

During the period ended January 31, 2025 and to the date of this report:

- On November 7, 2024, the Company closed a non-brokered private placement pursuant to which the company issued an aggregate of 5,000,000 common shares of the company at a price of $0.10 per common share for aggregate gross proceeds of $500,000. In connection with the offering, the Company paid cash finders' fees in the aggregate amount of $22,800 to certain arm's-length finders. The Company intends to use the net proceeds to satisfy continuing costs associated with its properties as well as general working capital purposes.

- On November 15, 2024, the Company appointed Ralph Shearing as President and director. Mr. Shearing replaces Daniel Joyce, who has resigned as Chief Executive Officer and President, effective Nov. 15, 2024. Mr. Joyce has been serving Hawthorn since founding the company in late 2020 and will remain on the board of directors.

- On November 28, 2024, the Company granted, under its stock option plan, a total of 300,000 stock options to a wholly owned company of a director and officer of the company. All of the options vest immediately and have an exercise price of $0.13. All stock options granted expire five years after the grant date.

- On February 21, 2025, the Company announced the Letter Agreement with Stampede Metals Ltd.

- On February 21, 2025, the Company announced the retention of Peak Investor Marketing Corp. ("**Peak**") of Vancouver, B.C., which provides full-service marketing and consulting services focused on the junior mining sector. Peak is an independent arms-length entity that will assist with marketing strategy and planning, corporate communications and public relations, with the goal of increasing market awareness for the Company. The contract is for a 12-month term, with a fee of $12,000 per month commencing February 21, 2025.

- On February 21, 2025, the Company announced that it has entered into an amending agreement with Origen to amend the remaining option payments and exploration spend commitments, as part of the option agreement to acquire a 75% interest in its Broken Handle Project. Please refer to the "Exploration Projects" section below for the amended terms of the agreement.

Results of Operations

The Company has not generated any revenues since inception from its planned operations and has incurred losses primarily from the deferred exploration and acquisition costs associated with ongoing project generation, and general and administrative expenses.

As at January 31, 2025, the Company had total assets of $400,444 (July 31, 2024 - $81,113). As at January 31, 2025, the Company had current liabilities of $42,011 (July 31, 2024 – $122,787).

Six-month periods ended January 31, 2025 and 2024:

During the six-month period ended January 31, 2025 ("**2025**") the Company reported a net loss of $96,707 compared to $169,225 for the six-month period ended January 31, 2024 ("**2024**"). General expenses with significant changes include:

- Exploration expenses decreased to $nil in 2025 (2024 - $100,310) due to the Company conserving working capital while planning Phase II of the exploration program on the Broken Handle project.

- Office and rent decreased to $1,270 in 2025 (2024 – $5,964) due to the termination of the office rent agreement.

- Transfer agent, listing and filing fees of $15,884 in 2025 (2024 – $10,675) increased due the timing of AGM related costs.

- Professional fees were $35,063 (2024 – $32,276) and include legal and accounting activity as well as amounts paid or accrued to the CFO (see "Related Party Transactions").

- Share-based compensation increased to $29,490 in 2025 (2024 - $nil), due the Company granting 300,000 stock options during the six-month period ended January 31, 2025 (2024 – nil).

Three-month periods ended January 31, 2025 and 2024:

During the three-month period ended January 31, 2025 ("**Q2-2025**") the Company reported a net loss of $73,214 compared to $71,162 for the three-month period ended January 31, 2024 ("**Q2-2024**"). General expenses with significant changes include:

- Exploration expenses decreased to $nil in Q2-2025 (Q2-2024 - $48,076) due to the Company conserving working capital while planning Phase II of the exploration program on the Broken Handle project.

- Office and rent decreased to $785 in Q2-2025 (Q2-2024 – $2,776), due to the termination of the office rent agreement.

- Transfer agent, listing and filing fees of $6,271 in Q2-2025 (Q2-2024 – $5,997) increased due the timing of AGM related costs.

- Professional fees were $21,668 in Q2-2025 (Q2-2024 – $6,313) and include legal and accounting activity as well as amounts paid or accrued to the CFO (see "Related Party Transactions"). The variation between periods relates to the timing of period fees for audit work.

- Management fees increased to $15,000 in Q2-2025 (Q2-2024 - $8,000), for fees paid to a wholly-owned company of the newly appointed President of the Company.

- Share-based compensation increased to $29,490 in Q2-2025 (Q2-2024 - $nil) due the Company granting 300,000 stock options during the three-month period ended January 31, 2025 (Q2-2024 – nil).

Financial Condition, Liquidity, Capital Resources and Financial Instruments

The Company reported a working capital of $228,933 as at January 31, 2025 (July 31, 2024 – working capital deficiency of $111,174) and cash of $263,918 (July 31, 2024 - $11,613). Current liabilities as at January 31, 2025 consisted of accounts payable and accrued liabilities of $42,011 (July 31, 2024 - $122,787).

The Company does not generate cash from operating activities. Net cash used by the Company for operating activities for the period ended January 31, 2025 was $164,895 (2024 - $53,345).

Net cash used by the Company for investing activity for the period ended January 31, 2025 was $60,000 (2024 - $nil). The Company paid $60,000 as part of the Broken Handle option agreement.

Net cash provided by the Company for financing activities for the period ended January 31, 2025 was $477,200 (2024 - $nil). During the period ended January 31, 2025, the Company closed a non-brokered private placement financing and issued 5,000,000 common shares for aggregated gross proceeds of $500,000 and paid $22,800 in finders' fees in connection with the financing.

The Company has limited working capital to continue administrative operations and development of its exploration asset and may continue to have capital requirements in excess of its currently available resources. The Company intends to raise additional financing either privately or through a public financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Requirement of Additional Equity Financing

The Company has relied on equity financings and funding contributions from exploration project agreements for all funds raised to date for its operations. The Company will need additional funding to meet its current and further exploration commitments and option payments. Until the Company starts generating profitable operations from exploration development, sale of properties, and sale of minerals, the Company intends to continue relying upon venture partners and the issuance of securities to finance its operations and acquisitions pursuant to private placements, the exercise of warrants and stock options, and short-term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's Shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

Summary of Selected Quarterly Results

The following table sets forth select unaudited quarterly financial information for each of the last 8 most recently completed financial periods.

	January 31, 2025	October 31, 2024	July 31, 2024	April 30, 2024
Total revenue	$ -	$ -	$ -	$ -
Total loss	(73,214)	(23,493)	(12,960)	(18,901)
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	400,444	101,658	81,113	105,539
	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023
Total revenue	$ -	$ -	$ -	$ -
Total loss	(71,162)	(98,063)	(112,599)	(50,140)
Loss per share (basic and diluted)	(0.00)	(0.01)	(0.04)	(0.00)
Total assets	169,937	185,846	216,074	414,360

The quarter ended April 30, 2023 the net loss was primarily attributable to legal and accounting fees. The increase in net loss for the quarter ended July 31, 2023 to January 31, 2024 is attributable to the increase in project investigation activities during the quarters and the execution of the Phase I exploration program on the Broken Handle Project. The decrease in net loss for the quarter ended April 30, 2024 to the quarter ended October 31, 2024 is attributable to a decrease in management and rent fees due to the termination of the management services agreement in December 2023. The increase in net loss for the quarter ended January 31, 2025 is attributable to an increase in professional fees, management fees and share-based compensation due to options issued in the period.

Off Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Exploration Project

The Company entered into an agreement (the "**Broken Handle Agreement**") with Origen Resources Inc. (the "**Optionor**") on December 15, 2020 and subsequently amended. Pursuant to the Broken Handle Agreement, the Optionor granted an option to the Company (the "**Option**"), which consists of the sole and exclusive right and option to acquire 75% right, title and interest (the "**Acquired Interest**") in and to a single mineral claim with an area of 2098.33 hectares located near the town of Grand Forks in southern British Columbia (the "**Broken Handle Project**") subject to a 1.5% net smelter return ("**NSR**") royalty on the Acquired Interest (the "**Optionor 1.5% NSR**"). Upon exercise of the Option, the Optionor shall cause the Company to be recorded as the registered owner of the Broken Handle Project. The Broken Handle Project is subject to a 1% NSR ("**1% NSR**") payable to an arm's-length private company.

Under the terms of the option agreement, the Company may acquire the interest by:

a) paying an aggregate of $250,000 and issuing an aggregate of 1,000,000 shares to Origen as follows:

   i. $15,000 upon signing of the Broken Handle Agreement (paid);

   ii. $25,000 and issuing 150,000 shares within 15 days of acceptance of the National Instrument ("NI") 43-101 report by a recognised Canadian Stock Exchange and approval to list the shares to trade ("Exchange Approval Date")(paid and issued with a fair value of $19,500);

   iii. Issuing 200,000 shares on or before February 22, 2024 (issued with a fair value of $10,000);

   iv. $10,000 on or before October 22, 2024 (paid);

v. $50,000 on or before November 15, 2024 (paid);

vi. $43,000 on or before February 22, 2025 (paid)*;

vii. $40,000 and issuing 150,000 shares on or before August 22, 2025*; and

viii. $80,000 and issuing 150,000 shares on or before August 22, 2026*.

b) incurring $530,000 in exploration expenditures as follows:

i. $100,000 on or before February 22, 2024 (completed);

ii. $400,000 on or before August 22, 2026*; and

iii. $30,000 of additional exploration expenditures are required to be spent by October 1, 2025 to enable the claims comprising the property to be in good standing with respect to government required exploration work for a further year*.

*On February 20, 2025, the Company entered into an amending agreement with Origen to amend the terms of the Broken Handle Agreement.

Upon exercise of the Option, the Company will acquire 75% of the Broken Handle Project subject to the Optionor 1.5% NSR royalty on the Acquired Interest that the Company may repurchase 1% of the 1.5% Optionor NSR within one year of commencement of commercial production by paying to the Optionor $1,000,000. Upon acquiring the 75% interest, the Company and Origen will enter into a joint venture agreement for the purpose of furthering work on the Property. The Company will be the operator of the joint venture. Participation in the joint venture will be subject to dilution relative to proportionate contribution.

The Broken Handle Project is situated in the Boundary District of southern British Columbia, Canada 50 km north of the town of Grand Forks approximately 320 km's east of Vancouver, British Columbia. A technical report prepared by Ken MacDonald, P.Geo., who is a "Qualified Person" as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects, was completed in relation to the Broken Handle Project effective August 30, 2022. The Broken Handle Report recommends that the Company conduct a two-phase exploration program comprised of a Phase 1 review of the available data followed by a subsequent Phase 2 exploration program to follow-up on targets identified in Phase 1.

Phase 1 exploration work was undertaken by the Company in the fall of 2023 with a total of 576 soil samples, 18 rock grab* samples, geological mapping and a comprehensive grid-based magnetic survey completed. Soil sample results have outlined two promising Au-Ag-Cu-Pb-Zn soil anomalies, one surrounding the historically mined Morell Camp mine workings and a second one 400 m further to the north that is currently unexplained. Each anomaly measures roughly 200 x 400 m in area and requires further work to define the true extent of them. Rock samples obtained from historical workings over the course of the program confirm the style and nature of mineralization within the camp.

(*) The reader is cautioned that grab samples by their very nature are selective and therefore not representative of the material being evaluated.

The Broken Handle exploration property is an early-stage exploration property and does not contain any mineral resource estimates as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). There has been insufficient exploration to define a mineral resource estimate at Broken Handle. It is uncertain if further exploration will result in targets at Broken Handle being delineated as a mineral resource.

Exploration Expenditures

During the six-months ended January 31, 2025 and 2024, the Company incurred the following exploration costs:

	January 31, 2025		January 31, 2024	
Assaying	$	-	$	36,387
Camp costs		-		5,296
Communication		-		3,699
Field equipment rental		-		4,305
Field supplies		-		1,068
Geological consulting		-		46,781
Mobilization/demobilization		-		1,127
Vehicle rental		-		1,647
	$	-	$	100,310

Future Plans

In relation to the Broken Handle Project, the Company currently plans to follow recommendations made in the Broken Handle Report. The Broken Handle Report recommends that the Company conduct a two-phase exploration program comprised of a Phase 1 review of the available data followed by a subsequent Phase 2 exploration program to consist of drilling a number of targets identified in Phase 1. The estimated budget for Phase 2 was $106,183 at the time of the Report. The Company has received the Phase 1 results and is planning its next work program.

Critical Accounting Estimates and Judgments

Please refer to the condensed interim financial statements.

Related Party Transactions

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer and President.

During the six-month period ended January 31, 2025 the Company entered into the following transactions with related parties, not disclosed elsewhere in this report:

Related Party	Nature of Transactions	January 31, 2025		January 31, 2024	
Stephen Sulis [1]	Consulting as CFO	$	9,000	$	9,000
Ralph Shearing [2]	Consulting as President		15,000		-
		$	24,000	$	9,000

1. Paid to Red Fern Consulting Ltd., a company in which Stephen Sulis is an employee and Samantha Shorter is a principal, for CFO services.
2. Paid to CMB Investments Ltd., a wholly-owned company of Ralph Shearing, president of the Company.

As at January 31, 2025, $4,725 (July 31, 2024 - $18,900) was included in accounts payable and accrued liabilities owing to officers and directors of the Company in relation to professional fees and reimbursement of expenses. As at January 31, 2025, $3,000 (July 31, 2024 - $nil) was included in receivables and prepaids owed from an officer of the Company in relation to management fees paid in advance.

In addition to the fees paid above, the Company recognized $29,490 (2024 - $nil) in share-based compensation during the period ended January 31, 2025 related to the granting and vesting of stock options to an officer of the Company.

Outstanding Share Data

Common Shares:

The Company is authorized to issue an unlimited number of common shares without par value, of which 21,405,500 common shares are issued and outstanding as fully paid and non-assessable as of the date of this report.

Stock Options and Warrants:

As at the date of this report, the Company had the following stock options outstanding:

Expiry Date	Number	Exercise Price
Stock Options		
November 28, 2029	300,000	$0.13

The Company had nil warrants outstanding as of the date of this report.

Risks Related to the Business of the Company

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business. Investors should consult with their professional advisors to assess any investment in the Company.

Natural disasters, geopolitical instability or other unforeseen events

The outbreak of infectious disease or occurrence of pandemics, such as the recent outbreak of COVID-19; natural disasters; terrorism or other unanticipated events, in any of the areas in which the Company operates could cause interruptions in the Company's operations. Natural disasters, geopolitical tensions and instability (including terrorism) or other unforeseen events could negatively affect project development, operations, labour supply and financial markets, all or any of which could have a material adverse effect on the Company's business, financial condition, operational results or cash flows.

Lack of Revenue

As the Company does not have revenues, it will be dependent upon future financings to continue its plan of operation. The Company has not generated any revenues since incorporation. The Company's business objectives include the implementation and execution of exploration programs on the Broken Handle Project. There is no assurance that these exploration activities will result in the establishment of commercially exploitable mineral deposits on the Broken Handle Project. Even if commercially exploitable mineral deposits are discovered, the Company may require substantial additional financing in order to carry out the full exploration and development of the Broken Handle Project before the Company is able to achieve revenues from sales of mineral resources that the Company is able to extract. There is no assurance the Company will have the funds required to pay annual fees to keep its properties in good standing and to make option payments to keep certain property agreements in good standing.

Negative Operating Cash Flow

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates revenue from the commercial production of its properties. There is no guarantee that the Company will ever be profitable.

Use of Funds

The Company's management has significant flexibility in applying the proceeds received from the Offering. Because a portion of the proceeds are not allocated to any specific purpose, investment or transaction, you cannot determine the value or propriety of management's application of the proceeds on the Company's behalf.

Trading Price and Volatility of Shares

The trading price of the Shares may be subject to large fluctuations. The trading price of the Shares may increase or decrease in response to a number of events and factors, including: the price of metals and minerals including the prices of gold and silver; the Corporation's operating performance and the performance of competitors and other similar companies; exploration and development of the Corporation's properties; the public's reaction to the Corporation's press releases, other public announcements and the Corporation's filings with the various securities regulatory authorities; changes in earnings estimates or recommendations by research analysts who track the Shares or the shares of other companies in the resource sector; changes in general economic conditions; the volume of Shares publicly traded; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving the Corporation or its competitors.

In addition, the market price of the Shares is affected by many variables not directly related to the Corporation's success and not within the Corporation's control, including: developments that affect the market for all resource sector shares; the breadth of the public market for the Shares; and the attractiveness of alternative investments. In addition, securities markets have recently experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. As a result of these and other factors, the Corporation's share price may be volatile in the future and may decline below the price at which an investor acquired its shares. Accordingly, investors may not be able to sell their securities at or above their acquisition cost.

The Company may not be able to obtain sufficient financing to pursue all of its intended exploration activities or continue on a going concern basis

The Company's primary sources of capital resources are comprised of cash and cash equivalents and the issuance of securities. The Company will continuously monitor its capital structure and, based on changes in operations and economic conditions, may adjust the structure by issuing new shares as necessary. The recoverability of the carrying values of the Company's assets is dependent upon the ability of the Company to obtain the necessary financing to complete exploration activities.

While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all. If the Company is unable to raise sufficient capital to fund all of its intended exploration activities, expenditures may be limited to the recommended work program on the Broken Handle Project. In the event that the Company is unable to fulfill its commitments under its various option agreements as a result of lack of funds or otherwise, the Company may lose its rights and interests in some or all of its properties. This could, in turn have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Potential Dilution from Financings

Additional financing needed to continue funding the exploration, development and operation of the Corporation's properties may require the issuance of additional securities of the Corporation. The issuance of additional securities and the exercise of current and subsequently issued Share purchase warrants, stock options and other convertible securities will result in dilution of the equity interests of any persons who are or may become holders of Shares.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other resource companies involved in the mining industry and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the BCBCA.

Dependence on Key Personnel

The Company's success is highly dependent upon the performance of key personnel working part-time in management, supervisory and administrative capacities or as consultants. The loss of the services of its senior management or key personnel could have a material and adverse effect on the Company and its business and results of operations. The Company does not maintain key person insurance.

Reliance on Independent Contractors

The Company's success depends to a significant extent on the performance and continued service of independent contractors. The Company will contract the services of professional drillers and others for exploration, environmental, construction and engineering services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on the Company and its business and results of operations and could result in failure to meet its business objectives.

Insurance

The Company may not always be able or may choose not to obtain insurance for many of the risks that it faces. In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in the value of the Company's securities. The Company is currently not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Company will periodically evaluate the cost and coverage of the insurance that is available against certain environmental risks to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate the Company's available funds or could exceed the funds it has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental problem, the Company might be required to enter into interim compliance measures pending completion of the required remedy.

Tax Issues

Income tax consequences in relation to the Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to subscribing for the Shares.

Liquidity

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

Unlimited Number of Authorized but Unissued Shares

The Company has an unlimited number of Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfil its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

The Company is not likely to pay dividends for an extended period of time

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on its Shares. The Company anticipates that, for the foreseeable future, it will retain its cash resources for the operation and development of its business. The declaration and payment of any dividends in the future is at the discretion of the Board and will depend on a number of factors, including compliance with applicable laws, financial performance, working capital requirements of the Company and such other factors as its directors consider appropriate, and the Company may never pay dividends.

If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about the Company's business, the price and trading volume of the Shares could decline

The trading market for the Shares will depend on the research and reports that securities or industry analysts publish about the Company and its business. The Company does not have any control over these analysts. The Company cannot assure that analysts will cover it or provide favourable coverage. If one or more of the analysts who cover the Company downgrade its stock or reduce their opinion of the value of the Shares, the price of Shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to regularly publish reports, the Company could lose visibility in the financial markets, which could cause the price and trading volume of the Shares to decline.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's, indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

No History of Earnings

The Company has no history of earnings. The Company expects that it will continue to incur losses unless and until it enters into commercial production and generates sufficient revenues to fund operations. There is no assurance that its properties or any other properties it may acquire or obtain hereafter will generate any earnings, operate profitably or provide a return on investment in the future.

Future acquisitions may require significant expenditures and may result in inadequate returns

The Company may seek to expand through future acquisitions; however, there can be no assurance that the Company will locate attractive acquisition candidates, or that the Company will be able to acquire such candidates on economically acceptable terms, if at all, or that the Company will not be restricted from completing acquisitions pursuant to the terms and conditions from time to time of arrangements with third parties, such as the Company's creditors. Future acquisitions may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business or may involve significant issuances of equity or debt. Future acquisitions may also require substantial management time commitments, and the negotiation of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting management and employees' attention away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically diverse organizations, integrating personnel with disparate backgrounds and combining different corporate cultures.

Any future acquisition involve potential risks, including, among other things: (i) mistaken assumptions and incorrect expectations about mineral properties, existing or potential mineral resources, mineral reserves and costs; (ii) an inability to successfully integrate any operation the Company acquired or acquires, as applicable; (iii) an inability to recruit, hire, train or retain qualified personnel to manage and operate the operations acquired; (iv) the assumption of unknown liabilities; (v) mistaken assumptions about the overall cost of equity or debt; (vi) unforeseen difficulties operating acquired projects, which may be in geographic areas new to the Company; and (vii) the loss of key employees and/or key relationships at the acquired project. In addition, competition for assets sometimes requires that acquisitions be completed on an "as is where is" basis, and therefore the Company would have no rights of recourse and indemnities against the sellers. Future acquisition candidates may have liabilities or adverse operating issues that the Company failed or fails to discover through due diligence prior to the acquisition. If the Company consummates any future acquisitions with, unanticipated liabilities or adverse operating issues or if acquisition-related expectations are not met, the Company's business, results of operations, cash flows, financial condition or prospects may be materially adversely affected. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Company's overall earnings and could negatively affect the Company's balance sheet.

The Company may expand into other geographic areas, which could increase the Company's operational, regulatory and other risks

While currently all of the Company's mining and exploration activities are in Canada, the Company may in the future expand into other geographic areas, which could increase the Company's operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Company may not be able to successfully identify suitable acquisition and expansion opportunities, or integrate such operations successfully with the Company's existing operations.

The Company may be subject to costly legal proceedings

The Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal disputes can be substantial, even with claims that have no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company will incur increased costs as a result of complying with the reporting requirements, rules and regulations affecting public issuers

As a public issuer, the Company will be subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Company's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition.

In particular, as a result of the Offering, the Company has become subject to reporting and other obligations under applicable Canadian securities laws, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations will place significant demands on the Company as well as on the Company's management, administrative, operational and accounting resources.

Information technology

The Company relies on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm its ability to effectively operate the business. The Company is dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of the business. A failure of the Company's information technology systems to perform as it anticipates could disrupt the business and cause the business to suffer. In addition, the Company's information technology systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have a material adverse effect on the business.

Cybersecurity incidents and technological disruptions

A cybersecurity incident or other technology disruptions could negatively impact the business and its reputation. The Company uses computers in substantially all aspects of business operations. It also uses mobile devices, social networking, cloud services and other online activities to connect with employees and contractors. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information.

General Inflationary Pressures

General inflationary pressures may affect labour and other costs, which could have a material adverse effect on the Corporation's financial condition, results of operations and the capital expenditures required to advance the Corporation's business plans. There can be no assurance that any governmental action taken to control inflationary or deflationary cycles will be effective or whether any governmental action may contribute to economic uncertainty. Governmental action to address inflation or deflation may also affect currency values. Accordingly, inflation and any governmental response thereto may have a material adverse effect on the Corporation's business, results of operations, cash flow, financial condition and the price of the Common Shares.

Climate change

Climate change may negatively affect the Company's business and operations. There is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters.

Risks Related to Exploration and Mining

Exploration and Development

Resource exploration is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Broken Handle Project and there is no certainty that the expenditures made by the Company in the exploration of the Broken Handle Project or otherwise will result in discoveries of commercially recoverable quantities of minerals. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

There is no assurance that the Broken Handle Project possesses commercially mineable bodies of ore. The Broken Handle Project is in the exploration stage as opposed to the development stage and has no known body of economic mineralization. The known mineralization of the Broken Handle Project has not been determined to be economic ore and there can be no assurance that a commercially mineable ore body exists on the Broken Handle Project. Such assurance will require completion of final comprehensive feasibility studies and, possibly, further associated exploration and other work that concludes a potential mine is likely to be economic. In order to carry out exploration and development programs of any economic ore body and place it into commercial production, the Company may be required to raise substantial additional funding.

Significant capital investment is required to discover commercial ore and to commercialize production from successful exploration efforts. The commercial viability of a mineral deposit is dependent upon a number of factors. These include: (i) deposit attributes such as size, grade and proximity to infrastructure, (ii) current and future metal prices (which can be cyclical), and (iii) government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and necessary supplies and environmental protection. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving an adequate return on invested capital.

Market fluctuations and the prices of metals may render resources uneconomic. Moreover, short-term operating factors relating to the mineral deposits, such as the need for orderly development of the deposits or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

Mining operations are risky

The Company's current business, and any future development or mining operations, involve various types of risks and hazards typical of companies engaged in the mining industry. Such risks include, but are not limited to: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding and earthquakes; (v) rock bursts; (vi) metal losses in handling and transport; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions; (xii) unanticipated variations in grade and other geological problems, water, surface or underground conditions; (xiii) labour disputes or slowdowns; (xiv) work force health issues as a result of working conditions; and (xv) force majeure events, or other unfavourable operating conditions.

These risks, conditions and events could result in: (i) damage to, or destruction of, the value of, the Broken Handle Project; (ii) personal injury or death; (iii) environmental damage to the Broken Handle Project, surrounding lands and waters, or the properties of others; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; and (vi) potential legal liability and any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operation, cash flows or prospects. In particular, underground refurbishment and exploration activities present inherent risks of injury to people and damage to equipment. Significant accidents could occur, potentially resulting in a complete shutdown of the Company's operations at the Broken Handle Project which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

There are also risks related to the reliance on the reliability of current and new or developing technology; the reliance on the work performance of outside consultants, contractors, and manufacturers; changes to labour or material costs; unknown or unanticipated or underestimated costs or expenses; unknown or unanticipated or underestimated additions to the scope of work due to changing or adverse conditions encountered; unexpected variances in the geometry or quality of ore zones; unexpected reclamation requirements or expenses; permitting time lines; unexpected or unknown ground conditions; unexpected changes to estimated parameters utilized to estimate past timelines, projections, or costs; and liquidity risks. An adverse change in any one of such factors, hazards and risks may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Operations during mining cycle peaks are more expensive

During times of increased demand for metals and minerals, price increases may encourage expanded mining exploration, development and construction activities. These increased activities may result in escalating demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause exploration, development and construction costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or increase operating costs.

Acquisition of Additional Mineral Properties

If the Company loses or abandons its interest in the Broken Handle Project, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Title

There is no assurance that the Company's title to its properties will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Company has diligently investigated title to its properties, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently the boundaries may be disputed.

Surface Rights

Permission for surface access must be negotiated with the owners of the surface rights to the areas covered by the mining concessions, and commonly involve leasing of the surface rights. The Company currently does not have any agreements in place regarding the Broken Handle Project, and there is no guarantee the Company will be able to negotiate and enter into any such agreement as may be required to have access to do significant work. Further, there are potential risks with regard to the completion of a successful exploration program in that there is a possibility of not being able to enter into a surface access agreement over part of the area of interest, or problems with obtaining an environmental permit for road construction and drilling.

Permits and Licenses

The Company's operations are subject to extensive laws and regulations governing, among other things, such matters as environmental protection, management and use of toxic substances and explosives, health, exploration and development of mines, commercial production and sale of by-products, ongoing and post-closure reclamation, construction and operation of tailings dams, safety and labour, taxation and royalties, maintenance of mineral tenure, and expropriation of property. The activities of the Company require licenses and permits from various governmental authorities.

The costs associated with compliance with these laws and regulations and of obtaining licenses and permits are substantial, and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. There is no assurance that future changes in such laws and regulations, if any, will not adversely affect the Company's operations. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even the actions of former property owners, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company may fail to comply with current or future laws and regulations. Such non-compliance can lead to financial restatements, civil or criminal fines, penalties, and other material negative impacts on the Company.

The Company is required to obtain or renew further government permits and licenses for its current and contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving a number of regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations, or the cost to obtain, amend or renew permits or licenses may exceed what the Company believes it can ultimately recover from a given property once in production. Any unexpected delays or costs associated with the permitting and licensing process could impede ongoing operations at the Broken Handle Project. To the extent necessary permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned development, commercialization, operation and exploration activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Social and environmental activism can negatively impact exploration, development and mining activities

There is an increasing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("**NGOs**") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, NGOs or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Competitive Nature of the Mining Industry

The mining industry is intensely competitive. The Company competes with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for: (i) properties which can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labour to operate such properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees and consultants or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Environmental, Health and Safety Regulation of Resource Industry

The operations of the Company require permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company might undertake.

All phases of the Company's operations are subject to environmental regulations in various jurisdictions. If the Company's properties are proven to host economic reserves of metals, mining operations will be subject to federal, state and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Mining operations will be subject to federal, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received. No assurance can be given that environmental standards imposed by federal, state or local authorities will not be changed or that any such changes would not have material adverse effects on the Company's activities. 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 damage, which it may not be able to insure against.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, 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 mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

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

Aboriginal rights claims may impact the Company's interest in the Broken Handle Project

Aboriginal rights, including Aboriginal title, may be asserted on Crown land or other types of tenure with respect to which mining rights have been conferred. The Supreme Court of Canada's 2014 decision in *Tsilhqot'in Nation v. British Columbia* marked the first time in Canadian history that a court has declared Aboriginal title. Rights conferred by Aboriginal title include the right to decide how the land will be used, the right to enjoy, occupy and possess the land, and the right to proactively use and manage the land, including its natural resources. The Broken Handle Project may now or in the future be subject to Aboriginal title claims or claims of other Aboriginal rights.

Aboriginal rights are a matter of considerable complexity, and their impact on the Company's potential ownership interest in the Broken Handle Project cannot be predicted with any degree of certainty. No assurance can be given that recognition of Aboriginal rights in the area in which the Broken Handle Project is 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 and seek the approval of holders of Aboriginal rights and interests in order to facilitate exploration and development work on the Broken Handle Project. There is no assurance that the Company will be able to establish a practical working relationship with any First Nations in the area which would allow it to ultimately develop the Broken Handle Project.

The Company may be negatively impacted by changes to mining laws and regulations

The Company's activities are subject to various laws governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining, exploration and development activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the Company's operations and activities or more stringent implementation of such laws and regulations could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Availability of Drilling Equipment and Access Restrictions

Mining exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. Exploration operations depend on adequate infrastructure. In particular, reliable power sources, water supply, transportation and surface facilities are necessary to explore and develop mineral projects. Failure to adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to carry out exploration and future development operations and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Broken Handle Project is located in an underdeveloped rural area

The Broken Handle Project is located in an underdeveloped rural area, resulting in technical challenges for conducting mineral exploration and development and any potential mining activities at the property. The Company benefits from modern mining transportation skills and technologies for exploring and operating in such areas. Nevertheless, the Company may sometimes be unable to overcome problems related to underdevelopment or unseasonable weather at a commercially reasonable cost, which could negatively affect the Company's mineral exploration and development and any potential mining activities at the property and have a material adverse effect on the Company. The rural location of the Broken Handle Project also results in increased costs associated with land access and infrastructure, including powerlines, water pipelines and transportation.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in either or both of the Canadian dollar and the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Current Global Financial Condition

Global financial conditions may be characterized by extreme volatility. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises. Future economic shocks may be precipitated by a number of causes, such as a rise in the price of oil, geopolitical instability, natural disasters, worsening of COVID-19 or other pandemics and other unforeseen events. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses and ultimately have a material adverse effect the Company's business, operations and financial condition.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the global mining industry, global supply and demand for commodities, political developments, legislative or regulatory changes, civil, political or labour unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Unknown Environmental Risks for Past Activities

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company’s ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Fluctuating Mineral Prices

The Company’s revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have historically fluctuated widely. Consequently, the economic viability of any of the Company’s exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.