OVERVIEW

This management discussion and analysis ("MDA"), prepared on September 28, 2012, covers the operations of Curlew Lake Resources Inc. ("Curlew" or the "Company") for the six months ended July 31, 2012. All monetary amounts referred to herein are in Canadian dollars unless otherwise stated. The MDA should be read in conjunction with the Company's condensed interim financial statements for the six months ended July 31, 2012 and the audited financial statements for the year ended January 31, 2012.

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com or the Company website at www.curlew-lake.com.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MDA may constitute forward looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MDA should not be unduly relied upon by investors. These statements speak only as of the date of this MDA and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MDA may contain forward-looking statements pertaining to the following:

- capital expenditure programs;
- treatment under governmental regulatory and taxation regimes; and
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development.

With respect to forward-looking statements contained in this MDA, the Corporation has made assumptions regarding, among other things:

- the Corporation's ability to obtain additional financing on satisfactory terms.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this management discussion and analysis:

- geological, technical, drilling and processing problems;
- liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations;
- incorrect assessments of the value of acquisitions;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; and
- the other factors referred to under "Risk Factors".

The forward-looking statements or information contained in this Management's Discussion and Analysis are made as of July 31, 2012 and September 28, 2012.

Success in the junior oil and gas and mineral exploration sectors is measured by a corporation's ability to raise funds and the ability to secure properties of merit. Not all of these factors are within management's control. The ability to raise funds is in part dependent on the state of the junior resource stock market, which in turn is dependent on the economic climate, oil and gas and minerals prices and perceptions as to which way the market is headed. The ability to secure properties of merit is in large part dependent on management's contacts and the vitality of the sector.

Description of Business

The Company is an oil & natural gas, and precious metals, exploration, development and production company with operations in Canada. The Company was incorporated on January 15, 1987, in British Columbia. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol CWQ as well as the US Pink Sheets under the symbol CWLXF.

2012 Highlights

The Company established a presence in Calgary with the engagement of technical staff.

Selected Annual Information

	2012 (IFRS) -$-	2011 (IFRS) -$-	2010 (CDN GAAP) -$-
Total revenue	132,667	143,160	148,946
Loss before other items	(104,852)	(624,467)	(624,270)
Loss before discontinued operations and extraordinary items, on a basic & diluted per share basis	(0.00)	(0.01)	(0.01)
Net loss	(104,852)	(624,467)	(644,252)
Net loss per share (basic & diluted basis)	(0.00)	(0.01)	(0.01)
Total Assets	1,012,990	1,287,697	528,701
Total long-term financial liabilities	-	-	-
Cash dividends declared per-share	-	-	-

1.4 Results of Operations

Oil and gas sales for the six months ended July 31, 2012 amounted to $20,646 compared to $81,379 for 2011.

General and administrative expenses affecting cash during the six months ended July 31, 2012 totaled $57,952 as compared to $58,425 during 2011. The Company continues to focus on cost control in the current year.

During the six months ended July 31, 2012, the Company sold its interest in the Fosterton wells for $30,000.

During the period, the Company determined that it would not be continuing exploration in the near term on its Chin Coulee and Leduc properties, and wrote off their book values. It was further determined that the value of its Fairydale project was impaired, and recorded a $389,448 write down of its values. In the period, these impairment charges reduced the Company's exploration and evaluation assets by $571,717.

Operations

Fairydell – Alberta

Curlew Lake Resources Inc. has acquired freehold and Alberta Crown Petroleum and Natural Gas rights in the Fairydell-Bon Accord area of central Alberta. The Company has interest in nine and three-quarter sections (6,240 acres) in the Fairydell area.

Curlew Lake Resources has acquired and interpreted seismic data in the Redwater-Fairydell area that has identified numerous drilling targets with multi-zone potential. The area is situated between the long-standing Redwater oil field and the smaller but prolific Fairydell-Bon Accord oil field, 50 miles north of the City of Edmonton. The Redwater field is a Devonian Leduc formation reef play that has produced oil since the 1950s and holds upwards of 850 million barrels of oil recoverable. Prospective lands between the Redwater atoll reef complex and the Fairydell-Bon Accord reef were identified by Curlew Lake using seismic and well control. This effort has resulted in the acquisition of key freehold and Crown lands. The multi-formation prospects include Devonian Nisku and Leduc formations, as well as productive units in the overlying Mannville Group.

The Fairydell area was identified by Curlew Lake as a potential high-impact project with numerous area wells on the main reefs producing from the Leduc and Nisku formations in the order of one and one-half to two million barrels of oil per well on 40 acre spacing. The area is less than 50 miles from oil and gas related services at Edmonton and Fort Saskatchewan. Fifty years of infrastructure-building in the area provides adequate battery, pipeline and facilities. Alberta Crown royalties on new wells, drilling credits on Crown lands, make drilling prospects at Fairydell very attractive and economic.

Exploration Program

Curlew Lake Resources has identified a number of drilling locations based on seismic and geological interpretation, and has developed an updated model for reef development in the Fairydell area. Exploration and development drilling have defined the Fairydell area to be a multi-formation project. Optimal field exploitation may be accomplished by excellent pipeline infrastructure, horizontal drilling and down-spacing. The first Company well encountered reef structure and porosity more or less at the anticipated depth at Fairydell 2-16-57-24 W4M. Curlew had also determined that since there were no oil shows in the Leduc and Nisku formations, and because of drilling difficulties and a washout in a lower Leduc section, the company abandoned the well in favour of evaluating other potential targets in the Fairydell area. Two wells have been drilled on the lands by the Company and partners, the first well was drilled and abandoned, and the second is currently suspended pending a proposed deepening program. During the current period, the Company recorded an impairment charge of $389,448 on this project. Further drilling is planned when sufficient funds have been raised and are available for this project.

Leduc Project – Alberta

The Company has acquired 2 sections (1,280 acres) of freehold and Petroleum and Natural Gas rights in the prolific Leduc area of central Alberta. Curlew Lake Resources has as part of its on-going geological review of the Leduc oil field identified a number of prospects related to the Leduc Reef. Leduc is a long-standing oil field discovered in the late 40's and a number of wells are still producing. Curlew Lake has mapped parts of the Leduc field and carried out core work that indicates there are a number of in-fill and step out drilling opportunities. Some of these may present new reservoirs and overlying formations amenable to horizontal drilling. The Company has acquired a number of leases and options in the Leduc South field and plans to pursue a number of re-completions and development optimizations as the lease acquisition stage is completed and licenses are obtained. In the current period, the Company determined that it would not be continuing exploration in the near future and accordingly recorded an impairment charge of $69,781 on the property.

Chin Coulee Project – Alberta

Curlew Lake Resources acquired 2 sections (1,280 acres) Alberta Crown Petroleum and Natural Gas Leases in the Chin Coulee area of Southern Alberta. A seismic acquisition and interpretation program has been carried out that identified a number of anomalies supporting the initiation of an exploration program in the Chin area southeast of Taber. Taber oil and gas fields have been heavily exploited over past decades and many of the large operators have been successful in establishing large-scale programs in the productive Lower Cretaceous formations as well as underlying Jurassic formations. Of particular interest are the Glauconite channels and Sawtooth oil producing formations. Some of the structural control of fields in southern Alberta likely comes from faulting and from underlying meteorite impact craters. Curlew Lake has identified anomalies at Chin that qualify as exploration targets, including the prolific Glauconite channels and Sawtooth sands that have proven to be important producing formations in southern Alberta over the past 30 years, with some potential in upper gas containing sands. Technical advances in horizontal drilling have made discoveries in these formations more efficient producers and targeted drillpoints allow for more complete exploitation of the oil bearing reservoirs. Alberta Crown Leases now qualify for the revised royalty rate and drilling incentives which greatly improve the attractiveness of exploring for known oil producing formations in the areas where infrastructure is good and open Alberta Crown mineral lands are available for lease. In the current period, the Company determined that it would not be continuing exploration in the near future and accordingly recorded an impairment charge of $112,488 on the property.

Clear Creek Mineral Project, Yukon

The Company controls a 100% interest in the Typhoon mineral claims located in the Clear Creek District of the Yukon. There are a total of 117 claims covering over 5,000 acres. The property acquired is in an area where geochemical surveys and placer mining had shown interesting values in gold and silver. The property is readily accessible via a good road connecting to the Klondike Highway some 85 kilometers southeast of Dawson City.

The 100% working interest on 98 claims is subject to a 4% Net Smelter Royalty, of which 1% may be purchased by the Company at any time in the future for the price of $600,000, in cash or shares and an additional 2% which may be purchased at any time for $1,000,000 in cash.

The 100% working interest on the remaining 19 claims is subject to a 2% NSR Royalty, which may be purchased at any time by Curlew Lake for $1 million for each 1% to the Vendor, Xennex Development Corporation.

The Company will review the project and identify areas for possible follow up exploration

Peace River Claims, Clear Hills District, Alberta

Curlew Lake holds a 50% interest in Metallic & Industrial Minerals rights on 37 Townships, an area of approximately 850,000 acres (351,675 hectares), of land in the Peace River area in north western Alberta. The lands will be operated as a joint venture, with Curlew and 2 private partners, and Curlew will be the initial operator of the exploration project. The lands lie north and west of the Clear Hills area and cover a structure known as Halverson Ridge and surrounding areas. Additional financing will be required to hold and/or explore the subject property.

The project is in the early planning stages, and should be commenced when sufficient funds have been raised.

Summary of Quarterly Results

	Jul. 31, 2012	*Apr. 30, 2012*	*Jan. 31, 2012*	*Oct. 31, 2011*
Total assets	408,060	988,770	1,012,990	1,023,320
Working capital (deficiency)	(86,880)	(39,525)	(32,018)	92,480
Shareholders' equity	311,760	929,132	905,947	1,014,500
Revenue	17,277	3,369	26,810	24,488
Net income (loss)	(616,661)	23,185	(108,552)	(9,553)
Net income (loss) per share	(0.06)	(0.00)	(0.00)	(0.00)

	Jul. 31, 2011	*Apr. 30, 2011*	*Jan. 31, 2011*	*Oct. 31, 2010*
Total assets	1,042,053	1,046,983	1,287,697	1,691,029
Working capital	141,795	413,741	339,258	365,724
Shareholders' equity	1,024,053	1,027,188	1,010,799	1,462,163
Revenue	35,552	45,827	56,860	34,911
Net income (loss)	(3,136)	16,389	(503,268)	6,979
Net income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)

1.6 Liquidity and Solvency

At July 31, 2012, the Company had working capital deficit of $86,880. The Company is currently relying on net production revenue and private placement funding to progress future programs. There is no guarantee the Company will be able to raise further funds and there is uncertainty regarding future net cash flow from production.

1.9 Related Party Transactions

The Company entered into the following transactions with related parties:

a) Paid management fees of $nil (2011 – $15,000) to a company controlled by the CEO
b) Paid wages and benefits of $nil (2011 – $13,274) to a company controlled by the former CFO.

Included in accounts payable:

		July 31, 2012		January 31, 2012
Company controlled by the CEO of the Company	$	3,328	$	10,000
Company controlled by the former CFO of the Company		2,850		8,850
	$	6,178	$	18,850

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

General and Administrative

The Company has focused on lowering expenses on routine items. Management of the Company does not foresee any significant change to the yearly administrative expenditures during the coming year. However, should the Company not receive the required funding to continue operations management will review all on-going expenditures and take appropriate action (See liquidity and solvency above).

Investor Relations

The Company has no current investor relations agreements.

ADDITIONAL INFORMATION

At September 28, 2012:

Legal proceedings:
Management is not aware of any legal proceedings involving the Company.

Contingent liabilities:
Management is not aware of any outstanding contingent liabilities relating to the Company’s activities.

Outstanding Share Data:

The Company has 9,946,953 common shares outstanding.

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support its exploration activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to acquire and sustain exploration projects. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company’s approach to capital management during the six months ended July 31, 2012. The Company is not subject to externally imposed capital requirements.

SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number Of Shares	Capital Stock	Contributed Surplus
Authorized			
Common shares without par value	Unlimited		
As at January 31, 2011 and January 31, 2012	99,469,526	$15,435,393	$666,865
Share consolidation	(89,522,573)	-	-
Share issue cost	-	(711)	-
As at July 31, 2012	9,946,953	$15,434,682	$666,865

During the year ended January 31, 2012, the Company did not complete any share transactions.

The Company obtained shareholder approval at its AGM held on June 22, 2012 to authorize a consolidation of the Company's share capital on a ten old shares for one new share basis. The Company had 99,469,526 shares outstanding, which were reduced to 9,946,953 post-consolidated common shares. There was no name change with this consolidation. The consolidation received regulatory approval on July 6, 2012, and became effective on July 9, 2012.

Warrants

Warrant transactions for the respective years and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2011	37,160,000	$ 0.10
Warrants expired	(9,460,000)	(0.05)
Balance, January 31, 2012	27,700,000	$ 0.10
Warrants expired	(11,200,000)	(0.10)
Share consolidation	(14,850,000)	-
Balance, July 31, 2012	1,650,000	$ 1.00

The following warrants to acquire common shares were outstanding at July 31, 2012:

Number of Shares	Exercise Price	Expiry Date
1,050,000	$ 1.00	August 26, 2012*
600,000	$ 1.00	December 17, 2012

* subsequent to the period end these warrants expired unexercised.

Stock options

The Company follows the policies of the TSX Venture Exchange ("TSX-V") under which it is authorized to grant options to executive officers and directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

Stock option transactions for the respective years and the number of share options outstanding are summarized as follows:

	Number Of Shares	Weighted Average Exercise Price
Balance, January 31, 2011	6,700,000	$ 0.10
Options cancelled	(3,700,000)	0.10
Balance, January 31, 2012	3,000,000	$ 0.10
Share consolidation	(2,700,000)	-
Balance, July 31, 2012	300,000	$ 1.00

The Company uses the fair value method for determining stock-based compensation expense for all options granted during the fiscal periods. The fair value of options granted and vested was $Nil (2011 - $Nil).

At July 31, 2012, there were 300,000 options outstanding and exercisable at $1.00 per share expiring on May 27, 2013.

Subsequent to July 31, 2012, the Company negotiated a private placement for gross proceeds of up to $500,000, subject to acceptance by the TSX Venture Exchange. These funds will be raised by the Company issuing up to 10,000,000 units at a price of $0.05 per unit, each consisting of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share, exercisable for a period of two years from the date of issuance at a price of $0.10 per share.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The accompanying audited consolidated financial statements are prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and include certain amounts based on management’s best estimates using careful judgment. The selection of accounting principles and methods is management’s responsibility.

Management recognizes its responsibility for conducting the Company’s affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee’s role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company’s accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company’s management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

ACCOUNTING POLICIES

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 31, 2011 or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective January 1, 2013

IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Amendments to IAS 1 *Presentation of Financial Statements* - The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

New accounting standards effective January 1, 2015

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

RISKS

No History of Operation

The Company is in its exploration stage, has very limited operating history, and is subject to all the risks inherent in a new business enterprise. For example, to date we have had no significant revenues and have relied upon equity financing to fund our operations. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complication, and delays frequently encountered in connection with a new business, and the competitive and regulatory environment in which the Company will operate, such as under-capitalization, personnel limitations, and limited revenue sources.

Due to Our History of Operating Losses, We are Uncertain That We Will Be Able to Maintain Sufficient Cash to Accomplish Our Business Objectives

The Company had an accumulated deficit of $15,789,787 at July 31, 2012. There is no assurance that we can generate net income, generate revenues or successfully explore and exploit our properties.

Significant amounts of capital will be required to continue to explore and then develop our exploration projects. The Company is not engaged in any material revenue producing activities and does not expect to do so in the near future. Currently the Company's sources of funding consist of the sale of additional equity securities, borrowing funds, or selling a portion of our interests in our assets. There is no assurance that any additional capital that the Company will require will be obtainable on terms acceptable to us, if at all. Failure to obtain such additional financing could result in delays or indefinite postponement of further exploration and development of our projects. Additionally financing, if available, will likely result in substantial dilution to existing stockholders.

Capital Requirements and Liquidity; Need for Subsequent Funding

Company management and our board of directors monitor our overall costs and expenses and, if necessary, adjust Company programs and planned expenditures in an attempt to ensure we have sufficient operating capital. We continue to evaluate our costs and planned expenditures for our on-going exploration projects. The continued exploration and development of its projects will require significant amounts of additional capital. As a result, the Company will need to explore raising additional capital during fiscal 2013 so that it can continue to fully fund its planned operations. The weak US and global economies combined with instability in global financial and capital markets have impacted the availability of funding. If the disruptions in the global financial and capital markets continue, debt or equity financing may not be available to us on acceptable terms, if at all. Equity financing, if available, may result in substantial dilution to existing stockholders. If we are unable to fund future operations by way of financing, including public or private offerings of equity or debt securities, our business, financial condition and results of operations will be adversely impacted.

Disruptions in the Global Financial and Capital Markets May Impact Our Ability to Obtain Financing.

The global financial and capital markets have experienced on-going volatility and disruption. Although we expect to meet our near term liquidity needs with our working capital on hand, we will continue to need further funding to achieve our business objectives. In the past, the issuance of equity securities has been the major source of capital and liquidity for us. The extraordinary conditions in the global financial and capital markets have currently limited the availability of this funding. If the disruptions in the global financial and capital markets continue, debt or equity financing may not be available to us on acceptable terms, if at all. If we are unable to fund future operations by way of financing, including public or private offerings of equity or debt securities, our business, financial condition and results of operations will be adversely impacted.

Our Exploration Activities Require Significant Amounts of Capital that May Not Be Recovered.

Mineral exploration activities are subject to many risks, including the risk that no commercially productive or extractable resources will be encountered. There can be no assurance that our activities will ultimately lead to an economically feasible project or that we will recover all or any portion of our investment. Mineral exploration often involves unprofitable efforts, including drilling operations that ultimately do not further our exploration efforts, as well as operating and other costs. The cost of minerals exploration is often uncertain and cost overruns are common. Our drilling and exploration operations may be curtailed, delayed or canceled as a result of numerous factors, many of which are beyond our control, including title problems, weather conditions, compliance with governmental requirements and shortages or delays in the delivery of equipment and services.

Risks Inherent in the Mining Industry

The Company is subject to all of the risks inherent in the minerals exploration and mining industry and including, without limitation, the following: competition from a large number of companies, many of which are significantly larger than the Company, in the acquisition, exploration, and development of mining properties; the Company might not be able raise enough money to pay the fees, taxes and perform labor necessary to maintain its concessions in good force; exploration for minerals is highly speculative and involves substantial risks, even when conducted on properties known to contain significant quantities of mineralization, our exploration projects may not result in the discovery of commercially mineable deposits of ore; the probability of an individual prospect ever having reserves that meet regulatory requirements is extremely remote, or the properties may not contain any reserves, and any funds spent on exploration may be lost; our operations are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air quality standards, pollution and other environmental protection controls and the Company may not be able to comply with these regulations and controls; and a large number of factors beyond the control of the Company, including fluctuations in metal prices, inflation, and other economic conditions, will affect the economic feasibility of mining.

Environmental Controls

Compliance with statutory environmental quality requirements may necessitate significant capital outlays, may materially affect the earning power of the Company, or may cause material changes in the Company's intended activities. Our exploration operations require compliance with local and federal regulations. No assurance can be given that environmental standards imposed by either federal or provincial governments will not be changed or become more stringent, thereby possibly materially adversely affecting the proposed activities of the Company. In addition, if we are unable to fund fully the cost of remediation of any environmental condition, we may be required to suspend operations or enter into interim compliance measures pending completion of the required remediation.

Operational Hazards; Uninsured Risks

The Company is subject to risks and hazards, including environmental hazards, industrial accidents, the encountering of unusual or unexpected geological formations, cave-ins, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in damage to, or destruction of, properties or facilities, personal injury or death, environmental damage, reduced productivity and delays in exploration, asset write-downs, monetary losses and possible legal liability. The Company may not be insured against all losses or liabilities, which may arise from operations, either because such insurance is unavailable or because the Company has elected not to purchase such insurance due to high premium costs or other reasons. The realization of any significant liabilities in connection with our exploration activities as described above could negatively affect our results of operations and the price of our common stock.

Need for Additional Key Personnel; Reliance on Officers and Directors

The Company relies in large part on the personal efforts of its officers and directors. The success of the Company's proposed business will depend, in part, upon the ability to attract and retain qualified employees. The Company believes that it will be able to attract competent employees, but no assurance can be given that the Company will be successful in this regard. If the Company is unable to engage and retain the necessary personnel, its business would be materially and adversely affected.

RISKS RELATING TO OUR COMMON STOCK:

Our Stock Price Can Be Extremely Volatile

The trading price of our common stock has been and could continue to be subject to wide fluctuations in response to announcements of our business developments and drill results, progress reports, the resource markets in general, and other events or factors. In addition, stock markets have experienced extreme price volatility in recent years. This volatility has had a substantial effect on the market prices of companies, at times for reasons unrelated to their operating performance. Such broad market fluctuations may adversely affect the price of our common stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this document or incorporated herein by reference may constitute "forward-looking statements". These forward-looking statements can generally be identified as such because of the context of the statements including words such as the Company "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature. The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others: the general economic and business conditions which will, among other things, impact demand for and market prices of the Company's products; the foreign currency exchange rates; the economic conditions in the countries and regions in which the Company conducts business; the ability of the Company to implement its business strategy, including exploration and development activities; the ability of the Company to complete its capital programs; the ability of the Company to transport its products to market; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the availability and cost of financing; the success of exploration and development activities; the production levels; the uncertainty of reserve estimates; the actions by governmental authorities; the government regulations and the expenditures required to comply with them (especially safety and environmental laws and regulations); the site restoration costs; and other circumstances affecting revenues and expenses. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and management's course of action would depend upon its assessment of the future considering all information then available. Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. Readers are cautioned that the foregoing list of important factors is not exhaustive. Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.