



## **Management's Discussion and Analysis For the Years Ended July 31, 2022 and 2021**

### **DATE AND SUBJECT OF REPORT**

The following is management's discussion and analysis ("MD&A") in respect of the results of operations and financial position of St. Anthony Gold Corp. (formerly St. Anthony Ventures Inc.) ("St. Anthony" or the "Company") for the years ended July 31, 2022 and 2021, and should be read in conjunction with the audited consolidated financial statements (the "financial statements") for the years ended July 31, 2022 and 2021. The financial statements and MD&A of the Company are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. References to "US\$" are to United States dollars. Additional information relating to the Company's operations and activities can be found by visiting the Company's website at [www.stanthonygoldcorp.com](http://www.stanthonygoldcorp.com). You may also access the Company's disclosure documents through the Internet on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended July 31, 2022 and 2021, are also referred to as "fiscal 2022" and "fiscal 2021".

The effective date of this MD&A is November 29, 2022.

### **FORWARD-LOOKING INFORMATION**

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate", "believe", "estimate", "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions; actual results of current exploration activities and unanticipated reclamation expenses; fluctuations in prices of gold and other commodities; fluctuations in foreign currency exchange rates; increases in market prices of mining consumables; possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; changes in national and local government

regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates; as well as other factors.

The Company's management periodically reviews information reflected in forward-looking statements. The Company has and continues to disclose in its MD&A and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur. 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 operations of the Company are speculative due to the high-risk nature of its business which is the exploration of mining properties. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Readers should refer to Risks and Uncertainties below.

## **DESCRIPTION OF BUSINESS**

St. Anthony was incorporated on April 19, 2000 under the laws of the province of British Columbia, Canada. The Company's shares are traded on the Canadian Securities Exchange (the "CSE") under the symbol "STAG". The Company is in the business of exploration and evaluation of mineral property interests in Canada.

The head office, principal address and records office of the Company are located at 702 – 595 Howe Street, Vancouver, B.C. V6C 2T5.

## **DIRECTORS AND OFFICERS OF THE COMPANY**

The Board of Directors of the Company consists of Peter Wilson, Eugene Hodson and Mario Drolet. The management team of the Company is comprised of Peter Wilson (CEO and Director) and Chris Foster, CPA, CGA (CFO).

## **OUTLOOK**

The Company is focused on the exploration of its mineral properties, as well as defining and expanding its mineral resources both through exploration programs, staking, and acquisition. The Company intends to seek additional financing to support these activities. The Company also intends to seek out accretive acquisition opportunities to increase shareholder value

## **GOING CONCERN**

The financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at July 31, 2022, the Company is not able to finance day to day activities through operations and had recurring losses since inception. For the year ended July 31, 2022, the Company incurred a net loss of \$3,689,824. As of that date, the Company had a deficit of \$24,298,411 and a working capital deficit of \$63,706. Although the Company completed a financing subsequent to July 31, 2022, there is no certainty that additional financing at terms that are acceptable to the Company will be available going forward, and an inability to obtain financing would have a direct impact on the Company's ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with the proceeds from equity financings.

These financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

## EXPLORATION AND EVALUATION ASSETS

	Panama Lake Gold Project	James Bay Project	St. Anthony Gold Project	Other	Total
	\$	\$	\$	\$	\$
<b>Balance, August 1, 2020</b>	735,090	5,000	-	13,703	753,793
Acquisition	100,000	-	572,264	-	672,264
Administration	-	535	95,844	-	96,379
Assay testing	-	-	106,851	-	106,851
Construction	-	-	457,345	-	457,345
Drilling	-	-	329,126	-	329,126
Geologist and consulting	3,679	-	204,864	-	208,543
Travel	795	-	72,303	-	73,098
Impairment	-	-	-	(13,703)	(13,703)
<b>Balance, July 31, 2021</b>	839,564	5,535	1,838,597	-	2,683,696
Acquisition	100,000	-	-	-	100,000
Administration	-	-	211,158	-	211,158
Assay testing	-	-	37,535	-	37,535
Construction	-	-	-	-	-
Drilling	-	-	43,058	-	43,058
Equipment rental	-	-	69,349	-	69,349
Geologist and consulting	3,737	-	218,553	-	222,290
Sale	(943,301)	-	-	-	(943,301)
Write-off	-	(5,535)	(2,418,250)	-	(2,423,785)
<b>Balance, July 31, 2022</b>	-	-	-	-	-

### **Panama Lake Gold Project**

On October 22, 2019, the Company entered into an Option agreement with Benton Resources Inc. (“BEX”) to acquire the right to acquire a 100% interest in BEX’s Panama Lake Gold Project in the Red Lake Mining district, Ontario. The purchase and sale of the Claims is conditional upon the following:

- Acceptance for filing of this agreement on behalf of the issuer by the Canadian Securities Exchange;
- The issuance of 2,000,000 shares upon signing the agreement (issued on October 25, 2019 with a fair value of \$170,000);
- The payment of either \$100,000 cash or the equivalent and expenditures by the issuer of \$200,000 on the property by the first anniversary (issued 416,667 common shares with a fair value of \$100,000 on November 13, 2020); and
- The payment of either \$100,000 cash or the equivalent and expenditures by the issuer of \$250,000 on the property by the second anniversary (issued 808,375 common shares with a fair value of \$100,000 on December 10, 2021).

At this stage, the Company will have earned a 50% interest in the Project. To earn an additional 20% interest, the following is required:

- The payment of either \$100,000 cash or the equivalent and expenditures by the issuer of \$250,000 on the property by the third anniversary.

At this stage, the Company will have earned a 70% interest in the Project. To earn the final 30% interest, the following is required:

- The payment of either \$300,000 cash or the equivalent and expenditures by the issuer of \$300,000 on the property by the fourth anniversary.

On June 1, 2022, the Company signed a Purchase and Sale Agreement (“P+S Agreement”) to sell all of its rights and title to the Panama Lake Gold Project to Trillium Gold Mines Inc. (“Trillium”). Pursuant to an Assignment and Assumption Agreement (the “A+A Agreement”), entered into on the closing of the transactions under the P+S Agreement, the Company assigned all of its rights and obligations under the original option agreement to Trillium. In addition, pursuant to the A+A Agreement, Benton agreed to consent to the assignment and agreed to register

100% of the property's title to Trillium while retaining its 50-per-cent ownership interest in the property until such time as Trillium fulfills its option to earn 100% interest.

Pursuant to the terms of the P+S Agreement, at closing, Trillium paid the Company \$500,000 in cash and issued 1,000,000 common shares in the capital of Trillium. In the event Trillium acquires a 100% interest in the property, the Company may cause Trillium to exercise its buyback right under the option agreement to repurchase from Benton one-half of the 2% net smelter return royalty on the property and convey such repurchased 1% net smelter return royalty to the Company in exchange for a cash payment by the Company to Trillium of \$1,000,000. The common shares of Trillium issued under the P+S Agreement are subject to a four-month holding period from the closing date. The P+S Agreement is subject to the approval of the TSX Venture Exchange and other applicable regulatory authorities.

During the year ended July 31, 2022, the Company recorded a loss on sale of mineral property of \$203,301 in connection with the sale of the Panama Lake Gold Project.

### **James Bay Project**

In January 2020, the Company signed a land package acquisition in James Bay Quebec. The Company wrote-off the James Bay Project and recorded an associated impairment of exploration and evaluation assets of \$5,535 during the year ended July 31, 2022.

### **St. Anthony Gold Project**

On October 14, 2020 (the "Effective Date"), the Company entered into a Definitive Joint Venture Earn-in Agreement (the "JV Agreement") with Magabra Resources Inc. ("Magabra"), which superseded a Letter of Intent dated August 10, 2020. Pursuant to the JV Agreement, the Company and Magabra will jointly explore a series of claims compiling the St. Anthony Gold Project located in the Kenora-Patricia mining district in Ontario, Canada.

Pursuant to the JV Agreement, the Company can earn an initial 8% interest (the "First Option") as follows:

- Issuing to Magabra a total of 4,000,000 common shares (issued at a fair value of \$260,000 (\$0.065 per share)) (note 4(e));
- Payment of \$300,000 to Magabra (paid);
- Completing a financing of at least \$3,000,000 within 30 days of the Effective Date; and
- Issuing to Magabra a total of 400,000 warrants with an exercise price of \$0.08 and a maturity date that is two years from issuance (issued at a fair value of \$12,264) (note 4).

The Company can earn an additional 8% interest (the "Second Option") as follows:

- On completion of the First Option, completing a financing of at least \$3,000,000 within 30 days.

The Company can earn an additional 34% interest (the "Third Option") as follows:

- On completion of the Second Option, completing a financing of at least \$12,000,000 within 12 months of the Effective Date.

On completion of the Third Option, the Company will have earned a 50% interest in the claims. Further, the JV Agreement includes the provision for a bonus payment to Magabra in the form of 4,000,000 common shares of the Company, so long as Magabra has a continued interest in the claims and upon completion of a National Instruments 43-101 compliant proven resource calculation for the first 1,000,000 ounces of gold identified, with an additional 1,000,000 common shares issuable for each additional 1,000,000 ounces under similar resource calculations.

To date, the Company has not issued the Restricted Share Consideration, nor has it appointed the directors (collectively, the "Obligations"). On March 31, 2022, the Company received formal termination of the JV Agreement between Magabra and the Company. The Company elected to write-off the St. Anthony Gold Project and recorded an associated impairment of exploration and evaluation assets of \$2,418,250 during the year ended July 31, 2022.

## SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data for St. Anthony for each of the three most recently completed fiscal years. The information set forth below should be read in conjunction with the audited consolidated annual financial statements of the same years.

	Year ended July 31, 2022	Year ended July 31, 2021	Year ended July 31, 2020
	\$	\$	\$
Total assets	926,840	3,417,055	826,634
Total liabilities	790,042	545,529	586,662
Operating expenses	(1,000,762)	(951,268)	(1,016,418)
Gain on debt settlement	-	-	-
Impairment charges	(2,423,785)	(13,703)	(165,000)
Interest income	1,576	-	-
Loss on sale of mineral property	(203,301)	-	-
Termination fee	-	-	(15,963)
Claim maintenance expense	(56,500)	-	(15,000)
Other income	2,948	128,297	36,964
Unrealized loss on marketable securities	(10,000)	-	-
Net loss	(3,689,824)	(836,674)	(1,175,417)
Basic and diluted loss per share	(0.10)	(0.03)	(0.02)

The Company has not earned revenue from operations and does not expect to earn revenue from operations in the near future.

## SUMMARY OF QUARTERLY RESULTS

The selected quarterly information for the past eight quarters is outlined below.

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Cash	330,639	44,878	24	39,803	95,257	180,890	154,117	198,804
Working capital (deficit)	(63,706)	(161,313)	(345,984)	(323,547)	(242,741)	(177,380)	(191,745)	(171,110)
Total assets	926,840	1,403,906	1,198,849	3,529,033	3,417,055	2,784,567	2,096,660	1,576,537
Shareholders' equity	136,798	833,785	649,115	2,971,957	2,871,526	2,238,005	1,741,571	1,191,813
Loss per share	(0.01)	(0.00)	(0.08)	(0.01)	(0.03)	(0.00)	(0.00)	(0.00)

The fluctuation of the Company's loss is mainly due to the amount of business activity in each particular quarter plus various one-time expenses, asset impairments and other income.

The Company is currently seeking new business opportunities and currently does not have significant operations. Thus, its loss is not subject to seasonality in the past and the Company will curtail its expenses before successfully acquiring or developing a new business operation. Management expects the Company's quarterly results will fluctuate in the future with the amount of business activities conducted and the incidental events that may happen in the future.

## RESULTS OF OPERATIONS

### Years ended July 31, 2022 and 2021

The Company incurred a loss and comprehensive loss of \$3,689,824 for the year ended July 31, 2022 compared to \$836,674 for the comparable year. The Company had decreased activity and expenditures for the year ended July 31, 2022 compared to the prior year, as illustrated by a decrease in exploration and evaluation activity of approximately \$1,259,000 from \$1,838,597 in fiscal 2021 to \$579,653 in fiscal 2022, partially offset by an increase in operating expenses of approximately \$49,000, from \$951,268 in fiscal 2021 to \$1,000,762 in fiscal 2022. Claim maintenance expense increased by approximately \$57,000, from \$nil in fiscal 2021 to \$57,000 in fiscal 2022.

Impairment charges increased by approximately \$2,405,000, from \$13,703 in fiscal 2021 to \$2,423,785 in fiscal 2022. Further, the Company recognized a loss on sale of mineral property of approximately \$203,000 in 2022 compared to \$nil in fiscal 2021, and a decrease in other income on settlement of flow-through premium liability of approximately \$125,000 from \$128,297 in fiscal 2021 compared to \$2,948 in fiscal 2022, due to the Company decreasing their exploration activity on the St. Anthony Gold project.

Within operating expenses, the most notable increases and decreases in fiscal 2022 pertained to the following:

- increase of approximately \$35,000 in consulting and management fees due to increased need for consultants on current operations;
- increase of approximately \$128,000 in professional fees due to increases of approximately \$70,000 in legal fees and approximately \$55,000 in accounting fees related to various legal matters, mineral property activities and capital financings during the current year ended July 31, 2022;
- decrease of approximately \$149,000 in share-based compensation expense associated mostly with stock options granted during fiscal 2022 compared to fiscal 2021;
- increase of approximately \$2,410,000 in impairment of exploration and evaluation assets due primarily to the Company receiving termination notice from Magabra with respect to the St. Anthony Gold Project during the current year; and
- Increase of approximately \$203,000 in loss on sale of mineral property due to the sale of the Panama Lake Gold Project during the current year.

## **LIQUIDITY AND CAPITAL RESOURCES**

During fiscal 2022, the Company cash outflows of approximately \$543,000 in respect of operating activities, compared to approximately \$895,000 for the comparative year. Further, the Company realized \$631,000 in cash flows from financing activities via the issuance of shares/units for cash net of share issue costs compared to \$2,942,000 in fiscal 2021. The Company expended approximately \$153,000 in cash on investing activities associated with the exploration of the Company's mineral property interests compared to \$2,011,000 in fiscal 2021. Lastly, in fiscal 2022 the Company received \$500,000 in cash from the sale of the Panama Lake Gold Project and invested \$200,000 in a loan receivable.

The Company has relied on cash from financing activities to support its operations and investments. On July 31, 2022, the Company had a working capital deficit of \$63,706.

Financing activities for the year ended July 31, 2022 consisted of the following:

- (a) On December 2, 2021, the Company closed a non-brokered private placement of up to \$1,000,000. The Company accepted subscriptions for 3,050,000 units at a price of \$0.10 per unit for gross proceeds of \$305,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at \$0.20 for a period of two years from the date of closing. No residual value was allocated to the warrant component of the units sold.
- (b) On March 7, 2022, the Company closed a non-brokered private placement of up to \$750,000. The Company accepted subscriptions for 4,700,000 units at a price of \$0.08 per unit, for gross proceeds of \$376,000 (\$50,000 remains outstanding as share subscriptions receivable (note 6)). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at \$0.15 for a period of two years from the date of closing.
- (c) On June 1, 2022, the Company signed a Purchase and Sale Agreement ("P+S Agreement") to sell all of its rights and title to the Panama Lake Gold Project to Trillium Gold Mines Inc. ("Trillium"). Pursuant to an Assignment and Assumption Agreement (the "A+A Agreement"), entered into on the closing of the transactions under the P+S Agreement, the Company assigned all of its rights and obligations under the original option agreement to Trillium. In addition, pursuant to the A+A Agreement, Benton agreed to consent to the assignment and agreed to register 100% of the property's title to Trillium while retaining its 50-percent ownership interest in the property until such time as Trillium fulfills its option to earn 100% interest.

Pursuant to the terms of the P+S Agreement, at closing, Trillium paid the Company \$500,000 in cash and issued 1,000,000 common shares in the capital of Trillium. In the event Trillium acquires a 100% interest in the property, the Company may cause Trillium to exercise its buyback right under the option agreement to repurchase from Benton one-half of the 2% net smelter return royalty on the property and convey such

repurchased 1% net smelter return royalty to the Company in exchange for a cash payment by the Company to Trillium of \$1,000,000. The common shares of Trillium issued under the P+S Agreement are subject to a four-month holding period from the closing date. The P+S Agreement is subject to the approval of the TSX Venture Exchange and other applicable regulatory authorities.

During the year ended July 31, 2022, the Company recorded a loss on sale of mineral property of \$203,301 in connection with the sale of the Panama Lake Gold Project.

The Company considers its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company manages and adjusts the capital structure considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company's capital is not subject to external restriction.

## **TRANSACTIONS WITH RELATED PARTIES**

The Company's related parties include key management personnel and Directors, and companies in which they have control or significant influence over the financial or operating policies of those entities.

### Key management compensation

- (a) During the year ended July 31, 2022, the Company paid or accrued \$240,000 in management and consulting fees to the Chief Executive Officer ("CEO") or a company in which the CEO is a partner of (2021 - \$157,500). As at July 31, 2022, \$nil is included in due to related parties for amounts to the CEO or a company in which the CEO is a partner (July 31, 2021 - \$nil). Additionally, the Company paid \$33,000 for meals and entertainment and office facilities and administration expense reimbursements to a company controlled by the CEO .
- (b) During the year ended July 31, 2022, the Company paid or accrued \$nil in geological consulting fees to a company controlled by the Company's former Vice President of Exploration ("VPE"), who had resigned in June 2020. As at July 31, 2022, \$6,215 (July 31, 2021 - \$6,215) is included in due to related parties for amounts due to the former VPE.
- (c) During the year ended July 31, 2021, the Company paid or accrued \$64,168 in professional fees to a company in which the former Chief Financial Officer ("CFO") has significant influence. As at July 31, 2022, \$26,105 (July 31, 2021 - \$6,300) is included in due to related parties for amounts due to the company in which the former CFO has significant influence.
- (d) During the year ended July 31, 2022, a total of nil (July 31, 2021 - 2,650,000) stock options were granted to Directors and Officers with a fair value of \$nil (July 31, 2021 - \$147,948).
- (e) On July 26, 2022, the Company issued 3,000,000 common shares at a fair value of \$0.03 per share and 3,000,000 share purchase warrants to management, with each warrant being exercisable into a common share at an exercise price of \$0.05 until July 26, 2024, as a bonus consulting fee payment in relation to the sale of the Panama Lake Gold Project (note 4). Fair value of the warrants of \$36,388 was recorded to share-based compensation expense.

## **PROPOSED TRANSACTIONS**

During the year ended July 31, 2022, the Company entered into a right of exclusivity ("ROE") agreement with an arm's-length party to acquire the Mallay mine in Peru.

## **SUBSEQUENT EVENTS**

- a) In October 2022, the Company was served with small claims summons by a former consultant of the Company in respect of a disputed payment of \$64,255. The Company intends to dispute the claim, but has included this amount in accounts payable at July 31, 2022.
- b) On November 7, 2022, the Company announced that it has completed its previously announced non-brokered private placement on Nov. 4, 2022. A total of 43,501,300 units and 1,011,128 broker warrants were issued pursuant to the financing for gross proceeds of \$1,522,546. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at five cents for a period of two years from the date of closing. The company paid finders' fees to qualified finders of \$16,363 and issued 467,528 broker warrants, which are on the same terms as the warrants forming part of the units. Securities issued on this closing are subject to a statutory hold period until March 5, 2023.
- c) On November 8, 2022, the Company announced that it will change its name to Spark Energy Minerals Inc. This change of name aligns with St. Anthony Gold Corp.'s renewed mandate to pursue the acquisition and advancement of assets in the battery metal and materials sector.

## **SHARE DATA**

As at the date of this MD&A, the Company has 85,192,025 common shares, 63,163,393 share purchase warrants, and 2,250,000 stock options outstanding.

On November 12, 2021, the Company consolidated its issued share capital on a ratio of four (4) old common shares for every one (1) new post-consolidated common share (the "Share Consolidation"). The current and comparative references to the weighted average number of common shares and loss per share have been restated to give effect to this Share Consolidation.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

See note 2 in the audited consolidated financial statements for the years ended July 31, 2022 and 2021 for additional information.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

There were no changes to the Company's accounting policies during the year ended July 31, 2022.

## **FINANCIAL INSTRUMENTS**

See notes 2 and 11 in the audited consolidated financial statements for the year ended July 31, 2022 and 2021 for additional information.

## **CONTINGENCIES**

The Company has settled a statement of claim in respect of a mining property that the Company has abandoned. As at July 31, 2022, the Company has accrued \$15,000 for claim maintenance fees that it has agreed to reimburse to the claimant. As at July 31, 2022, the Company has accrued \$71,500 for claim maintenance fees that it has agreed to reimburse to the claimant.



In June 2021, the Company was served with a small claims summons by a former consultant of the Company in respect of a disputed payment of \$20,000. The Company has included this amount in accounts payable.

## **RISKS AND UNCERTAINTIES**

### **Risks of the Company's business include the following:**

Risk of new business - The Company is currently looking for new exploration properties and/or other new business opportunities. There is no guarantee that the Company can develop into a viable business.

Conflicts of interest - Certain directors of the Company also serve as directors and/or officers of other companies involved in real estate development or management. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

## **DISCLOSURE CONTROLS AND PROCEDURES**

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation are recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.