



**ST-GEORGES PLATINUM AND BASE METALS LTD.**

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

**For the period ended September 30, 2017**

**INTRODUCTION**

The following Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for St-Georges Platinum and Base Metals Ltd. ("Company") should be read in conjunction with the unaudited condensed interim financial statements for the nine months ended September 30, 2017 and the audited financial statements for the year ended December 31, 2016. Those financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All currency amounts are in Canadian dollars, unless otherwise stated. Additional information relating to the Company can be found on SEDAR ([www.sedar.com](http://www.sedar.com)) under St-Georges Platinum and Base Metals Ltd. or on the Company's website ([www.stgeorgesplatinum.com](http://www.stgeorgesplatinum.com)).

This MD&A is dated November 29, 2017.

**FORWARD-LOOKING STATEMENTS**

This MD&A contains certain forward-looking statements with respect to the Company. These forward-looking statements, by their very nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated. The Company considers the assumptions upon which these forward-looking statements are based to be reasonable, but cautions the reader that these assumptions regarding future events, many of which are beyond the Company's control, may ultimately prove to be incorrect.

**COMPANY DESCRIPTION**

St-Georges Platinum & Base Metals Ltd. was incorporated under the Canada Business Corporations Act on September 21, 2002. The Company is listed on the Canadian Securities Exchange, having the symbol SX, on the US OTC, having the symbol SXOOF, and on the Deutsche Börse in Frankfurt (FSE) under the symbol 85G1. The address of the Company's corporate office and principal place of business is 230 Rue Notre-Dame West, Montreal, H2Y 1T3, Canada. The principal activities of the Company are the development of eco-mining metallurgical processes and the exploration and evaluation of mineral properties in Canada. The Company, which is in the process of exploring its mineral properties, has one reportable segment and all of the assets are located in Canada.

## **OVERVIEW**

The Company is engaged in the exploration of certain mineral properties summarized as follows and described in more details in the financial statements:

### **Villebon Property**

The Villebon Property is located within the Abitibi Greenstone Belt of northwestern Quebec.

### **Julie and Isoukustouc Projects**

The Julie Project is located south of Lac La Blache, Quebec.

The Isoukustouc Project is located within the Manicouagan River – Manic Complex, Quebec.

During the year ended December 31, 2016, the Company recorded an impairment charge of \$547,168 for its Julie Project based on the determination that insufficient work was being completed to maintain all of the mining claims.

### **Lithium Properties**

The Lithium Properties are comprised of a block of projects located in Quebec. During the year ended December 31, 2016, the Company acquired a 100% interest in certain claims comprising the Lithium Properties.

### **Ungava Claims**

During the summer of 2016, the company acquired directly from the Quebec government 100% of the rights on certain mining exploration claims for the purpose of lithium and lepidolite exploration. This group of claims is referred to as the Ungava Claims Properties.

### **Le Royal Lithium Project**

In October 2016, the Company completed the acquisition of a set of 5 mineral exploration claim in the lithium mining camp of LaCorne, in the Abitibi region of Quebec. The acquisition was done jointly with Lepidco Ltd. (ASX:LPD) (formerly known as Platypus Minerals Ltd.) (“Lepidco”). St-Georges currently own 90% of the project and Lepidco owns 10%. Lepidco obligations have all been met. Lepidco commissioned and paid a Technical National Instrument 43-101 Report on the project and paid all cash obligations to the vendors. The only on-going obligation of Lepidco moving forward is to provide access to its lepidolite-lithium extraction technology (L-Max®) for the Le Royal Lithium project. St-Georges issued 1,500,000 shares to the vendors in 2016 and 860,000 to date in 2017.

### **Acquisition of Iceland Resources (See news release dated November 22, 2016)**

Iceland Resources EHF (“Iceland Resources”) is a privately-owned Icelandic corporation with gold/silver/copper/cobalt/zinc projects in Iceland. Iceland Resources currently has 9 defined mineral exploration and development projects in Iceland (8 licenses or license applications held directly and one within a Joint-Venture). Other opportunities are being sought after with the collaboration of St-Georges (with the possibility to deploy St-Georges technologies result from its R&D initiatives).

Iceland is an important producer and developer of geothermal energy. St-Georges management has been active over the last few years in Iceland with the goal of securing access to geothermal operations to test the development of technologies allowing the extraction of lithium and light minerals from the brines being pumped from the geothermal wells and for the extraction of a large variety of precious and base metals found in the mud rejected from the same operations.

St-Georges will create a subsidiary that will become the owner of Iceland Resources. 40% of this subsidiary will be owned by the Iceland Resources shareholders and the remaining 60% will be owned by St-Georges.

Additionally, St-Georges will make the following commitments:

- Issuing 6,000,000 common shares of St-Georges to Iceland shareholders with a 12-month escrow release schedule (issued in April 2017);
- Issuing a \$350,000 debenture, bearing a 6% annual interest (cash or shares), maturing in November 2026 to be distributed to Iceland shareholders and some creditors; and
- \$1,000,000 of expenditure on the Iceland assets over the next 24 months, including mineral exploration expenses and metallurgical process research & development.

### ***Equity transactions***

On May 9, 2016, the Company completed a private placement for total subscriptions of \$142,500 for 7,250,000 units priced at \$0.02 per unit, net after share issuance costs of \$2,500. Each unit consists of one common share and one non-transferrable twenty-eight month warrant entitling the purchaser to acquire one common share and one additional warrant for an exercise price of \$0.04. The second warrant has an exercise price of \$0.06 and expires twenty eight months from the initial issue date. Four insiders of the Company subscribed for a total of \$59,000 of the placement.

On October 24, 2016, the Company issued 1,500,000 common shares at a fair value of \$45,000 for the acquisition of the Le Royal Property. The Company recorded \$7,500 as an obligation to issue common shares for a finder's fee related to the Le Royal Property. On May 30, 2017, the Company issued 860,000 common shares at a fair value of \$38,700.

On April 7, 2017, the company issued 6,450,000 shares as payment for the acquisition of Iceland Resources at a fair value of \$129,000, as announced in a press-release on March 16, 2017.

Subsequent to September 30, 2017, 5,000,000 warrants were exercised at \$0.04 per warrant and 5,000,000 common shares were issued for proceeds of \$200,000.

Subsequent to September 30, 2017, 1,639,414 common shares were issued for proceeds of \$78,750 for conversions of debentures.

On October 25, 2017, 2,000,000 shares were issued as the final payment for the acquisition of the Le Royal group of claims announced in October 2016.

On November 13, 2017, 500,000 shares were issued as part of a property acquisition entered into on November 10, 2017.

### ***Due to a director***

On April 25, 2015, the Company signed a Promissory Note in favour of director of the Company. Under the terms of the Note, the Company promises to pay the lender \$25,000 no later than April 25, 2016, together with a \$5,000 fee and interest of 24% per annum, capitalized on the first day. The loan is secured by a security interest in all of the tangible and intangible property of St-Georges. In the prior year, the principal amount of the loan was repaid by the issuance of shares. During the period ended September 30, 2017, the remaining balance of \$10,565 (December 31, 2016 - \$10,565) pertaining to interest and the signing fees was paid

### **QUALIFIED PERSON**

The technical information disclosed in this MD&A has been reviewed and approved by Joel Scodnick, P.Geo., Vice-President, Exploration for St-Georges and a Qualified Person, as defined by National Instrument 43-101 for the *Standards of Disclosure for Mineral Projects*.

## RESULTS OF OPERATIONS

For the period ended September 30, 2017, the Company recorded a net loss of \$621,018 (September 30, 2016- \$404,924) and had a cumulative deficit of \$13,524,430 (December 31, 2016 – \$12,903,412). The Company had no source of operating revenues or any related operating expenditures.

### SELECTED ANNUAL INFORMATION

| <b>For the years ended December 31</b>       | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   | <b>\$</b>   |
| Revenues – Interest income                   | -           | -           | -           |
| Operating expenses                           | (352,267)   | (137,259)   | (523,357)   |
| Net loss and comprehensive loss for the year | (828,227)   | (12,268)    | (749,761)   |
| Basic and diluted loss per share             | (0.02)      | (0.01)      | (0.02)      |
| <b>As at December 31</b>                     |             | <b>2016</b> | <b>2015</b> |
|  |             | <b>\$</b>   | <b>\$</b>   |
| Cash and cash equivalents                    |             | 988         | -           |
| Working capital (deficiency)                 |             | (333,156)   | (285,025)   |
| Exploration and evaluation assets            |             | 554,792     | 1,035,267   |
| Total assets                                 |             | 595,018     | 1,069,129   |
| Shareholders' equity                         |             | 119,747     | 643,948     |

#### **For the year ended December 31, 2016, the Company had no revenues.**

The Company incurred a net loss and comprehensive loss for the year of \$828,227 for the year ended December 31, 2016 compared to \$12,268 for the year ended December 31, 2015. The increase in the loss is primarily due to an increase in impairment of exploration and evaluation assets of \$547,168 (2015 - \$198,692) and stock-based compensation payments of \$109,026 (2015 -\$nil). Further details are available in the analysis below.

On July 15, 2016, last amended on October 7, 2016, the Company entered into an Option Agreement with Lepidco Ltd. (formerly Platypus Minerals Ltd.) (“Lepidco”) detailing the key commercial terms to jointly acquire up to a 100% interest in the Le Royal Lithium Project located approximately 30 km north of the city of Val d’Or in Quebec. During the year ended December 31, 2016, the Company issued 1,500,000 shares towards the acquisition.

On November 16, 2016, the Company entered into a Binding Term Sheet with Iceland Resources EHF (“Iceland Resources”), a junior mining exploration company incorporated under the laws of the Republic of Iceland, with a focus on the Scandinavian region.

#### **For the years ended December 31, 2015 and 2014, the Company had no revenues.**

The Company incurred a net loss and comprehensive loss for the year of \$12,268 for the year ended December 31, 2015, which was a decrease of \$737,493 compared to \$749,761 for the year ended December 31, 2014. The decrease in the loss is primarily due to gains on settlement of debt, reduction of subcontractor’s fees, publicity fees and stock based compensation as the Company concentrated on reducing discretionary charges where possible. Further details are available in the analysis below.

## Operating Expenses

For the years ended December 31, 2016 and 2015.

| For the years ended December 31    | 2016    | 2015    |
|------------------------------------|---------|---------|
|                                    | \$      | \$      |
| Consulting                         | 77,825  | -       |
| Professional fees                  | 1,640   | 14,506  |
| Subcontractors                     | 42,000  | 43,400  |
| Publicity and promotion            | 62,792  | 16,908  |
| Office expenses                    | 4,768   | 2,489   |
| Brokerage fees                     | 18,760  | 19,278  |
| Travel expenses                    | 4,821   | -       |
| Financial fees and bank charges    | 9,376   | 23,626  |
| Interest on Convertible Debentures | 21,259  | 17,052  |
| Stock based compensation           | 109,026 | -       |
|                                    | 352,267 | 137,259 |

During the year ended December 31, 2016, the Company also wrote off aged accounts payable of \$71,208 (2015 - \$7,778). In the prior year the Company recorded a gain on debt settlement of \$303,038 and also impaired advances of \$67,143.

### *Impairment charge on Exploration and Evaluation Assets*

The Company evaluated its Exploration and Evaluation Assets and determined that there were indicators of impairment. As a result, the Company recorded an impairment charge in 2016 of \$547,168 (2015 - \$118,692). The impairment charge in fiscal 2016 was for the Company's Julie Project and was based on the determination that insufficient work was being completed to maintain all of the mining claims.

## SUMMARY OF QUARTERLY RESULTS

The following table outlines selected unaudited financial information of the Company for the last eight quarters.

|                                   | Sep. 30,<br>2017 | Jun. 30,<br>2017 | Mar. 31,<br>2017 | Dec. 31,<br>2016 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Total assets                      | 851,642          | 934,044          | 595,018          | 593,189          |
| Working capital (deficiency)      | (618,464)        | (492,601)        | (333,156)        | (581,882)        |
| Shareholders' equity (deficiency) | (280,377)        | (132,880)        | 119,747          | (132,000)        |
| Revenue                           | -                | -                | -                | -                |
| Net loss                          | (145,032)        | (221,774)        | (423,303)        | (251,747)        |
| Net loss per share                | (0.01)           | (0.00)           | (0.01)           | (0.01)           |
|                                   | Sep. 30,<br>2016 | Jun. 30,<br>2016 | Mar. 31,<br>2016 | Dec. 31,<br>2015 |
| Total assets                      | 595,018          | 1,076,952        | 1,257,721        | 1,066,278        |
| Working capital (deficiency)      | (333,156)        | (272,950)        | (328,628)        | (308,420)        |
| Shareholders' equity              | 119,747          | 653,177          | 812,843          | 616,431          |
| Revenue                           | -                | -                | -                | -                |
| Net income (loss)                 | (312,653)        | (64,754)         | (24,467)         | (27,517)         |
| Net income (loss) per share       | (0.01)           | (0.00)           | (0.00)           | (0.00)           |

## THREE MONTHS ENDED SEPTEMBER 30, 2017

For the three months ended September 30, 2017 and 2016, the Company had no revenues.

The Company incurred net losses for the period of \$145,032 (2016 - \$312,653). The decrease in the loss is primarily due to an increase in management fees to \$48,750 (2016 - \$nil) as a result of the

Company adjusting its management and officers' compensation plan due to the recent acquisitions and related work. Consulting fees also increased to \$58,500 (2016 - \$23,000) as a result of the Company's new projects. These increases were completely offset by Stock-based compensation decreasing in the period to \$nil (2016 - \$270,100) as a result of issuing stock options in the prior year.

### **NINE MONTHS ENDED SEPTEMBER 30, 2017**

For the six months ended September 30, 2017 and 2016, the Company had no revenues.

The Company incurred net losses for the period of \$473,521 (2016 - \$92,271). The increase in the loss is primarily due to an increase in management fees to \$290,750 (2016 - \$nil) as a result of the Company adjusting its management and officers' compensation plan as well as the issuance of bonuses in the period. Consulting fees increased to \$125,500 (2016 - \$57,043) as well as travel expenses to \$45,331 (2016 - \$nil) as a result of the Company's new projects. Stock-based compensation decreased in the period to \$34,247 (2016 - \$270,100) as a result of issuing stock options in the prior year.

### **LIQUIDITY AND CASH FLOW**

At September 30, 2017, the Company had cash of \$128 (December 31, 2016 - \$988). At September 30 2017, the Company had a working capital deficit of \$618,464 (December 31, 2016 - \$333,156).

For the period September 30, 2017 ended significant cash flows were as follows:

Net cash used in operating activities for the period was \$224,908. Net loss for the period of \$621,018 included non-cash transactions including an obligation to issue shares of \$35,221, stock-based compensation of \$34,247, interest on loans and debentures of \$27,215, and accretion of \$9,352 on the convertible debentures. Net changes in working capital items were \$290,075.

Net cash used in investing activities for the period was \$59,367 towards acquisition and exploration costs.

Net cash provided by financing activities for the period was \$283,414. The company received funds of \$293,980 for its debenture and made payments of \$10,566 to settle amounts due to a shareholder.

Subsequent to September 30, 2017, 5,000,000 warrants were exercised at \$0.04 per warrant and 5,000,000 common shares were issued for proceeds of \$200,000. 1,639,414 common shares were also issued for proceeds of \$78,750 related to conversions of debentures.

### **FINANCIAL RISK MANAGEMENT AND FINANCIAL ESTIMATES**

#### **Financial Risk**

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventive controls and transferring risk to third parties.

The Company's exposure to potential loss from financial instruments is primarily due to various market risks, including interest rate, liquidity and credit risk. There has been no change in the financial risk of the Company during the period.

#### *Market Risk*

Market risk is the risk of loss arising from adverse changes to market rates and prices, such as interest

rates, equity market fluctuations, foreign currency exchanges rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how those exposures are currently managed.

#### *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. To manage cash flow requirements, the Company may have to issue additional common shares or conclude private investments.

As at September 30, 2017, the Company has current liabilities and accrued liabilities of \$662,583 due within 12 months and has cash and cash equivalents of \$128 to meet its current obligations. As a result, the Company does face liquidity risk.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company's credit risk is due mainly to its other receivables.

The Company's statement of financial position is presented net of any allowance for doubtful advances established on a case by case basis. This amount best represents the Company's maximum exposure to any potential credit risk. As of September 30, 2017, the allowance for doubtful advances was \$Nil (2016 - \$Nil).

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market-interest rates. The Company's convertible debentures fixes interest at 6% per annum and accordingly is not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to reduce its exposure to risk. The management of the Company considers minimal its interest rate risk.

#### *Fair Value Measurement*

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The carrying amount and fair value of financial instruments, with the exception of the secured debenture, are considered to be a reasonable approximation of fair value because of their short-term maturities.

The carrying values of the convertible debentures approximate its fair value at the reporting date because the convertible debentures was calculated by discounting future cash flows using rates that the Company would otherwise use for such debt with similar terms, conditions and maturity dates, adjusted for the Company's credit risk. Management believes that no significant change occurred in the risk of these instruments.

### **CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2017, the Company's shareholders' deficiency was \$280,377 (December 31, 2016 – \$119,747 equity) and it had an amount due to a director of \$nil (2016 - \$10,565) and amounts due to

related parties of \$328,292. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. To meet these objectives, management monitors the Company's capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis.

Capital for expansion comes mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient for a certain amount of exploration and development work on its properties, and for working capital purposes. Additional funds are required to finance the Company's corporate objectives. There was no change in the Company's capital management policy for the period ended September 30, 2017.

The Company is not currently exposed to any externally imposed capital requirements.

## RELATED PARTY TRANSACTIONS

### a) Related party transactions

During the period, the Company incurred the following transactions with related parties not disclosed elsewhere in the financial statements:

|  | Sep. 30, 2017 | Sep. 30, 2016 |
|--|---------------|---------------|
|  | - \$ -        | - \$ -        |
| Management fees paid or accrued to directors or companies controlled by directors <sup>1, 2, 4, 6, 8, 9</sup>              | 97,500        | -             |
| Office facilities and miscellaneous charges accrued to companies controlled by a director or an officer <sup>3, 5, 7</sup> | 117,500       | 22,500        |
| Bonuses paid or accrued to directors or officers <sup>1, 2, 3, 4, 5, 6, 7, 8, 9</sup>                                      | 144,500       | -             |

<sup>1</sup> Frank Dumas, President, Director and CEO

<sup>2</sup> Mark Billings, Chairman, Director

<sup>3</sup> Neha Tally, Corporate Secretary

<sup>4</sup> Enrico Di Cesare, Director

<sup>5</sup> Richard Barnett, CFO

<sup>6</sup> Wei-Tek Tsai, Director

<sup>7</sup> Joel Scodnick, Qualified Person

<sup>8</sup> Herb Duerr, Director

<sup>9</sup> Gary Johnson, Director

These amounts will be settled by either cash payments or issuing securities.

### b) Due to Related Parties

At September 30, 2017, included in accounts payable and accrued liabilities is \$256,254 (December 31, 2016 - \$35,301) owing to related parties.

These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

On April 25, 2015, the Company issued a promissory note in the amount of \$25,000 maturing on April 25, 2016 in favour of a Director of the Company. Interest on the promissory note is calculated at 24% per annum, totaling \$2,160 (2015 - \$4,102) for the year. A \$5,000 signing fee was payable to the Director of the Company. The note is secured by a general security interest in all the tangible and intangible assets of the Company. During the year ended December 31, 2016, the principal amount of \$25,000 was repaid. As of September 30, 2017, the remaining balance of \$10,565 which pertains to interest and signing fees was paid.



### **c) Stock options granted**

On July 19, 2016, the Company granted 2,900,000 stock options to directors and officers to acquire common shares of the Company at an exercise price of \$0.075 per share, vesting immediately and expiring on July 19, 2021.

On July 28, 2016, the Company granted 200,000 stock options to acquire common shares of the Company at an exercise price of \$0.075 per share, vesting over 12 months and expiring on July 28, 2019.

On August 8, 2016, the Company granted 400,000 stock options to acquire common shares of the Company at an exercise price of \$0.075 per share, expiring on August 8, 2017.

On September 1, 2017, the Company granted 775,000 stock options to acquire common shares of the Company at an exercise price of \$0.075 per share, expiring on September 1, 2022.

### **Outstanding Share Data**

As at September 30, 2017, the Company has 60,669,045 shares outstanding.

As of the current date, the Company has 69,089,059 common shares outstanding.

### **RISK FACTORS**

#### **Exploration**

Exploration and mining involve a high degree of risk. Few exploration properties end up going into production. Other risks related to exploration and mining activities include unusual or unforeseen formations, fire, power failures, labour disputes, flooding, explosions, cave-ins, landslides and shortages of adequate or appropriate manpower, machinery or equipment.

The development of a resource property is subject to many factors, including the cost of mining, variations in the quality of the material mined, fluctuations in the commodity and currency markets, the cost of processing equipment and others, such as aboriginal claims and government regulations, including regulations regarding royalties, authorized production, import and export of natural resources and environmental protection. Depending on the price of the natural resource produced, the Company may decide not to undertake or continue commercial production.

There can be no assurance that the expenses incurred by the Company to explore its properties will result in the discovery of a commercial quantity of ore. Most exploration projects do not result in the discovery of commercially viable mineral deposits.

#### **Environmental and Other Regulations**

Current and future environmental laws, regulations and measures could entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company's activities. Environmental regulations and standards are subject to constant revision and could be substantially tightened, which could have a serious impact on the Company and its ability to develop its properties economically. Before it commences mining a property, the Company must obtain environmental permits and the approval of the regulatory authorities. There is no assurance that these permits and approvals will be obtained, or that they will be obtained in a timely manner. The cost of complying with government regulations may also impact the viability of an operation or altogether prevent the economic development of a property.

#### **Financing and Development**

The Company does not presently have sufficient financial resources to undertake its planned exploration and development programs. Development of the Company's properties therefore depends

on its ability to raise the additional funds required. There can be no assurance that the Company will succeed in obtaining the funding required. The Company also has limited experience in developing resource properties, and its ability to do so depends on the use of appropriately skilled personnel or signature of agreements with other large resource companies that can provide the required expertise.

### **Commodity Prices**

The factors that influence the market value of platinum, palladium, rhodium, copper, cobalt, nickel, carbon graphite and any other mineral discovered are outside the Company's control. The impact of these factors cannot be accurately predicted. Resource prices can fluctuate widely and have done so in recent years.

### **Risks Not Covered by Insurance**

The Company may become subject to claims arising from cave-ins, pollution or other risks against which it cannot insure itself due to the high cost of premiums or other reasons. Payment of such claims would decrease and could eliminate the funds available for exploration and mining activities.

*signed "Francois Dumas"*  
President and Chief Executive Officer

*signed "Richard Barnett"*  
Chief Financial Officer