MORGAN RESOURCES CORP.
MANAGEMENT DISCUSSION & ANALYSIS
PERIOD ENDED AUGUST 31, 2014

Reference is made in this Management Discussion & Analysis (the "MD&A") to Bathurst Resources Corp's (the "Company") financial statement disclosure for the relevant period which is attached the MD&A. All amounts discussed herein are denominated in Canadian dollars.

FORWARD LOOKING STATEMENTS

Certain information regarding the Company contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company cautions that actual performance will be affected by a number of factors, many of which are beyond the Company's control, and that future events and results may vary substantially from what the Company currently foresees. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

DATE OF MD&A

This MD&A was prepared on December 23, 2014.

OVERVIEW

The Company was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on June 15, 2011 and was classified as a capital pool company as defined in Policy 2.4 of TSX Venture Exchange Inc. ("TSX-V").

On December 31, 2013, Gideon, 2396933 Ontario Inc., a wholly-owned subsidiary of Gideon ("2396933 OntCo") and Bathurst Resources Corp. ("Bathurst") completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 OntCo and Gideon issued one common share for each common share of Bathurst outstanding ("Amalgamation"). The Amalgamation constituted Gideon's Qualifying Transaction for the purposes of Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. Upon completion of the Amalgamation, Gideon changed its name to Morgan Resources Corp. (the "Company").

The Amalgamation is considered to be a reverse takeover of Gideon by Bathurst. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a share-based payment transaction, rather than a business combination. The transaction is equivalent to the issuance of shares by the non-public operating entity, Bathurst, for the net assets and the listing status of the non-operating public company, Gideon. The fair value of the shares issued was determined based on the fair value of the common shares issued by Gideon.

The Company is a mining exploration company with an option on certain volcanic-hosted massive sulphides properties in the Province of New Brunswick. Bathurst's principal project is the Gloucester Project.

BUSINESS STRATEGY

The primary business objective of the Company is to explore for volcanic-hosted massive sulphides.

OVERALL PERFORMANCE

Overview of Operations

History

The Company is a junior mining exploration and development company with an option on certain volcanic-hosted massive sulphides properties in the Province of New Brunswick, Canada.

Since its incorporation, the Company has entered into three option agreements (the L'Or Bai and Chamberlain Option Agreement, the Vienneau Option Agreement and the South Chamberlain Option Agreement) with arm's length parties in respect of various claim units located in Gloucester County, Northern New Brunskwick, Canada. Collectively, the option agreements grant the Company the option of acquiring a 100% interest in the four properties that make up the Gloucester Project in Gloucester County: (i) the L'Or Bai Property, (ii) the Chamberlain Property, (iii) the Vienneau Property and (iv) the South Chamberlain Property.

Significant Acquisitions and Dispositions

On April 7, 2013, The Company entered into the L'Or Bai and Chamberlain Option Agreement with the L'Or Bai and Chamberlain Vendors. Pursuant to the L'Or Bai and Chamberlain Option Agreement, the Company was granted the option to acquire a 100% interest (subject to a 2% net smelter return royalty on each of the L'Or Bai and Chamberlain Properties in favour of the L'Or Bai and Chamberlain Vendors) in various claim units located on the Gloucester Project in Gloucester County, Northern New Brunswick, Canada. The L'Or Bai and Chamberlain Option Agreement required the Company to list a newly incorporated company on the Exchange and to make the following expenditures: (i) $75,000 on or before the completion of the listing of the newly incorporated company on the Exchange (completed), (ii) $2,000,000 prior to the third anniversary of the listing of the newly incorporated company on the Exchange, and (iii) $1,000,000 prior to the fifth anniversary of the listing of the newly incorporated company on the Exchange. Additionally, pursuant to the terms of the L'Or Bai and Chamberlain Option Agreement, the Company is required to make the following payments and issue the following shares to the L'Or Bai and Chamberlain Vendors, on a pro-rata basis: (i) $290,000 payment over a five year period ($90,000 of which has been paid as of the date of this MD&A), (ii) $80,000 worth of common shares (533,332 common shares were issued at a value of $80,000 as of December 31, 2013) , (iii) the issuance of the an additional $200,000 worth of common shares over a five year period payable on December 31 of each year, (iv) $30,000 payment on an annual basis after April 7, 2019 (the sixth year from the date of the L'Or Bai and Chamberlain Option Agreement) until the delivery of a positive feasibility study, and (v) $60,000 payment on an annual basis upon the delivery of the Positive Feasibility Study until the first anniversary following commercial production. In accordance with the terms of the L'Or Bai and Chamberlain Option Agreement, the Company is also required to make the following bonus payments and issue the following bonus shares to the L'Or Bai and Chamberlain Vendors on a pro-rata basis: (i) $50,000 payment, upon the discovery of a volcanic-hosted massive sulphides with specific dimensions, (ii) $250,000, upon delineation of a 1 Mt or more mineral deposit with certain properties and dimensions, and (iii) the issuance of the Optionor Bonus Shares.

On April 29, 2013, the Company entered into the Vienneau Option Agreement with Kevin Vienneau. Pursuant to the Vienneau Option Agreement, was granted the option to acquire a 100% interest (subject to a 3% net smelter return royalty on the Vienneau Property in favour of Kevin Vienneau) in various claim units located on the Gloucester Project in Gloucester County, Northern New Brunswick, Canada. The Vienneau Option Agreement requires the Company to make the following payments: (i) $10,000 upon signing the option agreement (this has already been paid as of the date of this MD&A), (ii) $15,000 on April 29, 2014 (the first anniversary of the Vienneau Option Agreement), and (iii) $25,000 on April 29, 2015 (the second anniversary of the Vienneau Option Agreement). The Vienneau Option Agreement also requires the Company to make the following expenditures: (i) $10,000 on or before April 29, 2014 (the first anniversary of the Vienneau Option Agreement), (ii) $10,000 on or before April 29, 2015 (the second anniversary of the Vienneau Option Agreement), and (iii) $30,000 on or before April 29, 2016 (the third anniversary of the Vienneau Option Agreement. Until all of the foregoing payments and expenditures are made, no interest in the Vienneau Property is earned.

On April 14, 2014, the Company entered into the South Chamberlain Option Agreement with a private company to acquire the South Chamberlain base metal and precious metal property located in the Bathurst Mining Camp, New Brunswick (the "South Chamberlain Property"). The South Chamberlain Property is located in Gloucester County, Northern New Brunswick, Canada, approximately 17 km west of the city of Bathurst. The South Chamberlain Property consists of 2 mining claim blocks, 5761 and 4362, composed of 157 claim units for a total of 3418 hectares, and adjoins the west side of the Company's L'Or Bai and Chamberlain Properties. The South Chamberlain Option Agreement requires the Company to make the following payments: (i) $15,000 paid on April 14, 2014, (ii) Issued 134,000 common shares on April 14, 2014 with a value of $20,000, (iii) incur a minimum of $75,000 in exploration expenditures prior to April 10, 2015, (iv) $15,000 payable by April 10, 2015 and $25,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or $25,000 in cash at the option of the optionor, (v) incur a further $75,000 in exploration expenditures prior to April 10, 2016, (vi) $15,000 payable by April 10, 2016 and $40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or $40,000 in cash at the option of the optionor, (vii) incur a further $75,000 in exploration expenditures prior to April 10, 2017, (viii) $30,000 payable by April 10, 2017 and $50,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or $25,000 in cash at the option of the optionor, (ix) incur a further $75,000 in exploration expenditures prior to April 10, 2018, (x) $40,000 payable by April 10, 2018 and $80,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or $80,000 in cash at the option of the optionor, (xi) incur a further $75,000 in exploration expenditures prior to April 10, 2019 and (xii) $50,000 payable by April 10, 2019 and $120,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days or $120,000 in cash at the option of the optionor.

Go-Public Transaction with Gideon Capital Corp.

On December 31, 2013, the Company completed a business combination with Gideon Capital Corp. ("Gideon").

The amalgamation effectively provided for the acquisition of all of the outstanding equity interests of the Company by Gideon, indirectly through an amalgamation entity (a wholly owned Ontario incorporated subsidiary of Gideon (the "Amalgamation Entity")) in a transaction in which the Company's shareholders received common shares of Gideon. As a result of the amalgamation of Amalgamation Entity and the Company, Gideon became the sole beneficial owner of all of the outstanding shares of amalgamated corporation.

Pursuant to the Amalgamation Agreement between Gideon, the Company and the Amalgamated Entity, every one (1) common share in Bathurst held by Bathurst shareholders, were exchanged for one (1) resulting issuer share ("Resulting Issuer Shares").

The Amalgamation resulted in 12,500,000 Resulting Issuer Shares being issued to current Gideon shareholders, 15,000,000 Resulting Issuer Shares being issued to the Bathurst shareholders, 6,933,604 Resulting Issuer Shares to purchasers in connection with a private placement at between $0.15 and $0.17 per Resulting Issuer Share and 533,332 Resulting Issuer Shares pursuant to Bathurst's obligations under the L'Or Bai and Chamberlain Option Agreement. As of the Amalgamation date, 34,966,936 Resulting Issuer Shares were outstanding.

RESULTS OF OPERATIONS

Summary of Annual Financial Information

DESCRIPTION	Year ended August 31, 2014	From April 5 to August 31, 2013
	AMOUNT $	AMOUNT $
Revenues	0	0
Expenses	424,375	97,947
Net (loss) for the year	(2,036,274)	(97,947)
Basic & diluted loss per share	(0.07)	(0.01)
Cash flow from operating activities	(461,560)	(67,681)
Cash	503,795	73,085
Assets	1,226,404	281,369
Liabilities	180,081	34,266
Dividends	0	0

For the year ended August 31, 2014

On December 31, 2013, the Company completed a business combination with Gideon Capital Corp., changed its name to Morgan Resources Corp. and is listed on the TSX Venture Exchange under the symbol MOR.

Expenditures during the year ended August 31, 2014 totaled $424,375 (Aug 2013 – $97,947). These expenditures included:

- Professional fees $88,283 (Aug 2013 – 72,452) due to costs associated with the qualifying transaction with Gideon Capital Corp and with the Company's auditors. The future trend is expected to be reduced from the current period.
- Consulting fees of $181,534 (Aug 2013 - $22,600) paid to the Company's CFO and CEO. The company anticipates increased consulting fees in the coming quarters.
- Travel and promotion expenses of $10,498 (Aug 2013 - $2,610). The future trend is expected to be consistent with the current period.
- Office and general expenses of $13,619 (Aug 2013 - $285). The future trend is expected to be consistent with the current period.
- Rent expense of $27,254 (Aug 2013 – Nil). The future trend is expected to be consistent with the current period.
- Stock based compensation of $103,187 (Aug 2013 - $nil). The future trend is expected to be reduced from the current period

During the period, the Company wrote down its investment in Monterra for a loss of $376,047. The Company received the shares in Monterra in settlement of a loan from a failed qualifying transaction with Monterra in 2013.

During the period, due to the value placed on the shares issued to Gideon Capital shareholders on the qualifying transaction for the listing of Morgan Resources common shares, the company incurred listing cost expenses of $1,280,727.

Summary of Quarterly Financial Information

For the three months ended	$ 31 Aug 14	$ 31 May 14	$ 28 Feb 14	$ 30 Nov 13
Revenues	-	-	-	-
Expenses	234,140	72,738	60,957	56,540
Net loss for the period	(153,186)	(68,890)	(1,757,658)	(56,540)
Basic & diluted loss per share	(0.00)	(0.00)	(0.06)	(0.01)
Cash flow from operating activities	(122,002)	(83,539)	(251,186)	(4,833)
Cash & equivalents	503,795	667,880	823,745	130,269
Assets	1,226,404	1,676,685	1,726,693	452,300
Liabilities	180,081	197,012	197,951	106,767
Dividends				

For the three months ended	$ 31 Aug 13	$ 5 Apr 13 to 31 May 13
Revenues	-	-
Expenses	64,396	33,551
Net loss for the period	(64,396)	(33,551)
Basic & diluted loss per share	(0.01)	(0.00)
Cash flow from operating activities	(66,471)	(1,210)
Cash & equivalents	73,085	24,568
Assets	281,369	148,840
Liabilities	34,266	182,341
Dividends	-	-

For the quarter ended August 31, 2014

Expenditures during the period totaled $234,140 (Aug 2013 – $64,396). These expenditures included:
• Professional fees ($5,985) (Aug 2013 - $39,386) due to a settlement of legal costs from Gideon Capital Corp. fees, audit fees and other public company costs. The future trend is expected to be increased from the current period.
• Consulting fees of $123,301 (Aug 2013 - $22,600) paid to the Company's CEO and CFO. The company anticipates decreased consulting fees in the coming quarters.
• Travel and promotion expenses of $701 (Aug 2013 - $2,303). The future trend is expected to be consistent with the current period.
• Office and general expenses of $3,416 (Aug 2013 - $235). The future trend is expected to be consistent with the current period.

• Rent expense of $9,520 (Aug 2013 – Nil). The future trend is expected to be consistent with the current period.
• Stock based compensation of $103,187 (Aug 2013 - $nil). The future trend is expected to be reduced from the current period.

During the period, the Company wrote down its investment in Monterra for a loss of $376,047. The Company received the shares in Monterra in settlement of a loan from a failed qualifying transaction with Monterra in 2013.

TRENDS AND OTHER INFORMATION

The Company has limited financial resources and there are no assurances that additional funding will be available for working capital or further exploration unless the Company is successful in its efforts to complete its financing objectives. Exploration of the properties in which the Company has an interest is at an exploratory stage. There is no assurance that commercial quantities of mineral reserves will be discovered. There is also no assurance that even if commercial quantities of reserves are discovered, the mineral property will be brought into commercial production.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of approximately $438,527 as at August 31, 2014. As the Company's properties are in the exploration stage, the Company has no sources of revenue other than interest earned on its cash, which is insignificant.

The Company is committed to spending $232,120 associated with the flow-through offerings that were completed in 2013 by December 31, 2014. The Company intends to fulfill all flow-through commitments by December 31, 2014.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions of a material nature being considered at this time.

CRITICAL ACCOUNTING ESTIMATES

Capitalized Mineral Properties
The Company capitalizes all costs related to investments in mineral property interests on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be impairment in their value. Management reviews the carrying values of its properties each year. Management uses consultants and industry yardsticks to ascertain these values.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments include cash and short-term deposits, accounts receivables, accounts payable and accrued liabilities, accrued interest payable and convertible loans. Cash and short-term deposits are classified as fair value through profit or loss. The carrying value of these instruments approximates their fair values due to their short-term nature. Accounts receivables are classified as loans and receivables, accounts payable and accrued liabilities and the convertible loan are classified as other financial liabilities, all of which are measured at amortized cost. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals. If the Company locates a mineral deposit, it will be subject to commodity price risk. It is the opinion of Management that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. On August 31, 2014, the Company had 35,326,936 common shares outstanding, 6,933,604 warrants exercisable at $0.30 until December 31, 2015, 115,316 broker warrants exercisable at $0.17 until December 31, 2015 and 350,000 options exercisable at $0.10 until January 27, 2022.

As at December 23, 2014, the Company had 35,626,936 common shares outstanding, 6,933,604 warrants exercisable at $0.30 until December 31, 2015, 115,316 broker warrants exercisable at $0.17 until December 31, 2015 and 350,000 options exercisable at $0.10 until January 27, 2022.

RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration expense of directors and other members of key management personnel during the year ended August 31, 2014 was “Salaries and consulting” of $175,530.

SUBSEQUENT EVENTS

On October 8, 2014, Morgan Resources executed an agreement to acquire the Lucky Irish base metal and precious metal property located 35 kilometers southwest of Kirkland Lake, Ontario (the "Lucky Irish Property"). The Lucky Irish Property consists of a block of 41 claims, 420 units registered under the name of John Peter Rapski ("Rapski"). GAR Limited, an Ontario company owns an option to acquire 100% of the interest in the Lucky Irish Property from Rapski subject to a 3% NSR. Morgan Resources has the option to acquire 51% of the mining rights from GAR Limited in the return for $2,500,000 in expenditures on the Lucky Irish Property, cash payments of $750,000 and the issuance of 1,400,000 common shares over a period of four years.

RISKS AND UNCERTAINTIES

Risk Factors

The current business of the Company is to explore for volcanic-hosted massive sulphides. Due to the nature of that business, the legal and economic climate in which the Company operates and the present stage of development of its business, the Company may be subject to significant risks. An investment in the Company’s Shares should be considered highly speculative. The Company’s future development and actual operating results may be very different from those expected as at the date of this MD&A. There can be no certainty that the Company will be able to implement successfully the strategy set out herein. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives. In addition to the other information in this MD&A, an investor should carefully consider each of, and the cumulative effect of, the following factors.

The following is a description of the principal risk factors that affect the Company:

Exploration and Development Risks

Mineral exploration and development involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Success in increasing mineral resources and reserves is the result of a number of factors, including the level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years of drilling and development until production is possible during which time the economic feasibility of production may change. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in the price of gold and other minerals, fluctuations in exchange rates or other minerals produced, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

The Company will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish reserves through drilling, to develop mineral processes to extract the product from the resource and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that the minerals will be discovered in sufficient quantities and/or quality to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of the resource mined, fluctuations in mineral markets, importing and exporting of minerals and environmental protection. As a result of these uncertainties, there can be no assurance that mineral exploration and development of the Company's properties will result in profitable commercial operations.

Mining Risks

Mining operations, including the exploration and development of mineral deposits, generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions such as power outages, labour disruptions, flooding, landslides, and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position. In addition, it is not unusual in mining operations to experience unexpected problems both during start up and during ongoing operations. To the extent that unexpected problems occur affecting the production in the future, the Company's anticipated revenues may be reduced, costs may increase and the resulting issuer's profitability and ability to continue its mining operation may be adversely affected.

Availability of Drilling Equipment and Access

Natural resource exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Resulting Issuer and may delay exploration and development activities.

Operating Risks

The activities of the Company are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geological formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses. Should any of these risks and hazards affect the Company's exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to produce mineral resources from the Resulting Issuer's reserves, require the Company to write-down the carrying value of one or more mineral projects, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability; any and all of which may have a material adverse effect on the Company. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability, result in increasing costs or the loss of its assets and a decline in the value of the Company's securities.

Permits and Licences

The operations of the Company require licences and permits from various governmental authorities. There can be no assurance that such licences and permits required to carry out exploration, development and mining operations at its projects will be granted.

Title Risks

The Company does not own the real property underlying its properties, and currently only has the right to conduct exploration activities on the properties pursuant to the terms of option agreements. In order to maintain the claims, the Company must comply with all of its covenants under the agreements, which include incurring certain minimum exploration expenditures annually. If the Company fails to meet its obligations it risks the forfeiture of its mining claims and any such expenditures made to such time. There can be no assurance that the Resulting Issuer will be able to obtain the required mining and other permits for its properties, if, as, and when mining operations become viable at the properties.

If the Company does not make all the required payments, it will forfeit the value of instalment payments made pursuant to option agreements, without the ability to obtain a refund or the ability to cause the return of cash or securities issued.

The acquisition of title to resource properties is a very detailed and time-consuming process. Title to, and the area of, resource claims may be disputed. Although the Company believes it has taken reasonable measures to ensure that title to the properties are held as described in this MD&A, there is no guarantee that title to any of the claims comprising the properties will not be challenged or impaired. There may be valid challenges to the title of any of the claims comprising the properties that, if successful, could impair development and/or operations.

Competition for New Mining Properties

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, more established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable.

Conflicts of Interest

Certain of the directors or officers of the Company may also be directors or officers of other mining companies or otherwise involved in natural resource exploration and development and situations may arise where they are in a conflict of interest with the Company. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the CBCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with the Company disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the OBCA.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results and acquisition or disposition of properties, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Payment of Dividends Unlikely

There is no assurance that the Company will pay dividends on its shares in the near future or ever. The Company will likely require all its funds to further the development of its business.

Management of Growth

Any expansion of the Company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Company will be able to manage growth successfully. Any ability of the Company to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on Key Personnel and Consultants

There can be no assurance that any of the Company's officers, directors, employees and consultants will remain with the Company or that, in the future, they will not organize competitive businesses or accept opportunities with companies competitive with the Company. The Company will depend on a number of key officers and directors the loss of any one of whom could have an adverse effect on the Company.

Government Regulation and Political Risk

The Company's operating activities will be subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, the protection of endangered and protected species and other matters. While the Company believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's future operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot assure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. The Resulting Issuer's activities may be affected in varying degrees by political stability and governmental regulations. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its operations.

Environmental Regulation

Environmental and safety legislation (e.g. in relation to reclamation, disposal of waste products, protection of wildlife and otherwise relating to environmental protection) may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from mining activities, which may be costly to remedy. If the Company is unable to fully remedy an environmental problem, it may be required to stop or suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Resulting Issuer. The Company has not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) as it is not generally available at a price which the Resulting Issuer regards as reasonable.

Uninsured Risks

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance, if any, will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Land Reclamation Expenses

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the properties in which the Company holds an interest. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of the Company.

Shareholders' Interest may be Diluted in the Future

The Company will require additional funds for its planned activities. If the Company raises additional funding by issuing equity securities, which is highly likely, such financing could substantially dilute the interests of the Company's shareholders. Sales of substantial amounts of shares, or the availability of securities for sale, could adversely affect the prevailing market prices for the Company's shares. A decline in the market prices of the Company's shares could impair the ability of the Company to raise additional capital through the sale of new common shares should the Company desire to do so.

Approval from Government Bodies

The Company's acquisition of properties will be conditional upon receiving certain regulatory approvals. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the regulatory approvals could adversely affect the business, financial condition or results of operations of the Company.

Current Global Financial Conditions

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing by junior mining exploration and development companies has been negatively impacted by the credit market crisis, the reduction in energy prices and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. If these crises and increased levels of volatility continue, the Company's operations could be adversely impacted and the trading price of the Company's Common Shares could be adversely affected.

Market Factors and Volatility of Gold Prices

The marketability of volcanic-hosted massive sulphides which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations in the prices of gold, which are highly volatile, the proximity and capacity of gold markets and processing equipment, and government regulations, including regulations relating to taxes, royalties, land tenure, land use and environmental protection. The effect of these factors cannot be accurately predicted, but may result in the Resulting Issuer not receiving an adequate return on invested capital. The price of gold has fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the control of the Company. Future gold prices cannot be accurately predicted. A severe decline in the price of gold would have a material adverse effect on the Company.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to portions of Canada. The Company is not aware that any claims have been made in respect of the Gloucester Project; however, if a claim arose and was successful this could have an adverse effect on the Company and its operations.

Commodity Price Hedging

Currently, the Company does not have a policy to hedge future commodity sales. If put into place, there is no assurance that a commodity hedging program designed to reduce the risk associated with fluctuations in commodity prices will be successful. Hedging may not protect adequately against declines in commodity prices. Although hedging may protect the Company from a decline in commodity prices, it may also prevent the Company from benefiting fully from price increases.

Litigation Risk

All industries are subject to legal claims, with and without merit. The Company may be involved from time to time in various routine legal proceedings, which include labour matters such as unfair termination claims, supplier matters and property issues incidental to its business. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material effect on financial position and results of operations.

ADDITIONAL INFORMATION

Additional information relating to the Company can be requested by calling the Company at 647 352-4905.