



**YORK HARBOUR**  
M E T A L S

## **York Harbour Metals Inc.**

(An exploration stage company)

### **Management's Discussion and Analysis**

**For the three and six months ended July 31, 2024**

**Dated as of September 19, 2024**

## Introduction

This Management's Discussion and Analysis ("MD&A") has been prepared by the management of York Harbour Metals Inc. ("York" or the "Company") and should be read in conjunction with the condensed consolidated interim financial statements of the Company and notes thereto for the three and six months ended July 31, 2024 and 2023 (the "Interim Financial Statements"). The Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts are expressed in Canadian dollars unless otherwise indicated.

The content of this MD&A has been approved by the Board of Directors, on the recommendation of its Audit Committee. This MD&A contains disclosure related to the Company occurring up to and including September 19, 2024.

Mr. Alex Bugden, P. Geo., is a Qualified Person ("QP") as defined by National Instrument 43-101 ("NI 43-101"). He has approved the scientific and technical disclosure on the York Harbour Property and the Bottom Brook Property in Newfoundland and Labrador, Canada.

Additional information relating to the Company and its business activities is available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Caution Regarding Forward-Looking Information

Certain statements in this MD&A, particularly statements regarding future economic performance and finances, plans, expectations and objectives of management, may constitute "forward-looking" statements which reflect our current views with respect to future events and financial performance. When used in this MD&A, such forward-looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "estimate", "project", "continue" and other similar terminology of a forward-looking nature or negatives of those terms. These forward-looking statements are based on certain assumptions by management, certain of which are set out herein. The forward-looking statements appearing in this MD&A reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, all hazards and risks normally incidental to exploration, development and production of mineral resources, political instability and changes to existing government regulations including environmental regulations, ability to obtain adequate financing in future, the impact of global financial crisis, foreign currency fluctuations, ability to identify and integrate future acquisitions, reliance on key personnel and competition with other mineral industry companies for mineral concessions, claims, leases, and other mineral interests as well as for the recruitment and retention of qualified employees and service providers.

All statements, other than of historical fact, included herein are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. There are no assurances that the Company can fulfill such Forward-Looking Statements and the Company undertakes no obligation to update such statements.

## Description of Business

The Company is a junior exploration company incorporated under the laws of the Province of British Columbia, Canada and whose common shares are listed on the TSX Venture Exchange. The Company is principally engaged in the acquisition and exploration of mineral properties and is currently developing its copper-zinc and rare earth elements mineral properties located in the Province of Newfoundland and Labrador, Canada. The Company is in the exploration stage and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

The Company's common shares trade on the TSXV under the symbol "YORK", on the OTC Pink under the symbol "YORKF", and on the Frankfurt Stock Exchange under the symbol "5DE0".

## Mineral Properties

### York Harbour Property

On February 26, 2021, the Company entered into an option agreement to acquire 100% interest in 156 mineral claims covering 3,900 hectares, known as the York Harbour Property, located in the Province of Newfoundland and Labrador.

To exercise the option and acquire the claims, the Company must pay the optionors \$95,000, issue 1,485,566 common shares, and incur \$3,000,000 of exploration expenditures on the claims as follows:

1. pay \$95,000 (paid);
2. issue 1,485,566 common shares (issued); and
3. incur \$3,000,000 of exploration expenditures as follows:
  - a. \$250,000 on or before the first anniversary (incurred);
  - b. \$750,000 accumulated total on or before the second anniversary (incurred); and
  - c. \$3,000,000 accumulated total on or before the third anniversary (incurred).

The claims are subject to a 2% net smelter returns royalty of which the Company may purchase 1% within one year of commencement of Commercial Production for \$1,000,000.

The York Harbour Property is located approximately 27 kilometres west of Corner Brook, Newfoundland and known to be prospective for its copper-zinc-silver-gold-cobalt volcanogenic massive sulphide ('VMS') deposits. The known mineralization exhibits characteristics consistent with classic mafic-type flow dominated ('Cyprus-type') VMS deposits. Similar geological environments and styles of mineralization have formed relatively large copper-zinc deposits elsewhere in Newfoundland at Tilt Cove, in Cyprus at the Mavrovouni mine, and in Norway at the Lokken mine.

Copper and zinc massive sulphides were first discovered at York Harbour in 1893. Since then, a total of 2,134 metres of historic underground drifting and development have been completed for which documentation is available. Drill core logs and sampling data is available for a total of 19,323 metres of historical drilling that tested eleven lenses or zones of copper-zinc-silver-gold-cobalt-bearing sulphide mineralization. These zones occur over a 450-metre strike length, and many remain open for expansion both along strike and down-dip. Most historical exploration and underground development have been concentrated within a 375-metre-long segment of a stratigraphic contact between lower and upper basaltic units and within 150 metres of surface. An overturned synclinal fold is interpreted to extend and repeat the favourable mineralized horizon both along the western and southern portions of the property where surface prospects of VMS mineralization at the No. 4 Brook, 1 km to the west, and Pinnacle Brook, 1,800 m to the southwest, have been discovered and documented in outcrop but have received very little modern exploration attention.

On March 7, 2022, the Company announced it had increased its strategic land position at the York Harbour Property with the additional staking of 33 claims covering 825 hectares adjoining the western and southern limit of the existing mineral claims, bringing the total area of the property to 4,725 hectares.

On May 11, 2022, the Company completed the earn-in to acquire 100% interest of the York Harbour Property by completing all conditions of the option agreement.

On May 12, 2022, the Company signed an agreement to reduce the existing 2% net smelter royalty to 0.5% by purchasing 1.5% for \$1,500,000, settled by issuance of 1,500,000 common shares of the Company at a price of \$1 per share.

On July 28, 2022, the Company acquired Gregory River Property situated on the northern coast of the Bay of Islands, approximately 22 km due north of the York Harbour Property or 36 km northwest of the City of Corner Brook in Western Newfoundland. The Gregory River Property is comprised of 415 mineral claims covering 10,375 hectares. As a result, the Company now owns and operates two properties with known copper-zinc (+/- silver, gold, lead, cobalt) potential within the Bay of Islands Ophiolite Complex. The claims were acquired via a staking agreement with the original vendors of the York Harbour Property. Staking fees of \$53,950 were paid to the vendors and there are no royalties on the claims. These two properties total 604 claims (395 claims lapsed during the year ended January 31, 2024) and cover 15,100 hectares.

### Exploration

Field work at York Harbour Property commenced with an examination of the stored drill core and a 3D Borehole Pulse EM geophysical survey. Subsequently, on June 28, 2021, the Company reported results from its surface grab and channel sampling program that targeted a 100-metre strike length of the 'A' Zone. Significant assay results included highs of 16.8% copper, 30.4% zinc, and 119.6 grams per tonne ("gpt") silver. In addition to the surface sampling, a 3D modelling program was carried out utilizing the historical drilling results that report copper-zinc-silver (+/- lead, cobalt, and gold) Cyprus-type VMS mineralization within the York Harbour Property. The purpose of this program was firstly to visualize the known subsurface mineralization and secondly to better locate proposed diamond drill collars with the concurrent surface and bore hole electromagnetic survey results to confirm historic drilling results.

#### *Phase 1 Drill Program*

On July 21, 2021, the Company announced a Phase 1 diamond drilling program based upon the results of the 3D modelling and geophysical surveying. Seven to nine drill holes were proposed to initially target and confirm indicated massive and semi-massive sulphide mineralization in the reported 'A', 'B' and 'D' zones.

On September 7, 2021, the Company reported the completion of nine diamond drill holes totalling 1,222 meters as part of a Phase 1 diamond drilling program at York Harbour Property. Two holes were abandoned when they encountered a wide fault zone and a third drill hole intersected a section of the 4 Level adit. The other 6 drill holes all intersected stringer, semi-massive and/or massive sulphide mineralization.

On October 12, 2021, the Company provided initial assay results from 100 of 300 samples collected from some of the Phase 1 diamond drill holes. Drill hole YH21-06 targeting the 'H' Zone returned results of 47.79 m of 0.85% copper, 91.82 gpt cobalt, 0.57% zinc and 1.53 gpt silver (including 1.60 m of 9.39% copper, 645.44 gpt cobalt, 0.18% zinc, and 6.9 gpt silver). YH21-04 also targeting the 'H' Zone returned assay results of 9.51 m of 1.69% copper, 125.14 gpt cobalt, 0.13% zinc, and 1.43 gpt silver (including 1.54 m of 5.2% copper, 287.12 gpt cobalt, 0.07% zinc, and 2.57 gpt silver).

Other significant results from the Phase 1 drill program include: YH21-08 with 6.6 m of 0.62% copper, 66.92 gpt cobalt, 0.65% zinc and 3.37 gpt silver, which targeted 'G' Zone; and YH21-09 with 9.54 m of 1.69% copper, 238.73 gpt cobalt, 0.11% zinc and 2.83 gpt silver that tested the 'A' Zone.

**It is important to note, that the intercept intervals are drilling lengths, not true widths, because the true orientation of the mineralization has not yet been established.**

### *Phase 2 Drill Program*

Following a successful Phase 1 diamond drilling program, a Phase 2 diamond drilling program was designed to better delineate the drill-indicated VMS mineralization and to explore for additional similar mineralization both along strike and down-dip. Historical underground drill hole logs documented several massive and semi-massive, mineralized intercepts between and along strike of the known zones but without reported assays.

On October 27, 2021, the Company reported drill holes YH21-13 and 14 had intersected semi-massive and massive VMS mineralization. In addition to the Phase 2 drilling program, exploration work on the property also included relocating the No. 4 Brook adit with a massive sulphide showing that is situated approximately 1 km west from the drilling completed to date on the eastern limb of the folded volcanic sequence hosting known VMS mineralization. On October 16, 2021, several field personnel visited the site and reported approximately 15 metres of massive and semi-massive sulphide mineralization, including pyrite, chalcopyrite and sphalerite, in a sheared zone near the sloughed-in adit. This showing is currently accessible via a cut trail.

On November 4, 2021, the Company announced a progress update for its Phase 2 diamond drilling program at York Harbour Property. The Company had completed 10 of the 28 proposed drill holes, or 1,354 metres of the proposed 4,325 metres of diamond drilling. Significant semi-massive and massive VMS mineralization; including pyrite, chalcopyrite, sphalerite and rarely native copper, had been identified in drill cores from 8 of the 10 holes.

On February 14, 2022, the Company reported assay results for drill hole YH21-18 which intersected 25 metre intervals with an average grade of 2.7% copper, 9.0% zinc, 17.78 gpt silver and 164 gpt cobalt.

A technical report completed by Longford Exploration Services Ltd. on the Company's York Harbour Property entitled, "National Instrument 43-101 Technical Report on the York Harbour Property, Western Newfoundland, Canada" dated March 10, 2022, with an effective date of February 24, 2022 has been filed and is available for download on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

On March 17, 2022, the Company announced the following highlights of the first eleven drill holes of the Phase 2 Diamond Drilling Program:

- YH21-14 with 9.92 m of 1.00% copper, 0.13% zinc, 1.76 g/t silver, and 114.7 g/t cobalt (Including 2.00 m of 2.25% copper, 0.21% zinc, 3.84 g/t silver, and 138.6 g/t cobalt)
- YH21-15 with 8.13 m of 0.87% copper, 0.23% zinc, 1.28 g/t silver, and 136.0 g/t cobalt
- YH21-18 with 25.00 m of 2.70% copper, 9.04% zinc, 17.78 g/t silver, and 163.6 g/t cobalt (Including 10.00 m of 2.47% copper, 16.52% zinc, 36.43 g/t silver, and 93.0 g/t cobalt)
- YH21-20 with 21.80 m of 2.32% copper, 5.94% zinc, 5.17 g/t silver, and 54.0 g/t cobalt

On March 26, 2022, the Company reported high-grade copper and cobalt values in diamond drill hole YH21-24, grading 5.25% copper, 436.5 g/t cobalt, 8.97 g/t silver, and 0.801% zinc over a drilling length of 29.0 metres. Drill hole YH21-22 intersected zinc and copper values over a 5.26 metre interval grading 2.84% copper, 31.96% zinc and 42.09 g/t silver.

On April 7, 2022, the Company reported all the results from Phase 2 drilling that were previously unreported. Among the results released, Drill hole YH21-19 was reported to have intersected a strongly mineralized intercept over 15.00 metres grading 3.378% copper, 5.207% zinc, 18.53 g/t silver and 230.0 g/t cobalt. Results for drill holes YH21-31, YH21-32, and YH21-33 were also reported within the southern 'B' Zone (Main Mine Zone South).

### *Phase 3 Drill Program*

Consulting mining engineers of Gemtec, based in St. John's Newfoundland, were commissioned to apply for permitting approval to enter the 4 Level adit. On December 8, 2021, the Company used a camera-fitted drone to survey 110 metres of the adit to determine its condition which would aid the permitting approval. The third phase of exploration drilling on the YMH Property commenced on January 19, 2022 and was completed on April 23. This phase of drilling included 30 drill holes totalling 5,400 metres of core drilling. It continued the exploration of the main historical mine area focusing on expanding the existing zones of VMS copper-zinc-silver-cobalt mineralization along a 450-metres of strike length. In addition to defining mineralization along strike, this drilling also tested up and downdip extensions of the known mineralization.

The third phase drilling program was completed on April 23, 2022. During the nine months since the start of drilling on July 24, 2021 to the finish of the third phase drilling, the Company completed 68 drill holes totalling 11,185 metres of NQ-size diamond drilling. The Company reviewed the results of this drilling and carried out check-assaying on a portion of the analysed drill core samples, as part of their QA/QC procedures.

In July 2022, the Company contracted for the establishment of east-west grid lines spaced 150 metres apart from north of the documented mineralization in the Sea Level adit southward beyond the Pinnacle copper-zinc-lead-silver soil geochemical anomaly in the southern portion of the property, a north-south distance of over 3 km. These lines cover most of the documented extent of the favourable VMS geologic setting and were used for both ongoing geological mapping and rock geochemical sampling work, plus a 2D induced polarization survey beginning late-July 2022.

As a result of the three drilling programs, it appears that the Main Mine Zone can be subdivided into two subzones, one to the northeast and another to the southwest, each comprising several continuous semi-massive and massive VMS lenses. These two subzones appear to have been displaced approximately 100 metres by a northeasterly trending, right lateral fault zone.

A revised 3D model of the VMS mineralization was prepared during July that included the drilling results from all historical and the 2021-22 diamond drilling. The results of this work showed several areas within the two segments of the Main Mine area requiring additional drill testing to evaluate the strike and downdip potential of the indicated VMS mineralization.

The initial 2D IP-resistivity survey commenced in late July. The survey covered most of the favourable contact between the upper and lower basalt rock units and extended beyond the contact to provide deep IP information. Subject to preliminary interpretation of the geophysical results, grid lines and IP surveying were extended to cover encouraging chargeability/resistivity results.

On September 8, 2022, the Company announced preliminary assay results from the Phase 3 drilling program that targeted the Main Mine area. Diamond drill hole YH22-61 intersected 2.86% copper, 6.95% zinc, 20.2 gpt silver and 436.5 g/t cobalt over a drilled length of 14.77 metres. Four mineralized zones were drill tested during the Phase 3 drilling campaign. It is evident from the drilling results that the D and G zones may be continuous and that more drilling is required to fully test their strike and downdip extensions. It is also evident from the 2021-22 drilling results that the D and G zones are considerably larger than previously documented and that the historical drilling either did not fully intersect these zones or did not report significant assay results.

The remaining assay results from the Phase 3 drilling program were reported on October 4, 2022. The assay results showed that the drill-indicated mineralization extends both along strike, thereby joining several of the previously isolated VMS lenses of the Main Mine Area, and that these lenses have depth extent and could extend farther.

Some other significant drill intersections reported in the October 4th news release included:

- YH22-44 with 2.68 m of 2.35% copper, 8.94% zinc, 45.95 g/t silver and 187.90 g/t cobalt

- YH22-48 with 13.85 m of 0.57% copper, 1.91% zinc, 2.39 g/t silver and 46.00 g/t cobalt
- YH22-50 with 14.63 m of 1.33% copper, 0.08% zinc, 5.89 g/t silver and 123.80 g/t cobalt
- YH22-54 with 14.39 m of 2.31% copper, 0.30% zinc, 3.90 g/t silver and 144.40 g/t cobalt
- YH22-56 with 10.02 m of 1.60% copper, 0.05% zinc, 2.90 g/t silver and 123.70 g/t cobalt
- YH22-57 with 8.70 m of 1.01% copper, 1.32% zinc, 4.65 g/t silver and 97.10 g/t cobalt
- YH22-68 with 4.20 m of 1.12% copper, 0.12% zinc, 1.73 g/t silver and 80.10 g/t cobalt

**Note: the reported intercept lengths are drilling lengths, not true widths, since the true orientation of the mineralization has not yet been established.**

#### *Phase 4 Drill Program*

The Company announced on September 27, 2022 that the Phase 4 diamond drilling had commenced on their York Harbour Copper-Zinc property. Furthermore, that the initial part of the program was designed to test the depth extensions of the drill indicated volcanogenic massive sulphide (“VMS”) mineralization within the northeastern (A, D-G Zones) and southwestern (H Zone) halves of the Main Mine Area. Drilling would then begin testing other potential copper-zinc mineralized areas that have not received any detailed exploration since the early 1990’s. It was estimated that the proposed program might exceed 7,500 metres of NQ-size diamond drilling. In addition, preliminary results from the 2D IP-resistivity survey show several anomalous chargeability/resistivity anomalies both within the Main Mine area and elsewhere on the property that warrant considerable detailed drill testing.

On October 11, 2022, the Company announced the completion of 14 diamond drill holes totalling 3,627 m, the initial part of the Phase 4 drilling program. Massive and semi-massive sulphide mineralization was logged in the recovered cores of the first nine drill holes showing that the VMS mineralization extended between known mineralized lenses and down dip.

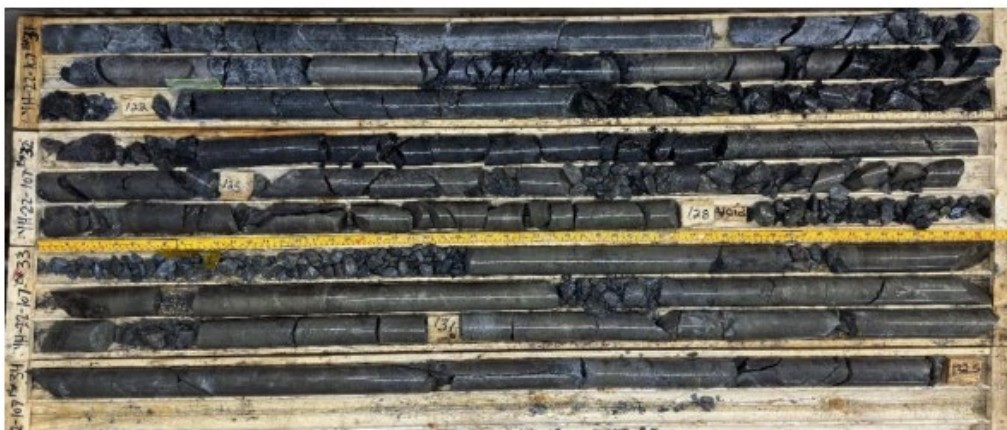
Three additional exploration permits were approved by the Mineral Lands Division of the Newfoundland-Labrador Government on November 5, 2022. These permits cover the areas of the No. 4 Brook, Sea Level adit and Pinnacle Lake exploration targets. Approval of these three permit areas will allow diamond drill testing of these three targets that all have known and coincident geological, soil and rock geochemical and geophysical anomalies.

On November 23, 2022, the Company announced the completion of the Phase 4 diamond drilling program during the period of September 5 to November 17, 2022. The program included the completion of 42 NQ-size diamond drill holes totalling 8,075 metres. Since the start of diamond drilling in July 2021 the Company has completed 110 drill holes totalling 19,260 metres. A total of 2,240 core and quality control samples from the Phase 4 drilling were shipped for analysis to two assay laboratories. Of these, 1,921 drill core samples contained massive, semi-massive and/or stringer sulphide mineralization.

The Phase 4 drilling continued to discover and delineate copper and zinc-rich VMS mineralization both between known zones of mineralization as well as also along strike and downdip of them. The A zone was the only zone within the property that was historically mined, and until recently only one drill hole had tested this zone due to the problems of intersecting the near-surface underground workings. During the Phase 4 drilling program the Company tested the A zone with 12 drill holes. A few drill holes intersected old workings and had to be abandoned but two holes were not stopped before intersecting 1.0 to over 9 metres of VMS mineralization in drill holes YH22-105 and -107. The results show the A Zone has both near-surface mineralization adjacent to the old mine workings and that the mineralization also extends both southerly along strike and beneath the historic mine workings.



**Photograph 1: Massive VMS mineralization from DDH YH22-82 111.8 to 123.0 m in D Zone**



**Photograph 2: Massive VMS mineralization from DDH YH22-107 124.1 to 133.1 m in D Zone**

Drill hole YH22-91 situated south and east of the Main Mine zone testing an extensive IP chargeability anomaly intersected 8.8 metres of intermittent semi-massive chalcopyrite and sphalerite mineralization indicating a possible new 'South Zone' of VMS mineralization in the vicinity and southwesterly, trending towards the Pinnacle geological and geochemical exploration target.

On January 24, 2023 the Company announced drill core assay results for thirty-eight of forty-two holes from its 2022 Phase 4 drill campaign.

The highest grade of copper-zinc drill intercept to date in the A Zone intersected above and parallel to the old mine workings which were approximately 20 metres from where the historic mineralization was mined between 1897 to 1913. The new area in the A Zone adjacent to the old mine workings returned grades comparable to the reported historical direct-shipping mined mineralization. DDH YH22-107 intersected 8.97 m at 4.727% copper, 10.195% zinc, 22.69 gpt silver and 91.49 gpt cobalt in the new area of the A Zone.

#### Extending Mineralization of H Zone:

Drill hole YH22-78 and YH22-71 continued to extend mineralization of the H Zone which remains open for expansion at depth. DDH YH22-78 intersected multiple intercepts of mineralization, with the most significant being 8.80 m of 3.228% copper, 0.123% zinc, 3.90 gpt silver and 270.72 gpt cobalt from 190.2 to 199.0 m. DDH YH22-71 intersected 20.5 metres of mineralization grading 1.298% copper, 0.053% zinc, 0.78 gpt silver and 118.47 gpt cobalt.



Additional follow-up/infill drilling:

DDH YH22-072 was drilled to test beneath the high grade DDH YH21-24 and intersected three zones of 9.38 m (181.9 to 191.28 m) grading 3.325% copper (including 2.10 m grading 10.089% copper and 670.03 gpt cobalt), 12.80 m (202.2 to 215.0 m) grading 0.315% copper and 4.30 m (230.0 to 234.3 m) grading 0.419% copper. Previously drilled DDH YH21-24 intersected 5.25% copper, 436.5 g/t cobalt, 8.97 gpt silver, and 0.801% zinc over a drilling length of 29.0 metres, but the hole was terminated due to ground conditions - the last sample intersecting 0.2m grading 11.9% copper. DDH YH22-082 intersected a wide intercept of 12.25 m grading 2.472% copper, 8.404 % zinc, 18.41 gpt silver and 85.47 gpt cobalt in the D Zone.

**Note: The above intercepts are drilling lengths, not true widths, since the true thickness of the mineralization has not yet been established.**

The final assay results from the Phase 4 diamond drilling campaign were published in the Company's news release dated April 21, 2023. These results confirmed the presence of high-grade copper-zinc mineralization, highlighting the potential for expanding mineral resources at the Project. Highlights of these final results have been tabulated as follows.

DDH No.	Easting	Northing	Elev.	Azim	Dip	Length	From	To	Int	Cu	Zn	Ag	Co
No.	(UTM m)	(UTM m)	(m)	(deg)	(deg)	(m)	(m)	(m)	(m)	(%)	(%)	(gpt)	(gpt)
YH22-069	404475.10	5433549.90	359.90	240	-65	278.0	98.00	102.00	4.00	0.809	0.190	1.34	86.95
YH22-073	404504.70	5433501.90	367.40	240	-65	281.0	178.07	223.00	44.93	1.292	0.315	2.014	123.577
	including						194.00	199.36	5.36	2.938	0.071	2.232	272.59
YH22-074	404508.80	5433491.90	367.70	240	-65	276.0		No Significant Results to Report					
YH22-075	404515.10	5433484.10	370.10	240	-65	266.0	152.00	159.18	7.18	1.002	0.117	2.69	114.28

### Phase 5 Drill Program

The start of the fifth drilling campaign was announced on February 15, 2023. The drilling plans include a continuation of testing the high-grade mineralization at and north of the A Zone where targets were identified when the 2022 Induced Polarization ("IP") survey results were compiled with historical geological, induced polarization ("IP") and electromagnetic ("EM") results. The Company also plans to drill test three high priority exploration targets distant from the A Zone, including: the K Zone situated 1.2 km to the south, the Pinnacle Lake target situated 2.4 km to the southwest, and the No. 4 Brook target situated 1.2 km due west. All three property-wide targets have favourable host rock settings, coincident copper, zinc, lead and silver soil geochemical anomalies and both IP and EM geophysical anomalies that have been identified from past and recent exploration works.

On March 12, 2023, the Company received notice from the Mineral Lands Division of the Department of Industry, Energy and Technology of the Government of Newfoundland and Labrador that the Company's Mineral Licence No. 026228M (the "Licence") was cancelled for technical reasons under The Mineral Act (Newfoundland and Labrador) for failure to demonstrate that acceptable expenditure requirements for work in year 4 (calendar year 2021/2022) were incurred. On October 27, 2023, the NL Mineral Rights Adjudication Board issued an order to reinstate the Licence in response to the Company's filing of the grievance.

On March 21, 2023 the Company announced the start of the helicopter-supported drilling of the Pinnacle Brook Volcanogenic Massive Sulphide target. Four drill holes were proposed to test both geophysical and geological targets immediately east and northwest of Pinnacle Lake. Diamond drilling tested the A Zone North and then the K Zone. Nine drill holes, totalling 1,764 m, had been completed to date and drill core sample assay results did not yield any significant intercepts.

On November 15, 2023, the Company received notification that the Mineral Rights Adjudication Board has confirmed the reinstatement of Mineral Licence 26228M, resolving any past issues related to its mineral claims at the Company's York Harbour Copper project.

#### Firetail option agreement

On June 5, 2024, the Company entered into an option agreement (the "Option Agreement") with Firetail Resources Limited ("Firetail") (ASX: FTL) whereby the Company has granted an option to Firetail to earn a 80% undivided interest in the Company's York Harbour Property (the "Transaction"), subject to an existing 0.5% net smelter royalty and a 2% net smelter royalty to be granted by Firetail to the Company (the "York Harbour NSR"). Closing of the Transaction remains subject to, without limitation, receiving all necessary consents and approvals, including the approval of the TSX Venture Exchange ("TSX-V"), as well as the satisfaction of customary closing conditions.

Firetail can exercise the Option over a three-year period for total consideration of AUD \$500,000, 175,000,000 ordinary shares in the capital of Firetail (the "Consideration Shares"), and completing 10 kilometres of drilling on the York Harbour Property, as follows:

	<b>Cash (AUD)</b>	<b>Consideration Shares</b>	<b>Total Kilometres of Drilling to be Completed</b>	<b>Interest Earned</b>
On or before the Closing	\$200,000	100,000,000	Nil	49%
Within 10 business days following the first anniversary of the Closing (the "First Payment")	\$100,000	25,000,000	5 kilometres	11%
Within 10 business days following the second anniversary of the Closing (the "Second Payment")	\$100,000	25,000,000	7.5 kilometres	10%
Within 10 business days following the third anniversary of the Closing (the "Third Payment")	\$100,000	25,000,000	10 kilometres	10%
<b>TOTAL</b>	<b>\$500,000</b>	<b>175,000,000</b>	<b>10 kilometres</b>	<b>80%</b>

During the period which the Option remains in effect, Firetail will be responsible for maintaining the York Harbour Property in good standing by the doing and filing of all necessary work and making all payments which may be necessary to keep the property in good standing.

Upon Firetail exercising the Option in full, or the Option Agreement being terminated after the exercise of a minimum 49% interest in the York Harbour Property, a joint venture between the Company and Firetail will be formed, provided that if Firetail acquires an 80% interest in the York Harbour Property, then the Company will get a free carried interest until Firetail produces and delivers a pre-feasibility study on the York Harbour Property. If Firetail acquires less than an 80% interest, then the parties will pay their pro-rata share of expenditures going forward, provided that the Company's interest cannot be reduced to less than 20% if the Company elects not to contribute to any expenditures going forward. If the Company's interest is reduced to 20%, then the Company will get a free carried interest until Firetail has completed the Second Payment and/or the Third Payment, as applicable, and completed the pre-feasibility study. Unless Firetail earns a 60% interest in the York Harbour Property, the Company will be the initial operator of the York Harbour Property. The initial operator will remain as the initial operator until it resigns, is removed or until its interest falls below 50%.

In connection with services rendered for the Option Agreement, a finder's fee (the "Finder's Fee") equal to the sum of 10% on the first \$300,000 of the aggregate value of the Transaction (the "Transaction Value"), 7.5% on the next \$700,000 of the Transaction Value, and 5% for all amounts exceeding the first \$1,000,000 of the Transaction Value will be paid by the Company to Kluane Capital FZCO, an arm's length party, with the amount of the Transaction Value to be mutually determined by the Company and Firetail. The Finder's Fee will be payable in common shares (each, a "Share") in the capital of the Company and remains subject to acceptance by the TSX-V. The Company anticipates that that the first installment of the Finder's Fee will be paid at Closing, with the remaining Finder's Fee payable if and when the First Payment, Second Payment, and Third Payment are completed, respectively.

### **Bottom Brook Property**

On January 30, 2023, the Company acquired all issued and outstanding shares of Newbay Mining Corp. and acquired 100% interest in a Rare Earth Elements mineral property in Western Newfoundland, Canada, known as the Bottom Brook Property. As a consideration for the acquisition, the Company issued 5,081,293 common shares of the Company at a deemed price of \$0.492 per common share, representing total compensation of \$2,500,000. In addition, the Company paid \$100,000 cash deposit to be used for license fees to keep the property in good standing. The property is subject to a 3% net smelter return royalty payable to the former shareholders of Newbay, with the Company retaining the right to buy back 2% of the NSR for an aggregate payment of \$1,500,000. Bottom Brook Property is comprised of 614 mineral claims (6 claims lapsed during the year ended January 31, 2024) covering 15,350 hectares.

#### Exploration

On June 26, 2023, the Company announced that fieldwork started on the property in mid-May but was hampered by poor late Spring weather. There is presently an 8-person field crew carrying out reconnaissance radiometric surveying, prospecting, geological mapping and rock geochemical sampling on known mineral showings. Initial rock samples collected from the known Trench Zone and 'New' Zone have been submitted to Eastern Analytical in New Brunswick for preparation and subsequent shipping to Eastern Analytical in NL and/or Activation Laboratories in Ontario for detailed analyses and assaying. The initial assay results were expected shortly that will provide valuable insights into the geological controls for the Rare Earth Element mineralization and the grades of different styles of mineralization at several locations on the property.

On June 21, 2023, an excavator arrived on the property to carry out the proposed and permitted trenching program. Geological mapping and channel sampling of the trenches was conducted in conjunction with the trenching program, and the results of this work will serve to identify diamond drilling targets for testing.

The Company's news release on June 27, 2023 provided an update on the progress of its ongoing field work and recent discoveries at the Bottom Brook Rare Earth Elements Project. The 8-person field crew was mapping and sampling the trenches in the Bottom Brook and U2 zones. Anomalous radiometric readings had been discovered in association with favorable host rocks along a 7 km trend indicating the potential for large areas of mineralization. In addition, with the aid of helicopter support the crew prospected and sampled a number of remote airborne geophysical targets. These prospects will undergo detailed prospecting, mapping, and radiometric surveying, with the goal of understanding the local geology, structure and controls on any mineralization that is of economic interest (see Figure 2).

The Company announced on July 31, 2023 that initial fieldwork had discovered a new zone of high-grade rare earth element ('REE') mineralization 750 metres south-southwest of the historic U3 REE zone. The program also confirmed high grade surface samples near the U3 occurrence.

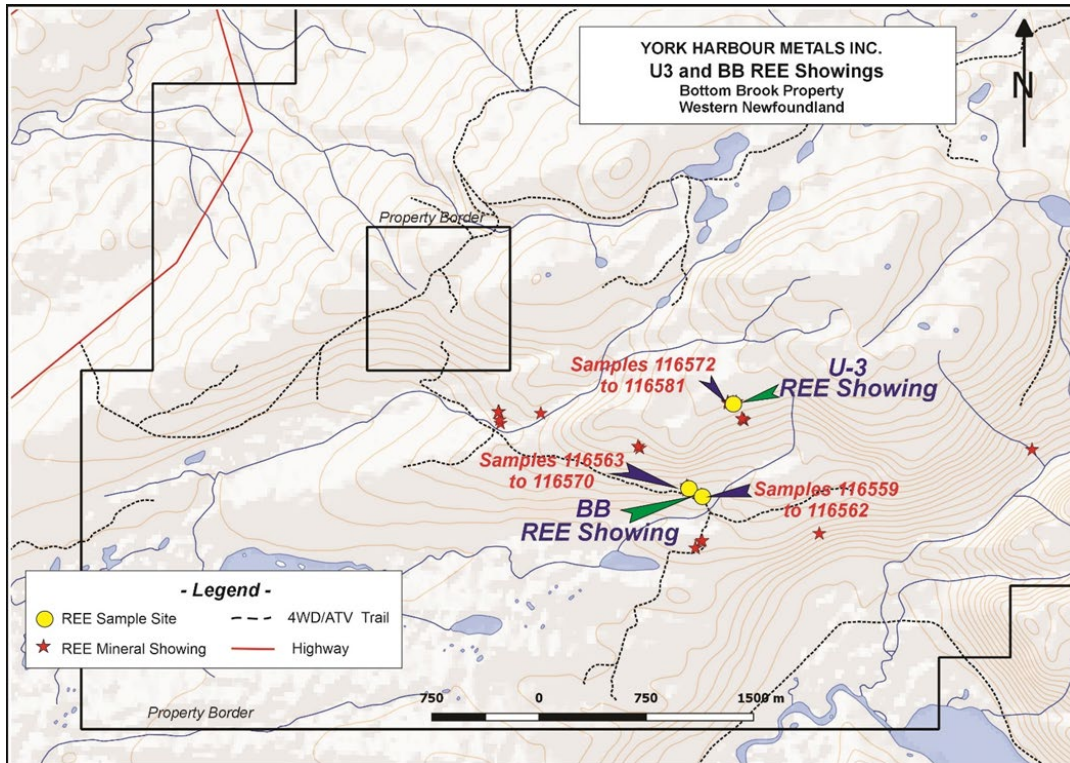
Grab samples collected from Bottom Brook and U3 REE showings returned TREO values ranging from 0.07 to 22.31%. The high-grade sample 116575 from the U3 showing included very high concentrations of

magnetic rare earth elements neodymium, praseodymium, terbium, and dysprosium ("Nd, Pr, Tb, and Dy") also known as ("magnet REE" or "MREE"). Sample 116575 contained total MREE of 5.00% (50kg/t MREE).

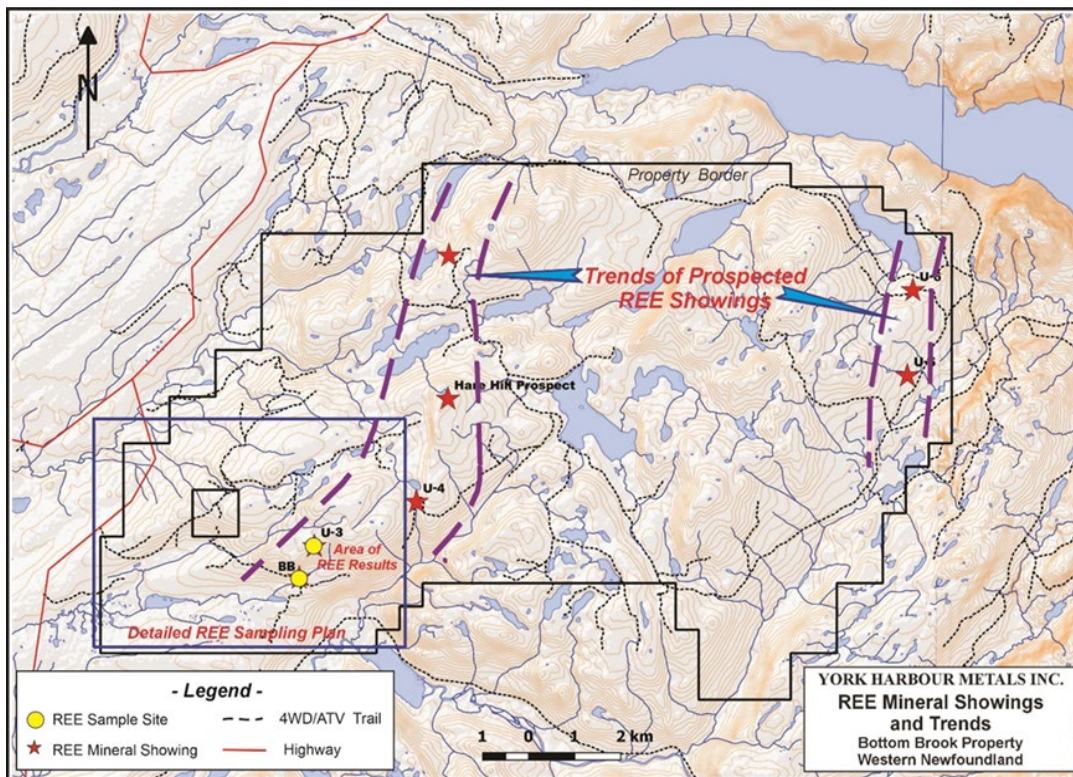
MREE typically comprise 20% or more of the TREO. The U3 REE showing returned TREO values from 0.07 to 22.31% samples collected from the nearby Bottom Brook REE showing returned TREO values from 1.17 to 7.63%. The highest-grade sample 116569 from the Bottom Brook showing included magnetic rare earth elements (Nd, Pr, Tb, and Dy) grading 1.89% (18.9kg per tonne MREE).

Sample No.	Pr6O11 %	Nd2O3 %	Tb4O7 %	Dy2O3 %	TREO%
116559	0.05	0.20	0.00	0.01	1.17
116560	0.12	0.45	0.00	0.02	2.51
116561	0.07	0.25	0.00	0.01	1.35
116562	0.10	0.40	0.00	0.01	2.07
116563	0.25	0.84	0.01	0.05	4.88
116564	0.36	1.27	0.02	0.08	7.31
116565	0.23	0.81	0.01	0.04	4.41
116566	0.16	0.55	0.01	0.03	2.91
116567	0.31	1.17	0.01	0.06	6.4
116568	0.34	1.11	0.02	0.08	6.39
116569	0.37	1.42	0.02	0.08	7.63
116570	0.15	0.51	0.01	0.03	2.93
116572	0.80	2.82	0.04	0.18	16.07
116573	1.00	3.35	0.05	0.25	19.95
116574	0.47	1.65	0.02	0.12	9.6
116575	1.09	3.62	0.05	0.24	22.31
116576	0.18	0.62	0.01	0.03	3.69
116577	0.20	0.74	0.01	0.05	4.29
116578	0.38	1.35	0.02	0.08	8.09
116579	0.32	1.16	0.02	0.08	6.73
116580	0.00	0.01	0.00	0.00	0.07
116581	1.05	3.49	0.05	0.22	20.96

**Table 1: Detailed Summary of Surface Sample Assay Data from Bottom Brook Project, Western Newfoundland**



**Figure 1: U3 and BB Rare Earth Elements Showings**



**Figure 2: Rare Earth Minerals Showings and General Geological Trends**

On November 2, 2023, the Company announced that it received government approvals that allowed for the proposed diamond drill core program on its 100%-owned Bottom Brook property. A series of drill holes were proposed to test both the BB REE showing within the southern claims and a 4-km long quartzite-graphite bed situated centrally in the Property. By November 6, 2023, the Company started mobilizing geological personnel and the drilling equipment and personnel to be on-site to start drilling.

On November 15, 2023, the Company reported the start of the proposed maiden diamond drilling on the Bottom Brook showing. The first drill holes tested the two REE targets at the Bottom Brook zone that the Company mapped and sampled during the 2023 field work, as well as a third nearby overburden-covered target with anomalous airborne and ground magnetic results. Drill holes BB23-09 and -10 were drilled later to trace the anomalous REE-bearing structure. The seven other drill holes tested the graphite contents of the quartzite-graphite bed identified during the summer's geological mapping and sampling work. All the drill core samples have been delivered to their respective assay laboratories and results are being evaluated.

On December 14, 2023, the Company completed the first phase of diamond drilling of the REE and graphite showings. Eleven drill sites were prepared but only ten drill holes, totalling 1,800 metres, were completed due to winter weather conditions. The drilling equipment and support equipment were then moved to the York Harbour storage facility awaiting the start of drilling on the York Harbour VMS property.

On May 7, 2024, the Company announced the results of the channel sampling program conducted over the Bottom Bank showings ("BB showings") from the summer of 2023. A total of 17 channel samples of 0.2-1.5 metres in length were collected for a total of 16.9 metres of channel sampling from two separate trenches. Samples were sent to Activation Laboratories Ltd. (Actlabs) for Rare Earth Elements-Niobium-Zirconium-Yttrium-Tantalum-Uranium-Thorium-Beryllium-Phosphate-Tin Assay ICP-OES and ICP-MS package. Results are tabulated below:

<b>Sample Number</b>	<b>Channel Length (m)</b>	<b>TREO %</b>
116670	1	0.44
116671	1	0.27
116672	1	0.11
116673	1.5	0.06
116674	1	0.13
116675	1	0.05
116676	1	1.07
116677	1	2.28
116678	1	0.79
116679	1	0.92
116680	1	0.93
116681	1	0.44
116682	1	1.19
116683	1	0.09
116684	0.7	0.21
116685	0.2	0.66
116686	1.5	1.07

In addition, the Company announced additional sampling for drill holes BB-23-01, -02, -03, and -10 was warranted. An extra 120 samples from these holes were identified and cut from the drill core, in addition to the 447 previously cut core samples. Samples were sent to Actlabs for REE-Niobium-Zirconium-Yttrium-Tantalum-Uranium-Thorium-Beryllium-Phosphate-Tin Assay ICP-OES and ICP-MS package. Highlights from these samples are tabulated below:

DDH	Sample		Interval (m)		TREO
No.	Number	From	To	Interval	%
BB-23-01	107801	48.27	48.74	0.47	0.91
BB-23-01	107802	48.74	49.47	0.73	0.49
BB-23-01	107803	49.47	50	0.53	0.92
BB-23-01	107804	50	50.84	0.84	0.05
BB-23-01	107805	50.84	51.21	0.37	1.18

On May 9, 2024, the Company reported positive rare earth elements mineralogical results. Dr. Derek H.C. Wilton, PhD., P.Ge, FGC (a Fellow of Geoscientists Canada), of Terra Rosetta Inc., was commissioned by York Harbour Metals to collect samples from the Botton Brook REE project and perform MLA-SEM analysis to identify the mineralogy of the REE-bearing minerals. A total of 13 grab samples were collected and processed into thin sections. The lab, while not accredited, is a respected research facility at Memorial University. These samples, though not representative of the overall mineralization of the project, provide key insights into the discovered mineralization and its potential for concentration using standard techniques.

## Results of Operations

The Company had total assets as at July 31, 2024 of \$17,577,094 (January 31, 2024 – \$18,296,611), a difference of \$719,517. The decrease was primarily as a result of a \$166,793 decrease in accounts receivable, a \$599,675 decrease in other receivables, and a \$36,675 decrease in prepaid expenses. Offsetting these somewhat, was an \$69,140 increase in cash and an \$14,273 increase in mineral rights.

The Company's current liabilities as at July 31, 2024 were \$767,108 (January 31, 2024 – \$1,552,741), a decrease of \$785,633 primarily due to an \$860,633 decrease accounts payable. Offsetting this somewhat, was a \$75,000 increase in loans payable.

### For the three months ended July 31, 2024

The Company had a net income and comprehensive income for the three months ended July 31, 2024 of \$193,011, compared to a net loss and comprehensive loss for the three months ended July 31, 2023 of \$816,413, a difference of \$1,009,424, primarily due to the following.

- Consulting fees totalled \$47,806 (2023 – \$133,152) during the quarter, a decrease of \$85,346. The decrease was due to fewer operation and business development activities during the quarter compared to the prior quarter.
- Filing fees totalled \$23,010 (2023 – \$44,865) during the quarter, a decrease of \$21,855. The decrease was due to a reduction in fees from moving from the OTCQB to Pink.
- Investor relations expense totalled \$Nil (2023 – \$355,600) during the quarter, a decrease of \$355,600. The decrease was due to fewer service engagements during the quarter compared to the prior quarter.
- Management fees totalled \$17,000 (2023 – \$151,250) during the quarter, a decrease of \$134,250. Starting February 1, 2024, management fees were reduced to zero, with the exception of the Chief Financial Officer, in order to safeguard the Company's financial health.
- Professional fees totalled \$50,948 (2023 – \$75,881) during the quarter, a decrease of \$24,933. The decrease was due to lower legal fees as a result of fewer corporate and/or financing activities during the quarter compared to the prior quarter.
- Travel expenses totalled \$38 (2023 – \$24,432) during the quarter, an increase of \$24,394. The decrease was due to less travel during the quarter compared to the prior quarter.
- Gain on debt settlements totalled \$447,553 (2023 – \$Nil) during the quarter, an increase of \$447,553. During the quarter the Company settled a total of \$539,488 in accounts payable owing

to a third-party creditor of the Company by making a one-time cash payment in the total amount of \$91,935.

The increase in net income and comprehensive income was partially offset by the following:

- Office and administration expense totalled \$118,955 (2023 – \$38,222) during the quarter, an increase of \$80,733. The increase was due to Part XII.6 tax on expenditures renounced using the look-back rule in connection with flow-through proceeds.

#### **For the six months ended July 31, 2024**

The Company had a net income and comprehensive income for the six months ended July 31, 2024 of \$66,116, compared to a net loss and comprehensive loss for the six months ended July 31, 2023 of \$1,538,879, a difference of \$1,604,995, primarily due to the following.

- Consulting fees totalled \$80,024 (2023 – \$373,012) during the period, a decrease of \$292,988. The decrease was due to fewer operation and business development activities during the period compared to the prior period.
- Filing fees totalled \$28,906 (2023 – \$71,344) during the period, a decrease of \$42,438. The decrease was due to a reduction in fees from moving from the OTCQB to Pink.
- Investor relations expense totalled \$4,691 (2023 – \$640,817) during the period, a decrease of \$636,126. The decrease was due to fewer service engagements during the period compared to the prior period.
- Management fees totalled \$41,000 (2023 – \$312,500) during the period, a decrease of \$271,500. Starting February 1, 2024, management fees were reduced to zero, with the exception of the Chief Financial Officer, in order to safeguard the Company's financial health.
- Professional fees totalled \$52,335 (2023 – \$111,418) during the period, a decrease of \$59,083. The decrease was due to lower legal fees as a result of fewer corporate and/or financing activities during the period compared to the prior period.
- Gain on debt settlements totalled \$447,553 (2023 – \$Nil) during the period, an increase of \$447,553. During the period the Company settled a total of \$539,488 in accounts payable owing to a third-party creditor of the Company by making a one-time cash payment in the total amount of \$91,935.

The increase in net income and comprehensive income was partially offset by the following:

- Office and administration expense totalled \$131,064 (2023 – \$61,065) during the period, an increase of \$69,999. The increase was due to Part XII.6 tax on expenditures renounced using the look-back rule in connection with flow-through proceeds.
- Travel expenses totalled \$49,296 (2023 – \$29,538) during the period, an increase of \$19,758. The increase was due to travel in connection with the optioning of the York Harbour Property during the period compared to the prior period.
- Interest income totalled \$3,216 (2023 – \$31,549) during the period, a decrease of \$28,333 due to a reduction in cash deposits in the during the period compared to the prior period.
- Recovery of other receivables totalled \$Nil (2023 – \$36,283) during the period, a decrease of \$36,283. There was no recovery during the period compared to the prior period



## Summary of Unaudited Quarterly Results

Quarter ended	Revenue	Income (loss) for the period	Income (loss) per share
July 31, 2024	\$Nil	\$193,011	\$0.00
April 30, 2024	\$Nil	(\$126,895)	(\$0.00)
January 31, 2024	\$Nil	(\$5,534)	(\$0.00)
October 31, 2023	\$Nil	(\$711,337)	(\$0.01)
July 31, 2023	\$Nil	(\$816,413)	(\$0.01)
April 30, 2023	\$Nil	(\$722,466)	(\$0.01)
January 31, 2023	\$Nil	(\$1,906,022)	(\$0.03)
October 31, 2022	\$Nil	(\$475,171)	(\$0.01)

## Liquidity and Capital Resources

The Company has historically relied upon equity financing and loans from directors to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms.

The Company has limited financial resources, no source of operating income and no assurance that additional funding will be available to it for current or future projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its exploration success. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

### Cash Flows

The Company had cash at July 31, 2024 in the amount of \$86,717 and negative working capital of \$301,014 in order to meet short-term business requirements. During the six months ended July 31, 2024, the Company had the following changes in cash flow:

#### *Cash used in Operating Activities*

The Company's cash provided by operating activities for the six months ended July 31, 2024 was \$8,626 compared to the Company's cash flows used in operating activities for the six months ended July 31, 2023 of \$1,775,096, a difference of \$1,783,722, primarily due to decisive steps taken by the CEO to significantly reduce the burn rate and the collection of accounts receivable.

#### *Cash used in Investing Activities*

The Company's cash used in investing activities for the six months ended July 31, 2024 was \$14,486 compared to the Company's cash used in investing activities for the six months ended July 31, 2023 of \$2,141,869, a decrease of \$2,127,383, primarily due to a reduction in exploration activities.

### *Cash provided by Financing Activities*

The Company's cash provided by financing activities for the six months ended July 31, 2024 was \$75,000 compared to the Company's cash provided by financing activities for the six months ended July 31, 2023 of \$100, a increase of \$74,900, due to proceeds from the issuance of loans.

## **Outstanding Share Data**

As at July 31, 2024, the Company has the following outstanding securities:

- i. Common shares: 68,529,047
- ii. Warrants: 1,075,000

As at the date hereof, the Company has the following outstanding securities:

- i. Common shares: 68,529,047
- ii. Warrants: Nil

The Company has obtained its capital funding through equity financing.

## **Related Party Transactions**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. Compensation awarded to key management for the six-month periods ended July 31, 2024 and 2023 is summarized as follows:

	<b>2024</b>	<b>2023</b>
Management fees expensed	\$ 41,000	\$ 312,500
Management fees capitalized	-	75,000
Total	\$ 41,000	\$ 387,500

During the six-month period ended July 31, 2024, the Company incurred management fees of \$Nil (2023 - \$80,000) to a Company controlled by the former CEO, management fees of \$31,000 (2023 - \$60,000) to a Company controlled by the former CFO, management fees of \$Nil (2023 - \$75,000) to a Company controlled by the former COO, management fees of \$Nil (2023 - \$60,000) to a Company controlled by the former Managing Director, management fees of \$Nil (2023 - \$75,000) to a Company controlled by the Executive Chairman, management fees of \$Nil (2023 - \$ 37,500) to a Company controlled by a director, and management fees of \$10,000 (2023 - \$Nil) to the CFO.

As at July 31, 2024, accounts payable and accrued liabilities include \$388,387 (2023 - \$93,498) due to key management personnel. Included in this amount was \$85,313 (2023 - \$Nil) due to a Company controlled by the CEO, \$135,000 (2023 - \$70,892) due to a Company controlled by the former CEO, \$51,293 (2023 - \$Nil) to a Company controlled by the former CFO, \$36,528 (2023 - \$14,661) to a Company controlled by the former COO, \$19,920 (2023 - \$Nil) to a Company controlled by the former Managing Director, \$40,645 (2023 - \$7,945) to a Company controlled by the Executive Chairman, and \$19,688 (2023 - \$Nil) to a Company controlled by a director.

As of July 31, 2024, The Company had advances receivable from Phoenix Gold Resources (Holdings) Ltd., a company under common control, in the amount of \$360,164 (January 31, 2024 - \$359,951). The advances are non-interest bearing, unsecured, and have no fixed term of repayment.

These transactions are in the normal course of operations and at the exchange amount agreed to by the related parties.

## Financial Instruments

As at July 31, 2024, the Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities, and loans payable. These financial instruments are classified as other financial liabilities and are carried at amortized cost. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these instruments.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. Refer to Note 14 in the Interim Financial Statements regarding information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks.

## Critical Accounting Policies and Estimates

The Company's critical accounting estimates are defined as those estimates that have a significant impact on the portrayal of its financial position and operations and that require management to make judgements, assumptions and estimates in the application of IFRS. Judgments, assumptions and estimates are based on historical experience and other factors that management believes to be reasonable under current conditions. As events occur and additional information is obtained, these judgements, assumptions and estimates may be subject to change. The Company's significant accounting policies can be found in Note 4 of the Interim Financial Statements.

## Off Balance-Sheet Arrangements

The Company has no off balance-sheet arrangements.

## Risks and Uncertainties

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian regulatory filings prior to making an investment in the Company.

### General

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and/or quality to return a profit from production.

The Company is in the resource sector and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same industry. Some of the current risks include the following:

- a. The Company has no history of earnings and will not generate earnings until production commences;
- b. Any future equity financings by the Company for the purposes of raising additional capital may result in substantial dilution to the holdings of existing shareholders;
- c. There can be no assurance that an active and liquid market for the Company's shares will develop and investors may find it difficult to resell their shares; and
- d. The directors and officers of the Company will devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses, and as such, conflicts of interest may arise from time to time.

### **The Company's business is subject to exploration and development risks**

The Company's mineral properties are in the exploration stage and no known reserves have been discovered on such properties. At this stage, favourable results, estimates and studies are subject to a number of risks, including, but not limited to:

- the limited amount of drilling and testing completed to date;
- the preliminary nature of any operating and capital cost estimates;
- the difficulties inherent in scaling up operations and achieving expected metallurgical recoveries;
- the likelihood of cost estimates increasing in the future; and
- the possibility of difficulties procuring needed supplies of electrical power and water.

There is no certainty that the expenditures to be made by the Company in the exploration of its mineral properties described herein will result in discoveries of mineral resources in commercial quantities or that any of its mineral properties will be developed. Most exploration projects do not result in the discovery of mineral resources and no assurance can be given that any particular level of recovery of mineral resources will in fact be realized or that any identified resource will ever qualify as a commercially mineable (or viable) resource which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of mineral resource ultimately discovered may differ from that indicated by drilling results. There can be no assurance that mineral resource recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as fire, power outages, labour disruptions, flooding, cave-ins, 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, cave-ins 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.

The Company will continue to rely upon consultants and others for exploration and development expertise. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities 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 costs of operations, fluctuations in markets, allowable production, importing and exporting of minerals and environmental protection.

### **Political Risk**

The Company's York Harbour Property and Bottom Brook Property are located in Newfoundland and Labrador, Canada and the Company will be subject to changes in political conditions and regulations in that country. The Company's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

Regulators in Canada have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards. The Company's mineral exploration and mining activities in Canada may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Company's activities or maintaining its licenses. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

A number of other approvals, licenses and permits may be required for various aspects of mine development. While the Company will use its best efforts to ensure title to the licenses and access to surface rights continue into the future, these titles or rights may be disputed, which could result in costly litigation or disruption of operations. The Company is uncertain if all necessary permits will be maintained on acceptable terms or in a timely manner. Future changes in applicable laws and regulation or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities on the Company's mineral properties. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

### **Financing Risks**

Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

### **Fluctuating Price and Currency**

The Company raises its equity primarily in Canadian dollars and will conduct its principal business and operation activities in and proposes to maintain certain accounts in Canadian dollars and United States dollars ("US dollars"). The Company's operations in US dollars make it subject to foreign currency fluctuation and such fluctuations may adversely affect the Company's financial position and operating results.

### **Foreign Countries and Regulatory Requirements**

Even if the Company's mineral properties are proven to host economic reserves of copper/zinc/silver/rare earth elements and/or other mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. Any changes in regulations or shifts in political conditions in Canada are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

### **Uninsurable Risk**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

### **No Assurance of Surface Rights**

The Company has represented that it has mineral property interests in York Harbour Property and Bottom Brook Property. However, it remains possible that surface rights corresponding to the mineral properties may be subject to prior other rights or may be affected by undetected defects.

**Permits and Licenses**

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

**Competition**

The mineral industry is intensely competitive in all its phases. The Company competes with many companies processing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and service providers. Factors beyond the control of the Company may affect the marketability of mineral substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its investment capital.

**Environmental Risk**

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, consultants and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. In addition, environmental risks may exist on properties in which the Company holds interests which are unknown at present and which have been caused by previous or existing owners or operators. Furthermore, future compliance with environmental reclamation, closure and other requirements may involve significant costs and other liabilities. The Company intends to fully comply with all environmental regulations.