

# GORILLA MINERALS CORP.

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## FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF MARCH 18, 2013 TO ACCOMPANY THE UNAUDITED CONDENSED INTERIM STATEMENTS OF GORILLA MINERALS CORP. (THE "COMPANY") FOR THE SIX MONTHS ENDED JANUARY 31, 2013.

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim statements of the Company for the six months ended January 31, 2013, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

### **Overview of the Quarter ending January 31, 2013**

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The quarter was a positive one for the Company with the payment of \$15,000 to maintain its option in the Wels Property.

The Wels Property consists of 176 unpatented mining claims. To acquire 100% right, title and interest in the Wels Property, the Company must make cash payments of \$15,900 upon signing (paid); make cash payments of \$15,450 upon the completion of a National Instrument 43-101 technical report (paid); issue 150,000 common shares on the sixth month anniversary (issued); make cash payments of \$25,000 and issue 100,000 common shares (issued) on or before September 30, 2012 (subsequently extended to \$10,000 (paid) by October 31, 2012 and \$15,000 (paid) by January 31, 2012); make payments of \$40,000 on or before September 30, 2013, payable in cash, common shares, or a combination of cash and common shares; and make payments of \$80,000 on or before September 30, 2014, payable in cash, common shares, or a combination of cash and common shares. The Property is subject to a 3% Net Smelter Returns ("NSR") in favour of the optionor. The Company has the right to buy back the NSR for a cash payment of \$750,000 for each 1%, to a maximum of \$1,500,000, at any time.

(see "Project Summaries and Activities" in this MD&A for more information).

On October 2, 2012, the Company announced that it had terminated the option agreement with Defiant Minerals Corp. pursuant to which Defiant was granted the right to acquire an interest in certain nickel mineral claims in the Wels Property. This action was as a result of the failure of Defiant to make required option payments.

On February 7, 2013, the Company issued 500,000 common shares at \$0.05 per common share for total proceeds of \$25,000.

The Company will continue to develop its exploration strategies with a view to maximizing shareholder value and focusing on its long term goal of moving the Company into production.

### **Overall Performance and Description of Business**

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The Company is an exploration stage company located at Suite 2000, 1177 West Hastings Street, Vancouver, British Columbia, Canada V6E 4T5, engaged in the acquisition, exploration and development of mineral resource properties located in Canada.

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On April 30, 2012, Gorilla Resources Corp. signed an arrangement agreement (the "Arrangement Agreement") with Gorilla Minerals Corp. and Defiant Minerals Corp. Gorilla Minerals Corp. and Defiant Minerals Corp. became subsidiaries of Gorilla Resources Corp. on April 27, 2012. The purpose of the Arrangement Agreement was to reorganize Gorilla Resources Corp.'s business units and optimize shareholder value by separating its investments in gold mineral exploration property from its nickel exploration property.

The Arrangement Agreement provided that the shareholders of Gorilla Resources Corp. would receive one common share of Gorilla Minerals Corp. as well as one common share of Defiant Minerals Corp. for each common share of Gorilla Resources Corp. held by them (the "Arrangement"), with the result that the shareholders of Gorilla Resources Corp. would also become shareholders of Gorilla Minerals Corp. and Defiant Minerals Corp. for no cost to the shareholder. Following completion of the Arrangement, Gorilla Minerals Corp. and Defiant Minerals Corp. became reporting issuers in British Columbia and Alberta. Completion of the transactions contemplated by the Arrangement Agreement were subject to the approval of the shareholders of Gorilla Resources Corp. and the Supreme Court of British Columbia.

In accordance with the Plan of Arrangement, Gorilla Resources Corp. transferred the claims in the Wels property to Gorilla Minerals Corp. after approval by the shareholders of Gorilla Resources Corp.. In terms of the Assignment Agreement; Gorilla Minerals Corp. were assigned 100% of the mineral claims and assumed all responsibilities and obligations, for the payment of 100,000 shares of Gorilla Minerals Corp. Gorilla Minerals Corp. then signed an option agreement with Defiant Minerals Corp. with respect to the nickel mining claims. Defiant Minerals Corp. has subsequently defaulted on an option payment and the option has subsequently terminated.

Upon the Arrangement becoming effective:

- a) Gorilla Minerals Corp. and Defiant Minerals Corp. would no longer be a wholly-owned subsidiaries of Gorilla Resources Corp. and the shareholders of Gorilla Resources Corp. would hold the same percentage of issued Gorilla Minerals Corp. and Defiant Minerals Corp. shares in the capital of the companies as such shareholders held in the capital of Gorilla Resources Corp..
- b) Gorilla Minerals Corp. and Defiant Minerals Corp. would focus their businesses primarily on the exploration and development of the gold prospective mining interests and the nickel prospect interests in the Wels property in the Yukon respectively.

On April 30, 2012, Gorilla Resources Corp. completed the Plan of Arrangement with Gorilla Minerals Corp. and Defiant Minerals Corp. The Plan of Arrangement was approved by Gorilla Resources Corp.'s sole shareholder by way of consent resolution dated May 26, 2012.

As a result, the carrying value of the Wels property of \$54,400 was transferred from Gorilla Resources Corp. to Gorilla Minerals Corp. in exchange for 11,972,481 shares of Gorilla Minerals Corp. (see Note 6). Gorilla Minerals Corp. and Defiant Minerals Corp. are reporting issuers in British Columbia and Alberta.

The Company has been conducting exploration activities which have been focused on the Wels Property in the Yukon Territory. The Company's main performance activities were advancing this project (see "Project Summaries and Activities" in this MD&A for more information).

### **Results of Operations**

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#### **Results of Operations – For the six months ended January 31, 2013**

For the six months ended January 31, 2013, the Company incurred a loss of \$37,948 (2012: \$nil). Significant expenses included management fees of \$16,000 (2012: \$nil) and audit and accounting fees of \$8,000 (2012: \$nil).

The overall objective of the period was to advance its project, which was accomplished through its exploration expenditures on the Wels Property.

**Results of Operations – For the quarter ended January 31, 2013**

For the quarter ended January 31, 2013, the Company incurred a loss of \$21,294 (2012: \$nil). Significant expenses included management fees of \$9,000 (2012: \$nil).

The overall objective of the quarter was to advance its project, which was accomplished through its exploration expenditures on the Wels Property.

**Summary of Quarterly Results:**

<b>2013/12 Quarterly Results:</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
Revenue	\$	\$	\$ -	\$ -
Loss and comprehensive loss			(21,294)	(16,654)
Basic and diluted loss per share			(0.00)	(0.00)
Total assets			81,797	75,240
Working capital			(157,195)	(120,901)
<b>2012/11 Quarterly Results:</b>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
Revenue	\$	\$	\$ -	\$ -
Loss and comprehensive loss	(90,873)	(8,049)	-	-
Basic and diluted loss per share	(0.02)	(0.00)	-	-
Total assets	61,810	54,400	-	-
Working capital	(50,175)	(8,049)	-	-

\* No exercise or conversion is assumed during the quarters in which a net loss is incurred, as the effect is anti-dilutive.

**Project Summaries and Activities****CANADA****Wels Property (Yukon Territory)**

Pursuant to an option agreement dated June 6, 2011, Gorilla Resources Corp. was granted an option to acquire a 100% interest in the Wels property located in Whitehorse, Yukon Territory, Canada. On April 23, 2012, Gorilla Resources Corp. assigned all the benefits, rights and obligations under the option agreement to the Company. The property consists of 136 unpatented mining claims and is subject to a 3% Net Smelter Returns ("NSR") in favour of the optionor. The Company has the right to buy back the NSR for a cash payment of \$750,000 for each 1%, to a maximum of \$1,500,000, at any time. To maintain and exercise the option, the Company must:

- Make cash payments of \$15,900 upon signing (paid by Gorilla Resources Corp.);
- Make cash payments of \$15,450 upon the completion of a National Instrument 43-101 technical report (paid by Gorilla Resources Corp.);
- Issue 150,000 common shares on the sixth month anniversary (issued by Gorilla Resources Corp.);
- Make cash payments of \$25,000 and issue 100,000 common shares (issued at a fair value of \$10) on or before September 30, 2012 (subsequently extended to \$10,000 (paid) by October 31, 2012 and \$15,000 (paid) by January 31, 2013);
- Make payments of \$40,000 on or before September 30, 2013, payable in cash, common shares, or a combination of cash and common shares;
- Make payments of \$80,000 on or before September 30, 2014, payable in cash, common shares, or a combination of cash and common shares.

The Company acquired the services of All-In Exploration to conduct a soil sample program with the support of Capital Helicopters. The grid program was intended to follow up on the Mineral Assessment after the Yukon Geological Survey in 2002.

The results of the Mineral Assessment indicated that the Wels claims are located within tracts of relative highest mineral potential. The tracts were assessed for potential of Volcanogenic Massive Sulfide (Besshi/Cyprus Type), Gabbroic Nickel-Copper, Gold Quartz vein, Podiform Chromite and Epithermal Gold (high-sulfidation Type) deposits.

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The Company's results from the 2011 summer program comprised 800 samples based on a grid outline of the Property. Results outlined three distinct gold anomalies with values ranging from 34 ppb. to 3,200 ppb.

### **New Opportunities**

The Company continues to evaluate mineral properties and is focused on deposits in Canada with economic merit and good logistics will be considered for acquisition.

### **Outstanding Share Data**

The Company has an authorized share capital of an unlimited number of common shares, of which 12,672,481 were issued and outstanding as at the date of this report.

### **Related Party Transactions**

During the period ending January 31, 2013, the Company incurred \$12,000 in management fees from a company owned by the President and \$2,500 in rent expense paid to a company controlled by a director. At January 31, 2013, the Company owed \$39,609 to directors and their companies.

### **Liquidity and Solvency**

The following table summarizes the Company's cash on hand, working capital and cash flow:

<b>As at</b>	<b>January 31, 2013</b>	<b>July 31, 2012</b>
Cash	\$ 937	\$ 2,691
Working capital	(157,195)	(50,175)
<b>Period Ended</b>	<b>January 31, 2013</b>	<b>July 31, 2012</b>
Cash used in operating activities	\$ (19,429)	\$ (45,809)
Cash used in investing activities	(21,325)	1,000
Cash provided by financing activities	39,000	47,500
Change in cash	\$ (1,754)	\$ 2,691

On February 7, 2013, the Company issued 500,000 common shares at \$0.05 per common share for total proceeds of \$25,000 (subsequent to January 31, 2013).

On October 16, 2012, the Company issued 100,000 common shares at a price of \$0.0001 for fair value of \$10 pursuant to the Wels Project Option Agreement (Note 5).

On April 27, 2012, the Company issued 100,000 common shares at a price of \$0.0001 for proceeds of \$10 to Gorilla Resources Corp. as part of the assignment by Gorilla Resources Corp. to the Company of the Wels Project Option Agreement.

On June 22, 2012, the Company issued 11,972,481 common shares at a price of \$1 to the shareholders of Gorilla Resources Corp. as part of the Plan of Arrangement (Note 4).

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

### **Capital Resources**

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital asset is a resource property. Exploration expenditures are expensed as incurred.

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The Company's resource property agreement is an option agreement and the exercise thereof is at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements (see "Project Summaries and Activities" in this MD&A for more information).

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

### **Off-Balance Sheet Arrangements**

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The Company does not utilize off-balance sheet transactions.

### **Proposed Transactions**

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There are no proposed transactions that will materially affect the performance of the Company.

### **Accounting Policies**

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The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

#### Critical Accounting Estimates

The Company prepares its financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial statements. The Company's significant accounting policies are discussed in the unaudited combined interim financial statements. Critical estimates in these accounting policies are discussed below.

#### Environmental Rehabilitation Provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows.

#### Future Changes in Accounting Standards

The following standards have been issued but are not yet effective:

(i) Financial instruments

*IFRS 9 – Financial instruments* was issued by the IASB in October 2010 and will replace *IAS 39 – Financial instruments: recognition and measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also

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requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

### (ii) Consolidated financial statements

*IFRS 10 – Consolidated financial statements* was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual period beginning on or after January 1, 2013. Earlier application is permitted.

### (iii) Joint arrangements

*IFRS 11 – Joint arrangements* was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, while entities in the latter account for the arrangement using the equity method.

IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

The Company is currently evaluating the impact of the above standards on its financial performance and financial statements disclosures but expects that such impact will not be material.

### (iv) Disclosure of interests in other entities

*IFRS 12 – Disclosure of interests in other entities* was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

### (v) Fair value measurement

*IFRS 13 – Fair value measurement* was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs.

The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorised under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

### (vi) Presentation of financial statements

*IAS 1 – Presentation of financial statements* was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and

those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

The Company is currently evaluating the impact of the above standards on its financial performance and financial statements disclosures but expects that such impact will not be material.

## **Financial Instruments**

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### **Designation and Valuation of Financial Instruments**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and due to/from related parties. Cash is designated as held for trading and carried at fair value, with any unrealized gain or loss recorded in the statement of operations. Interest income is recorded in the statement of operations. Receivables are classified as loans and receivables, and accounts payable and accrued liabilities are classified as other financial liabilities, and recorded at amortized cost using the effective interest rate method. The Company does not hold any derivative financial instruments.

The carrying value of receivables, accounts payable, accrued liabilities and due to/from related parties approximated their fair value because of the relatively short-term nature of these instruments. Cash, which is classified as held for trading and carried at fair value, has been determined using Level 1 inputs.

### **Risks**

#### Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

#### Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST/HST receivable due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

#### Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

#### Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

#### Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

## **Risks and Uncertainties**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral property contains mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

The property that the Company has an option to earn an interest in is in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

## **Other**

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Additional information relating to the Company's operations and activities can be found by visiting the Company's website at [www.gorillaminerals.com](http://www.gorillaminerals.com) and [www.sedar.com](http://www.sedar.com).

## **Trends**

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Trends in the industry can materially affect how well any junior exploration company is performing and by the capital markets which have made the raising of finance difficult. Under the current economic conditions, the Company is advancing its property as quickly as possible while still remaining prudent when considering large cost items such as drilling and geophysics. Company management believes that the trend remains positive and that prices will remain high in 2013.

## **Outlook**

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The outlook for precious metals is good and this is reflected in the Company's ongoing activity. The capital markets are prospect for financing the Company's are challenging but management believes the Company will continue as a viable entity. The Property will require significant investment as it transitions into development stage projects.



**Cautionary Statement**

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.