

**VALOREM RESOURCES INC.
(formerly JDF Explorations Inc.)**

MANAGEMENT DISCUSSION AND ANALYSIS

For The Three Months Ended July 31, 2021

OVERVIEW

The following management discussion and analysis (“MD&A”), prepared on September 29, 2021, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended July 31, 2021. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of Valorem Resources Inc. (“the Company”).

FORWARD LOOKING STATEMENTS

Certain statements in this report may be forward-looking statements, which reflect our management’s expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management’s current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management’s current expectations, estimates and assumptions about our current mineral property interests, the global economic environment, the market price and demand for commodities and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of minerals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control, such as the current COVID-19 pandemic.

Additional information relating to Valorem is available by accessing the SEDAR website at www.sedar.com.

DESCRIPTION OF BUSINESS

Valorem Resources Inc (formerly JDF Explorations Inc.) (“VALU” or the “Company”) is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold, precious metals, and base metal properties. VALU was incorporated on May 9, 2014. On September 14, 2020, the Company changed its name from JDF Explorations Inc. to Valorem Resources Inc. Trading of the Company’s shares under the new name and symbol commenced on September 15, 2020.

The head office, principal address and registered and records office of the Company is located at 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

DESCRIPTION OF BUSINESS (CONTINUED)

The Company is currently evaluating its exploration and evaluation assets and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions.

COVID-19

In March 2020, the World Health Organization declared, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, a pandemic. This has resulted in governments worldwide enacting emergency measures to limit the spread of the virus, including closure of non-essential businesses. As of the date of this MD&A, the majority of the Company's operations are considered essential in all jurisdictions in which the Company operates. As such, to date the Company has been able to continue operating with no material impact to operations.

There have been no material revisions to the nature and number of estimates and judgments made in respect of the Company's consolidated financial statements of prior periods. However, the effects of COVID-19 have required significant judgements and estimates to be made in the preparation of the Company's consolidated financial statements.

Additionally, the effects of COVID-19 may require revisions to estimates of expected credit losses attributed to accounts receivable. To date no revisions to managements' estimates and judgements used in the preparation of the Company's consolidated financial statements have been necessary.

Due to rapid developments and uncertainty surrounding COVID-19 or the possible ending of COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's operations or financial results in the future, its suppliers, and its customers. Additionally, it is possible the Company's operations and consolidated financial results will change in the near term as a result of COVID-19 or the ending of COVID-19.

SUMMARY OF BUSINESS ACTIVITIES

The following financial and operational highlights occurred during the three months ended July 31, 2021:

- On May 5, 2021, the Company issued 712,500 common shares with a fair value of \$306,375 pursuant to the Wings Shear Agreement.
- On May 27, 2021, the Company granted 4,700,000 stock options to three directors and an officer. Each option is exercisable at \$0.29 per share until May 27, 2026. All of the options vested upon date of grant. The estimated fair value of the options was \$1,396,582 measured using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.30; exercise price - \$0.29; expected life - 5 years; volatility – 516%; dividend yield - \$0; and risk-free rate – 0.90%.
- During the three months ended July 31, 2021, the Company received a total of \$21,800 from the exercise of 160,000 warrants.
- The Company incurred \$52,892 in exploration costs on the Black Dog Lake Gold property, thereby satisfying the Black Dog Agreement obligation to incur \$50,000 on the property by August 4, 2021.

SUMMARY OF BUSINESS ACTIVITIES (CONTINUED)

Trading halt and expiry

On April 30, 2021, the British Columbia Securities Commission (the “BCSC”) issued a halt trade order on the securities of Company until the end of May 21, 2021 (the “Order”). In the Order, the BCSC indicated that it became aware of unsubstantiated information about the Company posted by a third-party online on or about April 15th and 29th, 2021, and that the information included unsupported claims about the Company’s future share price and mining reserves for its Black Dog Lake Gold Property (“False Information”). The Order also acknowledged that on April 16, 2021, the Company issued a news release stating that the information disseminated by the third-party was false and that the Company had been the target of those false statements.

On May 21, 2021, the Order issued by the BCSC expired. The Company confirms that it will continue to work with the BCSC to assist in its efforts to review the unauthorized third-party claims about the Company’s assets.

At the request of the BCSC, the Company also confirms that it has had no involvement with any promotional activities conducted by Latitude Media, and has never had any communications with Latitude Media nor been associated with them in any manner whatsoever.

The Company strongly disclaims any statements made about us by these third-parties.

Appointment of Director

On June 1, 2021, Mr. Robert Metcalfe was appointed as Director of the Company.

Robert James Metcalfe was a senior partner with the law firm Lang Michener LLP for 20 years. He is the former President and Chief Executive Officer of Armadale Properties and Counsel to all of the Armadale Group of Companies, with significant holdings across numerous industries including finance, construction of office buildings, airport ownership, management and refurbishing, land development, automotive dealerships as well as newspaper publishing, radio and television stations.

Mr. Metcalfe was a director of Canada Lands Company Ltd., one of the largest real estate corporations in Canada, and was a director and Chairman of the Board of the CN Tower Ltd., the tallest communications structure in the world.

Mr. Metcalfe has served as a director of numerous public and private corporations and currently serves as a director of publicly listed companies Gran Colombia Gold Corp. (Lead Director), Blue Star Gold (Chairman), Medcolcanna Organics Inc. (Chairman), Pasofino Gold Limited and BetterLife Pharma Ltd. (Chairman).

As director and shareholder, Mr. Metcalfe has been engaged in numerous acquisitions, divestitures, corporate reorganizations, financings and corporate improvements, as well as serving on numerous special committees across many sectors. He is a member of the Institute of Corporate Directors and a member in good standing of the Law Society of Ontario.

SUBSEQUENT EVENTS

Shares issued for Black Dog Lake Gold property

On August 4, 2021, the Company issued 500,000 common shares with a fair value of \$117,500 pursuant to the Black Dog Agreement. The Company also paid \$45,000 to the Optionor for the 1st anniversary Black Dog Lake property payment.

SUBSEQUENT EVENTS (CONTINUED)

Revocation of Cease Trade Order

On August 12, 2021, the cease trade order (the "CTO") issued by the British Columbia Securities Commission (the "BCSC") was revoked.

The CTO was issued by the BCSC on June 11, 2021, as a result of the failure of the Company to file a Form 51-102F4 Business Acquisition Report for the significant acquisition of 1267818 B.C. Ltd. (the "BAR"), and the material contracts in relation to the acquisition of 1267818 B.C. Ltd. (the "Material Contracts"). The Company filed the Material Contracts on August 6, 2021 and the BAR on SEDAR on August 10, 2021.

Exercised warrants

On August 17, 2021, the Company received \$198,705 from the exercise of 1,528,500 warrants at \$0.13 with a January 28, 2022 expiry date.

Shares issued for Wings Shear property

On September 3, 2021, the Company issued 1,425,000 common shares with a fair value of \$206,625 pursuant to the Wings Shear Agreement.

Expired share purchase warrants

On September 4, 2021, 428,400 warrants exercisable at \$0.15 per share expired unexercised.

ACQUISITION AND EXPLORATION EXPENDITURES

All technical aspects of the Company for this MD & A report, have been reviewed and approved by Dr. Stewart A Jackson, P.Geo., a Qualified Person under NI 43-101 and independent of the Company.

Acquisition and exploration expenditures for the three months ended July 31, 2021 were as follows:

	Black Dog Lake Project	Wings Shear Property	Total Costs
Acquisition costs	-	306,375	306,375
Camp costs	1,477	-	1,477
Demobilization	6,945	-	6,945
Equipment rental	1,350	15,275	16,625
Field expenditures	360	1,330	1,690
Field personnel	-	15,525	15,525
Geological	5,600	27,215	32,815
Geophysical	20,075	-	20,075
Line- cutting	2,534	-	2,534
Mobilization	6,945	-	6,945
Sampling	7,606	10,475	18,081
Total acquisition and exploration expenditures, July 31, 2021	52,892	376,195	429,087

There were no acquisition and exploration expenditures during the comparative three months ended July 31, 2020.

ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

BC Cariboo Property, British Columbia

On February 12, 2021, the Company issued 30,000,000 common shares with a fair value of \$5,100,000 to the shareholders of 1267818 in exchange for all of the issued and outstanding shares of 1267818. The primary asset held by 1267818 was the BC Cariboo property.

The BC Cariboo property comprises multiple tenure blocks totaling more than 4,000 hectares and is comprised of three claim groups, the East, Central, and West. The property strategically targets the Transitional or Basalt Siltstone of the Barkerville Terrain located in the Cariboo District, British Columbia.

BC Cariboo property exploration update

As shown on Figure 2 below, the Central claims group is located in the red rectangle to the southwest of the town of Barkerville. The Central claims group shares boundaries with the mineral claims of Osisko Development's Barkerville area holdings in the heart of the Barkerville Gold District. Osisko's Barkerville property was acquired by Osisko Gold Royalties Ltd. ("Osisko") in 2019 and restructured as Osisko Development.

The location of the Central group of claims, making up a part of the BC Cariboo property, in addition to its location relative to the Osisko property, has hosted historical gold production and offers potential exploration targets. The Central group of claims is located near the Mostique Creek and Lightning Creek placer areas (see B.C. Minfile No. 093G009 and No. 093G060, respectively). In addition, it covers the Gem gold showing, a turbidite-hosted gold target (see B.C. Minfile No. 093G073).



Figure 1. Location of the three groups of claims of the Valorem property (in black) and the Osisko Development claims (in pink) overlain on the regional geology showing the two belts. (Inset) Major cities and Project area shown.

ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

BC Cariboo property exploration update (continued)

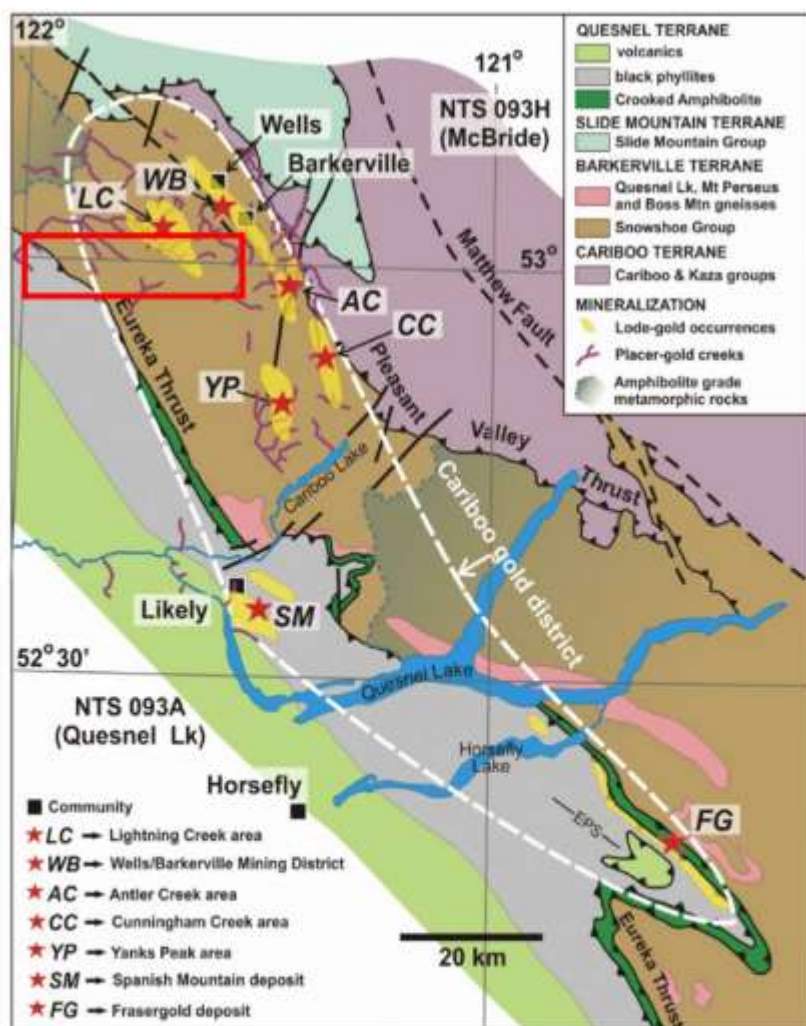


Figure 2. Regional geological setting of the Cariboo Gold District, east-central British Columbia, showing principal terranes and major lithological packages. Areas of known lode-gold occurrences are shaded in yellow, and placer-gold producing creeks are indicated by thick purple lines. Principal known gold-producing areas in the Barkerville Terrane are in areas of greenschist-grade metamorphism and do not extend into amphibolite-grade domains. The Valorem property claims in the Lightning Creek and Barkerville areas are represented by a red rectangle.

The Company is very pleased to provide our shareholders with material exposure to the historic Cariboo gold district. The acquisition of the BC Cariboo Property establishes our presence in a premier historic gold camp in BC, and provides an entry into the historical Franklin Mining Camp, located in southern BC.

On May 28, 2021, the Company provided an update on exploration programs planned for its three gold, nickel, goldcopper, and specimen crystal prospects known as the BC Cariboo property.

The first two properties, the BC Gold project and the Lac La Hache Gold project, are located in the Cariboo District near the historical and currently active mining town of Barkerville in central British Columbia, while the third property, the Pinto Gold-Copper project, is in the historical Franklin Mining Camp north of the town of Grand Forks in south central British Columbia.

ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

BC Cariboo property exploration update (continued)

BC Gold project

The BC Gold project, totaling 4,000 hectares, is comprised of three claim groups, the West, Central and East, extending for approximately 9-15 kms southwest of the Osisko Development Cariboo Gold Project. As shown on Figure 2 above, the property area is located in the red rectangle to the southwest of the town of Barkerville.

The reader is cautioned that the presence of a deposit on the adjoining Osisko Development ground does not necessarily indicate that any such mineralization may be present on the Company's holdings in the area, or that if discovered, any such mineralization may be economically extracted.

The Western Claims of the BC Gold project are located near the Mostique Creek and Lightening Creek placer areas (see B.C. Minfile No. 093G009 and No. 093G060, respectively). In addition, it covers the Gem gold showing, a turbidite hosted gold target (see B.C. Minfile No. 093G073). Exploration planned for the Western claim group containing the two placer showings and the one bedrock showing in black phyllites will consist of in-depth prospecting and sampling of previously excavated pits on the gold showing in bedrock black phyllites, and compilation of all existing Min files on this area. Encouraging geochemical values of gold are noted in Min files from bedrock sources sampled by previous prospecting.

The Central claims contain the Sovereign nickel-talc-magnesite showing (Assessment File Sovereign Creek deposit, 093A 013). Also within the Central unit are the Peters Creek surficial Placers and the Wormwold Creek surficial placers. Exploration work planned for the Central claims include a re-evaluation of all work done on the nickel and talc zones prospected by historical work to follow up the potential for disseminated nickel values occurring as pentlandite (Property file-Findlay, 1971). Creek bottom geochemical sampling and ridgeline geochemical sampling and bedrock sampling for both nickel and gold, and prospecting will be conducted throughout the Central claims.

The Eastern claims cover several potentially economic target types. The prime targets are the potential for orogenic gold deposits in the Snowshoe Group of rocks that host many gold occurrences in the Barkerville district, plus potential for nickel in serpentized ultramafic rocks within the property. Also in this claim group are the Emerald Valley showings of quartz-tourmaline pegmatite veins that host very large quartz and plagioclase feldspar crystals of possible value as gem material or specimen material for potential sale to mineral collectors (Assessment Report 33212).

Both geochemical sampling on creeks and ridges, and prospecting in both the nickel and specimen crystal areas will be undertaken on the Eastern claims. There is no resource delineated on any of the claim groups in the BC Gold project holdings.

Lac La Hache Property

The second property, the Lac La Hache Gold Project, comprises 180 hectares on the north shore of Spout Lake in the Cariboo gold district located northeast of 100 Mile House. To the south of Spout Lake Engold has been drilling a deposit variously characterized as skarn, carbonate replacement, or porphyry copper deposit containing a modest tonnage of copper-magnetite mineralization. Garibaldi Resources has also been exploring a similar discovery in this area.

The upcoming program for the Company's property in this area will consist of geological, geophysical and geochemical surveying to seek a significant deposit in this prospective area. The property is in the early stage of exploration and no resource has yet been established on the property.

ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

BC Cariboo property exploration update (continued)

Pinto Gold Project

The third property holding, the Pinto Gold-Copper project, covers 80.9 hectares just north of the historic Franklin Mining Camp located 50 km north of Grand Forks in south central British Columbia. This property is in an area which has been subject to historical exploration interest by multiple majors during the 1980s, including both Noranda Exploration Company Ltd. and Inco Ltd. (see B.C. Minfile No. 082ENE19).

Several old workings and historical adits and shallow open pits are scattered in the area. A grab sample by Inco in 1989 assayed 6.829 g/t gold, and a chip sample from a one-meter width of stockwork assayed 4.6 g/t gold (B.C. Minfile No. 082ENE19 and B.C. Assessment report 19385).

The Pinto property covers portions of an intrusive complex that contains multiple showings of gold and copper that have been compared to and may be analogous to the historical Phoenix Mining Camp located south of Greenwood, B.C., some 70 km to the southwest of the Franklin Camp.

The former Phoenix Mine produced 25.5 million tonnes of ore averaging 0.9% copper and 1.1 grams gold per tonne. It was mined both from underground and as an open pit from 1900-19 and again from 1956-78 (Northern Miner Press, March 12, 2021). Current VTEM surveying is being conducted in the vicinity of the Phoenix Mine in the search for additional copper-gold deposits.

The presence of copper-gold deposits in the analogous Phoenix Mine does not infer that any such mineralization may be present on the Company's holdings, or that if discovered that any such deposit may be economically recoverable.

Exploration on the Pinto property will consist of re-evaluation of all available data, prospecting and possibly airborne geophysical VTEM surveying to detect the potential for an intrusive-related porphyry copper style deposit.

Qualified Person: This information for the BC Cariboo property was prepared by, supervised by and approved by Dr. Stewart A Jackson, PGeo, a Qualified Person under National Instrument 43-101, and independent of the Company.

Black Dog Lake Gold Project, Quebec

On August 4, 2020, the Company signed a property option agreement (the "Black Dog Agreement") to purchase the Black Dog Lake Gold property, which comprises 17 contiguous mineral claims, located in the James Bay region, Quebec.

Pursuant to the terms of the Black Dog Agreement, the Company can earn a 100% interest in the Black Dog Gold Project by making the following payments to the Optionors:

ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

Black Dog Lake Gold Project, Quebec (continued)

Cash Payment Amount to Optionor	Shares to be issued to Optionor	Minimum exploration requirements
\$35,000 (paid) due within 5 business days of the effective date	500,000 shares (issued at a value of \$50,000) and due upon execution of the Black Dog Agreement	\$Nil
\$45,000 due on 1 st anniversary date of the effective date	500,000 shares to be issued on or before one year from signing the Black Dog Agreement	\$50,000 to be spent on or before the 1 st anniversary date of the effective date (obligation fulfilled)
\$55,000 due on 2 nd anniversary of the effective date	750,000 shares to be issued on or before two years from signing the Black Dog Agreement	\$200,000 to be spent on or before the 2 nd anniversary of the effective date
\$60,000 due on the 3 rd anniversary date of the effective date	1,000,000 shares to be issued on or before three years from signing the Black Dog Agreement	\$500,000 to be spent on or before the 3 rd anniversary date of the effective date
\$195,000	2,750,000 shares	\$750,000

The Optionors retain a 2% Net Smelter Return Royalty (“NSR”) on all metals recovered from the Black Dog Lake Gold project. The Company has the right at any time to acquire 50% of the NSR for \$1,000,000. In the event that the Company declares a proven reserve supported by a 43-101 Technical Report, an additional 1,000,000 common shares are to be issued to the Optionors.

Black Dog Lake Gold project exploration update

On December 15, 2020, the Company announced that it completed a Technical Report, in accordance with National Instrument 43-101, for the Black Dog Lake project which was filed on www.SEDAR.com. The Technical Report was prepared by Darren L. Smith, M.Sc., P.Geol., of Dahrouge Geological Consulting Ltd., and titled “Technical Report on the Black Dog Lake property, Quebec, Canada”, effective date December 8, 2020.

The Black Dog Lake project is an early-stage exploration project, which has been the subject of several exploration campaigns by multiple companies since the 1970s. Appreciable gold mineralization has been confirmed to be present on the property within a sulphide-facies banded iron formation (the “Black Dog Zone”) and represents the primary exploration target on the project. In addition, a series of east-west trending conductors, IP anomalies, and magnetic trends are prevalent across the southern half of the property and parallel the northern contact of the Mistumiss Batholith. Collectively, these features demonstrate additional exploration potential on the property. A total of five (5) target areas have been identified on the property, highlighted by the Black Dog Zone.

The mineralization at the Black Dog Zone has a current interpreted extent of least 600 m in length and extends at least 100 m down dip, is steeply dipping, and has an apparent thickness of 0.6 to 3.6 m. The zone remains open along strike and at depth and has been tested at wide drill spacings. The grades of drill core intercepts include; 15.2 g/t Au over 0.6 m (in LH-88-01); 5.6 g/t Au over 1.1 m (in LH-88-02); and 4.3 g/t Au over 0.88 m (in LH-88-03), and indicate a fertile environment for mineralization, and therefore, potential to extend to other areas of the property. The zone is coincident with local EM conductors, magnetic trends, and anomalous gold in surface samples, which collectively indicate additional strike potential is present.

Darren L. Smith, M.Sc., P.Geol., Dahrouge Geological Consulting Ltd., a Permit holder with the Ordre des Géologues du Québec and Qualified Person as defined by National Instrument 43-101, approved the December 15, 2020 update.

ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

Black Dog Lake Gold project exploration update (continued)

On January 18, 2021, the Company announced that a geophysics program was planned for its Black Dog Lake banded iron formation gold exploration project.

A high-definition ground Magnetometer and Induced Polarization (IP) survey will cover the previously drilled Black Dog target which has returned gold geochemical anomalies, and multiple gold intercepts in diamond drilling in previous campaigns.

The Black Dog east extension had a 14 hole diamond drill program which produced these interesting returns, 1.13g/t gold over 1.24 m. and 1.19g/t gold over 0.75 m.

The previous intersections reflect gold in sulphide rich portions of bedded banded iron formation, a style of mineralization that is manifested in many prominent gold deposits such as Musselwhite, Lupin, Cullaton Lake and Meliadine in Canada and the Homestake deposit of South Dakota, USA.

The exploration potential in such Archean iron formations can reach several tens of millions of ounces of gold. The reader is cautioned that the exploration target is conceptual in nature and that there are no known reserves or resources on the subject property, and if discovered there can be no assurance that any such discoveries may be economically produced.

The iron formations are extensive on the Black Dog Lake project, returning widespread gold geochemical anomalies, gold in outcrops at the initial prospect, and multiple drill hole gold intersections. The renewed geophysical exploration will assess the potential for and design of additional testing of the prospective banded iron formation underlying much of the 1,003 hectare claim block.

The project is accessed from the Quebec highway and all-season road system. Potential power sources are close, and terrain is quite flat and low elevation allowing for efficient exploration and if warranted development.

The January 18, 2021 update was prepared by Dr. Stewart A Jackson, a Qualified Person under National Instrument 43-101, and independent of the Company.

On March 18, 2021, a field crew of two prospectors were mobilized to the property for seven days to locate, explore and rock sample the main target area of Black Dog Lake Gold property. By April 25, 2021, initial exploration rock samples were submitted to the chemical lab in Val d'Or. The best result received by the Company on April 27, 2021 was 6.3 g/t gold, from rock sample # B00376054 from the main Black Dog prospect.

The Black Dog Zone is described as an auriferous (i.e. gold-bearing) horizon of "silicified and carbonatized sulphide facies iron formation." The zone is sheared, banded, and locally brecciated with up to 30% pyrrhotite, 5% pyrite, and trace chalcopyrite, and magnesium-rich carbonate in veinlets and disseminations. The host is a sequence of felsic and mafic volcanics and banded felsic to mafic tuffs. The gold mineralization from the iron formation also contains anomalous zinc and copper.

Numerous gold producers occur within lithologies similar to the sequence described above, most significantly the Homestake Mine in South Dakota, USA, and the Lupin deposit in Canada. (Graton-Sales Aime 1968).

ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

Black Dog Lake Gold project exploration update (continued)

On March 18, 2021, On Track Exploration Ltd. submitted an exploration proposal to the Company on the Black Dog gold target.

On June 24th, 2021, a field crew of a geologist and a prospector were mobilized to the property for two days. The Company expects that a comprehensive geological report will be completed soon, based on all previous work on the property, all recent sampling, and the results of the Abitibi geophysical survey expected to start the first week of September 2021.

The geophysical survey will consist of OreVision® and MAG-GPS. The OreVision® can reveal targets at a greater depth than conventional IP without compromising near-surface resolution. OreVision® technology enables Abitibi Geophysics to read a large number of dipoles spacings along individual survey lines and combine the results into a 3D interpretation. The MAG-GPS survey will be completed immediately prior to the OreVision survey. The OreVision and the Mag-GPS surveys to be conducted by Abitibi Geophysics Inc. will cover the area shown on the map in Image 1 below.



Image 1: Black Dog Lake Property Survey Area Map

The ground geophysical surveys will provide new targets for the upcoming drilling. The grid will yield 7.2 line-km covering a zone 800 metres long by 400 metres wide grid on 50 metres spaced lines, to capture the easterly trending significant regional structure that controls the Black Dog Lake gold target.

On July 26, 2021, the property owner on behalf of the Company acquired an additional claim CDC 2615530, located close to the main target area of Black Dog target, which became part of the optioned property.

On August 27, 2021, the Company prepared a property renewal application number #1829165 to be submitted to MRN in Quebec for the purpose of renewing the property for two more years subject to the completion of the 2021 geophysical and the geological surveys, anticipated by November 2021.

Qualified Person: The aforementioned Black Dog project update has been reviewed and approved by Dr. Stewart A Jackson, P Geo., a Qualified Person as defined under National Instrument 43-101, and independent of the Company.

ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

Wings Shear Property, Newfoundland and Labrador

On January 4, 2021, the Company entered into a mineral property option agreement (the “Wings Shear Agreement”), to acquire a 100% interest in the Wings Shear property. The property is comprised of 280 claim units covering 7,000 hectares located 32 kilometers northeast of Gander, Newfoundland and Labrador.

Pursuant to the terms of the Wings Shear Agreement, the Company can earn a 100% interest in the Wings Shear Property by making the following payments to the Optionor:

Cash Payment Amount to Optionor	Shares to be issued to Optionor	Minimum work commitment
\$45,000 (paid) within 5 business days from the effective date	750,000 shares (issued at a value of \$123,750) to be issued on same day of 1 st cash payment (payment date)	\$250,000 prior to the 1 st year anniversary of the effective date
Reimburse \$13,130 (paid) of staking fees on the effective date	750,000 to be issued 4 months from the payment date (37,500 issued at a value of \$6,188 in prior fiscal year and 712,500 shares issued at a value of \$306,375 in current fiscal year)	An additional \$500,000 prior to the 2 nd year anniversary of the effective date
	1,500,000 (75,000 issued at a value of \$12,375) shares to be issued 8 months from payment date	A final \$2,250,000 prior to the 3 rd year anniversary of the effective date
	1,500,000 (75,000 issued at a value of \$12,375) shares to be issued 12 months from payment date	
\$58,130	4,500,000 shares	\$3,000,000

The Optionors retain a 2% Net Smelter Return Royalty (“NSR”) on any commercial production from the Wings Shear Property. The Company has the right at any time to acquire 1.5% of the NSR for \$1,000,000.

The Company also paid \$4,500 cash, and issued 450,000 common shares valued at \$74,250 as finder’s fees for the Wings Shear Property.

Wings Shear property exploration update

Highlights of the Wings Shear property include:

- Regional scale land package covering deep seated structural zone parallel to the structural trend underlying Newfoundland Gold’s Queensway Project.
- Greenfield project with drill targets identified
- No prior drilling completed on the showing
- The Wings Shear property has values from grab samples of up to 12.2 g/t Au.
- The Wings’ Pond mineralized trend has been traced for a strike length of 1.0 km and channel sampling returned values of up to 9.8 g/t Au over 1.0 metres from the main Wings’ Pd showing.
- Additional gold mineralization was found associated with brecciated quartz veins within the Indian Bay-Big Pond Formation. This formation is 14 km long and 1.2 km wide.
- Channel sample from this area assayed up to 1.49 g/t Au, and 0.92 g/t Au over 1.0 m.

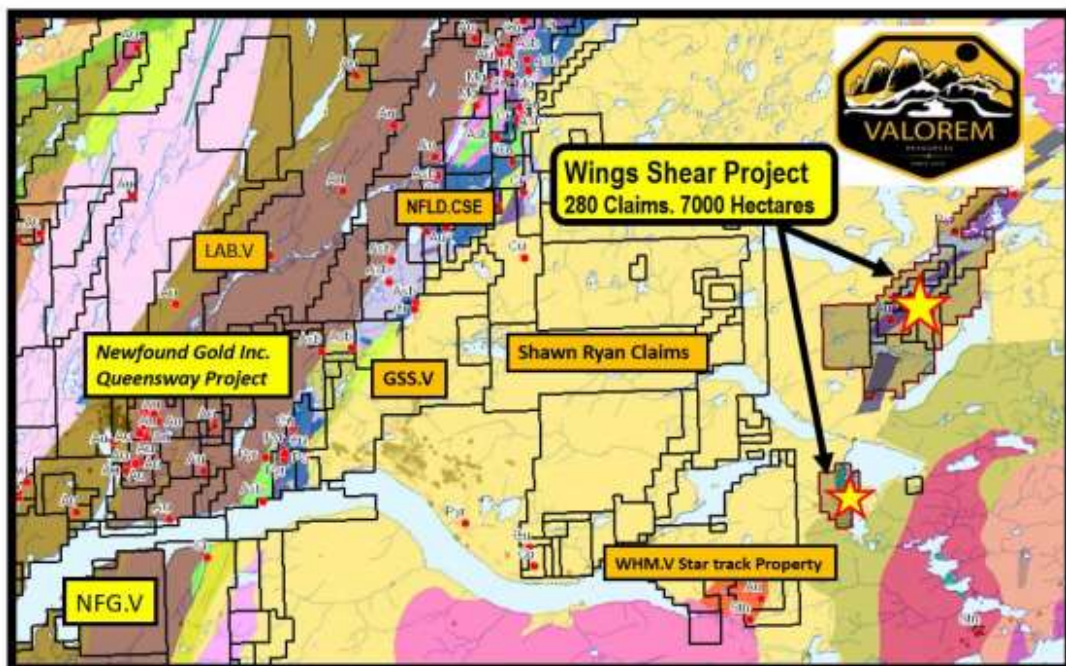
ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

Wings Shear property exploration update (continued)



Figure 1: Map showing property geology and mineral occurrences/showing

Note: The data reported here is historic in nature and has not yet been verified by a Qualified Person. Valorem has relied on the information supplied in the NL govt filed assessment reports and from information found in MODS (Mineral Occurrence Data System) published by the Newfoundland Department of Natural Resources. The surface grab samples described in this news release are selective by nature and are unlikely to represent average grades of the property.



ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

Wings Shear property exploration update (continued)

Geology

Situated in the Gander Tectono-Stratigraphic Geological Zone, the Property is underlain by the Indian Bay Big Pond and the Johnathan's Pond formations. It hosts the regionally significant Wing's Pond shear zone which extends for 40-km in a north northeast direction and is associated with a number of historic gold showings. The gold is generally associated with arsenopyrite, stibnite, and base metal sulphides hosted in quartz/breccia veins.

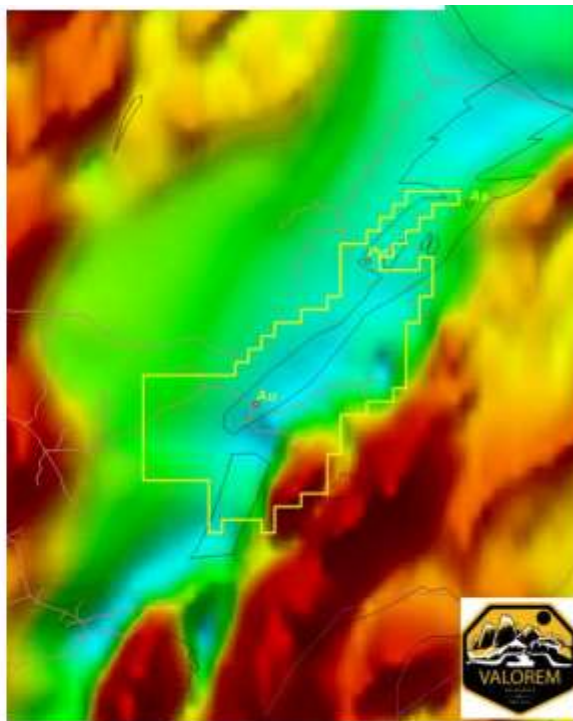


Figure 2: Residual Mag of Prospect area, the eastern mag high boundary is on the property

Local exploration service company Planet X Exploration Services Ltd. was retained through a local group of prospectors as the project operator. The Company looks forward to advancing the property with the local Newfoundland partnership.

Wayne Reid, P. Geo., a qualified person as defined in National Instrument 43-101, is responsible for aforementioned information.

On April 19, 2021, the Company received permits to begin exploration work on its Wings Shear property. The scope of the permit provided exploration approval for ground geophysics, geochemical survey, and prospecting on the property.

Initial work consisted of geological mapping, prospecting and a preliminary till-sampling program, commissioned through Overburden Drilling Management of Nepean, Ontario. Exploration commenced at the time in preparation for an inaugural drilling campaign later in the year.

On June 3, 2021, the Company announced that it has submitted the application for approval of diamond drilling on its Wings Shear property.

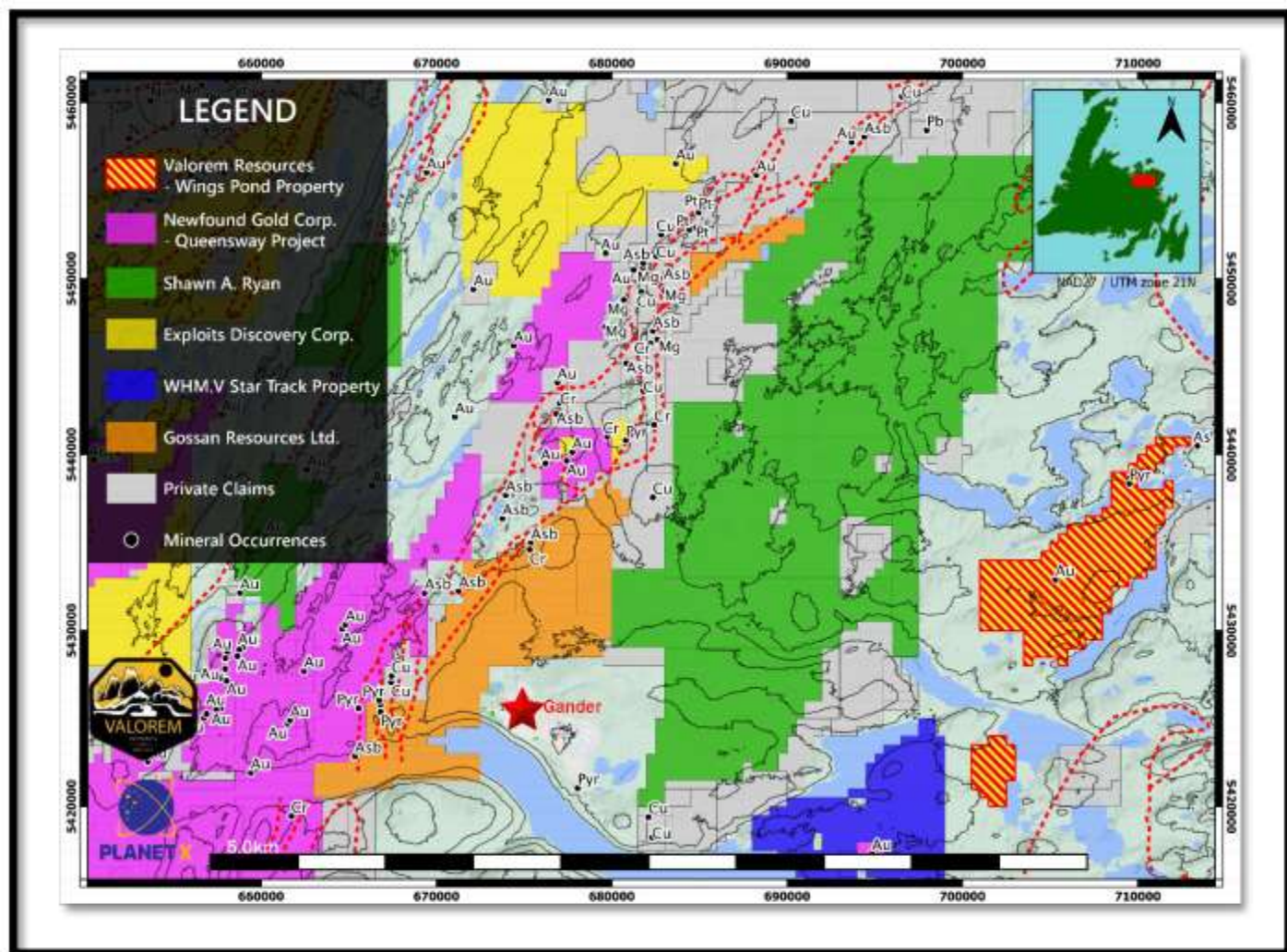
ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

Wings Shear property exploration update (continued)

Highlights

- The Company has planned an initial diamond drilling program of 1,000 meters of diamond drilling over 6 holes focusing on the historically trenching and drill-ready Wings Shear property.
- The drilling program is set to begin, pending permit approval and drilling contractor availability.

The Wings Shear property covers a one km zone of enhanced gold potential. This feature is shear-zone hosted (the Wings' Pond Shear Zone) and previous sampling is reported with assays up to 12.2 g/t Au from grab samples. There has been no previous drilling in this area.



Map1: Gander area mineral licence holders & mineral occurrences

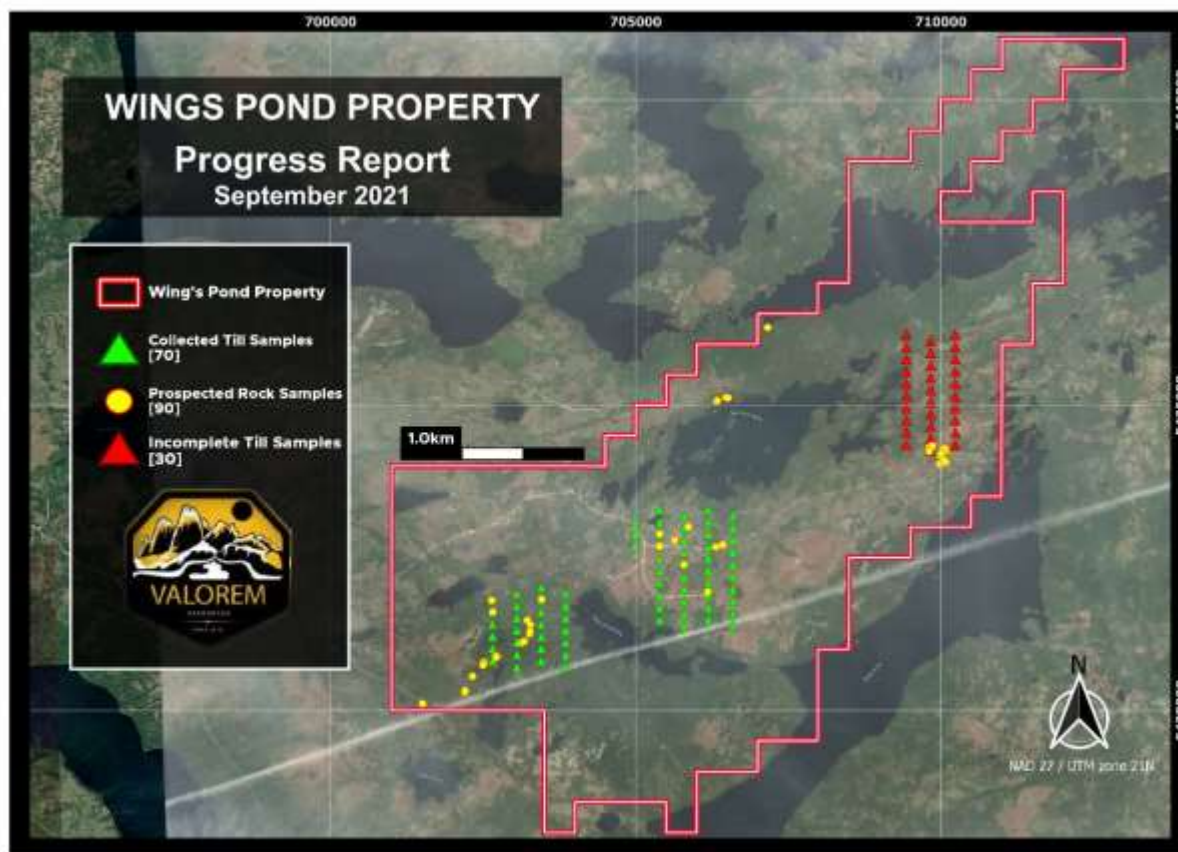
EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

Wings Shear property exploration update (continued)

On September 20, 2021, the Company reported that it resumed field exploration and remains on track for a fall drilling program on its Wings Shear property.

Highlights

- Stage one of exploration consisting of prospecting, bedrock mapping and till sampling is ongoing and set to conclude in the coming weeks.
- 70 of 100 till samples have been collected to date with several unrecorded mineralized zones being observed and sampled.



Map 1: Wings Shear Sample Completion Map Sept 2021

Qualified Person:

Dr. Stephen Amor, PhD, P. Geo., technical advisor to the Company, is the Qualified Person as defined by National Instrument 43-101 who has reviewed and approved the technical data for the Wings Shear property.

RESULTS OF OPERATIONS

Three months ended July 31, 2021

During the three months ended July 31, 2021 (“Q1-2021”), and the three months ended July 31, 2020 (“Q1-2020”), the Company recorded a net loss and comprehensive loss of \$2,238,418 (2020 - \$76,187) which is mainly attributed to:

- i) Share-based compensation of \$1,396,582 (Q1-2020 - \$Nil) was recognized on the grant of 4,700,000 (Q1-2020 - Nil) stock options to three directors and an officer. Each option is exercisable at \$0.29 per share until May 27, 2026. All of the options vested upon date of grant. The estimated fair value of the options was measured using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.30; exercise price - \$0.29; expected life - 5 years; volatility - 516%; dividend yield - \$0; and risk-free rate - 0.90%.
- ii) Acquisition and exploration expenditures of \$429,087 were incurred in Q1-2021. The reader is advised to refer to the table in the beginning of the acquisition and exploration expenditures section of this MD & A for a detailed breakdown of these costs.
- iii) Promotion expenses of \$265,254 (Q1-2020 - \$Nil) as the Company continued on a marketing campaign that commenced in September 2020 to raise investor awareness about the Company. To date, the Company has received strategic planning, financial consulting, media and market development, market awareness, marketing analysis, business development, digital media services, vendor management marketing, web development, and data analytics services from various marketing and consulting firms in an effort to inform investors about the Company’s plans to explore and develop its mineral properties.
- iv) Professional fees increased \$78,566, from \$22,000 in Q1-2020 to \$100,566 in Q1-2021. The professional fees consist of \$61,891 (Q1-2020 - \$8,000) for legal services, \$6,000 (Q1-2020 - \$10,000) for CFO fees, \$9,000 (Q1-2020 - \$4,000) for accounting services, \$16,850 (Q1-2020 - \$Nil) for corporate services, \$6,825 (Q1-2020 - \$Nil) for audit fees. Legal fees were the most significant component of professional fees and were primarily attributed to resolving the British Columbia Securities Commission’s halt trade order on April 30, 2021.
- v) Consulting fees in Q1-2021 decreased \$19,850, from \$48,450 in Q1-2020 to \$28,600 in Q1-2021. Consulting fees are comprised of \$28,500 (Q1-2020 - \$24,000) for the current CEO’s management fees, \$Nil (Q1- \$24,000) for the former CEO’s management fees, and \$100 (Q1-2020 - \$450) for other consulting fees. The CEO fees in Q1-2021 are higher as a result of increased business activities.

As at July 31, 2021, the Company had no continuing source of operating revenues. The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business and exploration activities.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the condensed interim and audited financial statements:

SUMMARY OF QUARTERLY FINANCIAL RESULTS (CONTINUED)

	Three month period ended July 31, 2021 -\$-	Three month period ended April 30, 2021 -\$-	Three month period ended January 31, 2021 -\$-	Three month period ended October 31, 2020 -\$-
Total assets	267,342	674,471	809,041	166,043
Total liabilities	625,835	519,303	500,854	275,699
Working capital (deficiency)	(358,493)	155,168	308,187	(194,646)
Shareholders' equity (deficiency)	(358,493)	155,168	308,187	(109,656)
Net loss and comprehensive loss	(2,238,418)	(5,635,646)	(1,160,593)	(271,060)
Loss per share	(0.02)	(0.10)	(0.02)	(0.00)

	Three month period ended July 31, 2020 -\$-	Three month period ended April 30, 2020 -\$-	Three month period ended January 31, 2020 -\$-	Three month period ended October 31, 2019 -\$-
Total assets	40,707	50,238	198,873	10,130
Total liabilities	243,552	176,896	127,118	48,376
Working capital (deficiency)	(202,845)	(126,658)	(38,745)	(38,246)
Shareholders' equity (deficiency)	(202,845)	(126,658)	71,755	(38,246)
Net loss and comprehensive loss	(76,187)	(198,413)	(210,909)	(102,266)
Loss per share	(0.00)	(0.00)	(0.01)	(0.00)

On February 12, 2021, the Company acquired 100% of 1267818 B.C. Ltd. ("1267818"), a British Columbia based exploration corporation focused on the acquisition of precious metal properties in Canada, via a three-cornered amalgamation. Pursuant to the terms of the amalgamation, the Company issued 30,000,000 common shares with a fair value of \$5,100,000 to the shareholders of 1267818 in exchange for all of the issued and outstanding shares of 1267818. The Company recorded an exploration and acquisition expense of \$5,100,000 in Q4 ended April 30, 2021.

Over the last eight quarters, working capital peaked at \$308,187 during Q3 ended January 31, 2021 as a result of completing private placements. In Q2 ended October 31, 2020, the Company completed a private placement of 3,300,000 units at \$0.10 per unit for gross proceeds of \$330,000. A second 1st tranche private placement of 8,889,998 units at \$0.10 per unit for gross proceeds of \$889,000 was completed in Q3 ended January 31, 2021.

In Q4 ended April 30, 2021, the Company completed the 2nd tranche of a non-brokered private placement. The Company issued 1,100,000 units at \$0.115 per unit for gross proceeds of \$126,500.

The Company received a total of \$220,640 from the exercise of 1,485,600 warrants during the past eight quarters.

Total liabilities throughout the past eight quarters reached their highest level of \$625,835 during Q1 ended July 31, 2021. Amounts due to related parties of \$166,400 are included in the July 31, 2021 total liabilities. The Company's Interim CEO and former CFO provided consulting and professional fees and postponed payment for most of their services to help the Company preserve its cash. On February 12, 2021, the Company assumed debt of \$100,000 owed to a former Director of the Company's subsidiary, 1267818 B.C. Ltd. On February 25, 2021, the Company's former CEO agreed to permit the Company to write-off \$114,510 of outstanding consulting fees which helped improve the Company's financial position.

SUMMARY OF QUARTERLY FINANCIAL RESULTS (CONTINUED)

The most significant net loss and comprehensive loss during the past eight quarters of \$5,635,646 occurred in Q4 ended April 30, 2021. Share-based compensation of \$490,035 was recognized on the grant of 2,250,000 stock options to three consultants. Promotion expenses of \$288,221 were also a significant component of the Q4-2021 net loss as the Company continues to embark on a marketing campaign to raise investor awareness.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company may continue to seek capital through various means including the issuance of equity and/or debt.

Net cash used in operating activities was \$103,447 during the three months ended July 31, 2021, compared to \$4,299 in the comparative three months ended July 31, 2020. Cash flows used in operating activities were mainly attributed to \$122,712 (2020 - \$Nil) for acquisition and exploration expenditures, \$265,254 (2020 - \$Nil) for promotion fees, and \$100,566 (2020 - \$22,000) for professional fees. The aforementioned expenditures were primarily offset by a \$303,355 in prepaid expenses and an \$80,130 increase in accounts payable and accrued liabilities.

Net cash provided by financing activities during the three months ended July 31, 2021, was \$21,800 (2020 - \$Nil). The Company received a total of \$21,800 (2020 - \$Nil) from the exercise of 160,000 (2020 - Nil) warrants in the three months ended July 31, 2021.

RELATED PARTY TRANSACTIONS

Key management personnel are the Directors and Officers of the Company. Certain key management personnel provide services through companies that they control. The following transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

The following amounts, which are unsecured and non-interest bearing, are reported in accounts payable and accrued liabilities, and related party liabilities:

	July 31, 2021 \$	April 30, 2021 \$
Due to Director and Interim CEO	160,300	139,998
Due to CFO	6,100	-
A company controlled by the former CFO of the Company*	82,215	108,215
	<u>248,615</u>	<u>248,213</u>

*Amounts are included in accounts payable and accrued liabilities

Loan payable

On February 12, 2021, the Company assumed debt of \$100,000 owed to Eugene Beukman, a former Director of the Company's subsidiary, 1267818 B.C. Ltd. The debt is non-interest bearing, unsecured and due on demand.

RELATED PARTY TRANSACTIONS (CONTINUED)

The following are the transactions with related parties during the three months ended July 31, 2021, and 2020:

	Three months ended July 31, 2021 \$	Three months ended July 31, 2020 \$
Consulting fees to Director and Interim CEO	28,500	22,000
Professional fees to CFO	6,000	-
Accounting and professional fees to a company jointly controlled by former Director and former CFO of the Company	-	22,000
Consulting fees to former Director and CEO	-	24,000
	34,500	68,000

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances; however, actual outcomes can differ from these estimates.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these condensed interim consolidated financial statements are discussed below:

Usage of the going concern assumption - The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Global pandemic

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and other receivables. The Company's cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using major banks that are high-quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. 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.

As at July 31, 2021, the Company has \$359,435 (April 30, 2021 - \$279,305) in accounts payable and accrued liabilities that are due within 90 days of period-end.

Currency risk

The Company currently has minimal foreign exchange risk as it conducts the majority of its business within Canada and in Canadian dollars.

Interest rate risk

The Company is not currently exposed to significant interest rate risk.

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

ADDITIONAL INFORMATION

Off-Balance Sheet Arrangements

As at the current date, the Company had no off-balance sheet arrangements.

Legal proceedings

As at the current date, management was not aware of any legal proceedings involving the Company.

ADDITIONAL INFORMATION (CONTINUED)

Outstanding Share Data

As at the date of this report, the Company has 96,593,813 common shares and no preferred shares outstanding.

There are 6,950,000 stock options and 9,186,498 warrants outstanding as of the date of this report.

Contingent liabilities

As at the current date, management was not aware of any outstanding contingent liabilities relating to the Company's activities.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. The Company intends to carry-out exploration and evaluation work on the BC Cariboo Property, Black Dog Lake Project, and Wings Shear Property. The aforementioned exploration and evaluation work will require additional financial resources. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the current year. The Company is not subject to externally imposed capital requirements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's condensed interim consolidated financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The condensed interim consolidated financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

RISKS AND UNCERTAINTIES

Early Stage – Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial, and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations. The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable, especially in today's volatile and uncertain financial markets. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Exploration and Development

Exploration for minerals is a speculative venture involving substantial risk. There is no certainty that the expenditures made by the Company and/or its subsidiaries will result in discoveries of commercial metal reserves.

Mining and development risks always accompany anticipated rewards, and uncertainties always exist where mineral properties are concerned. Uncertainties include the size, grade and recovery of naturally occurring mineral deposits. Although exploration and development efforts can outline a mineral deposit with a degree of certainty, ultimate grade and tonnages are never fully known until mining has been completed. Metal prices are also a significant factor in the development decision for a mineral property, as a mine may not be economically feasible in a period of depressed prices. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Pricing is affected by numerous factors such as international economic and political trends, global or regional consumption and demand patterns, and increased production by current producers.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. 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. 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 metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage, and possible legal liability for any or all damage.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

RISKS AND UNCERTAINTIES (CONTINUED)

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health and safety, waste disposal, and other matters. 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 would result in environmental pollution. A breach of such legislation may result in impositions 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 direction of stricter standards, and enforcement, and higher fines and penalties for non-responsibility for companies including its directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability for the Company and its directors, officers and employees. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties, or requirements abandonment, or delays in development of new mining properties.

Title Risks

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Price Volatility of Public Stock

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early-stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on a stock exchange may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

RISKS AND UNCERTAINTIES (CONTINUED)

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Directors

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.