## Overview

The following covers the operations of Four Nines Gold Inc. (the "Company" or "Four Nines") for the six months ended July 31, 2024, prepared as of September 26, 2024. This management discussion and analysis ("MD&A") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the six months ended July 31, 2024 and related notes and with the audited consolidated financial statements for the years ended January 31, 2024 and 2023 and related notes. These documents are available for viewing on SEDAR+ at www.sedarplus.ca. All dollar amounts therein and in the following MD&A are in Canadian dollars unless otherwise indicated. These financial statements were prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

## Forward-Looking Statements

This MD&A contains certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward - looking statements. Factors that could cause the actual results to differ materially from those in the forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change beyond the procedures required under applicable securities laws.

## Description of Business

The Company is a junior resource company engaged in the acquisition and exploration of properties in Canada. The Company was incorporated on March 19, 2015, under the name "Hornby Acquisition Ltd." pursuant to the *Business Corporations Act* (British Columbia). On April 20, 2016, the Company changed its name to "Eureka Dome Gold Inc." and on November 30, 2016, the Company changed its name to "Four Nines Gold Inc.".

On August 24, 2017, the Company completed an initial public offering ("IPO") and was listed on the Canadian Securities Exchange ("CSE"). The Company commenced trading on the CSE on August 31, 2017, under the symbol "FNAU".

The head office, principal address and records office of the Company are located at Suite 1000, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

## Going Concern

The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity and debt markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

The Company is in the mineral exploration and development business and is exposed to a number of risks and uncertainties inherent to the mineral resource industry. This activity is capital intensive at all stages and subject to fluctuations in metal prices, market sentiment, currencies, inflation and other risks. The Company currently has no source of material revenues and relies primarily on equity and debt financings to fund its exploration, development and administrative activities. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration and development activities, as well as its continued ability to raise capital. The current severe recessionary credit conditions have significantly limited the Company's ability to raise financing through its usual methods and if these conditions persist, they will materially decrease the Company's liquidity and capital resources.

The Company's consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation in the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At July 31, 2024, the Company has a working capital deficiency of $255,465 (January 31, 2024 - $182,786) however, it has not yet achieved profitable operations and has an accumulated deficit of $2,682,946 (January 31, 2024 - $2,556,803) and for the six months ended July 31, 2024 incurred a loss of $126,143 and expects to incur further losses in the development of its business.

These circumstances comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Over the past year, global stock markets have experienced volatility and a significant weakening in the aftermath of COVID-19. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Volatility in financial markets subsequent to July 31, 2024, may have a significant impact on the Company's financial position. The duration and impact of the higher inflationary environment, as well as the effectiveness of government and central bank responses, remains unclear at this time.

## Mineral properties

### Bonneville Property, Quebec

By a mineral property option agreement dated June 18, 2020 and as amended on July 27, 2020, the Company may acquire up to 100% interest in the Bonneville Property. This property consists of 36 mineral tenures and is located in central Quebec. The project covers an area of approximately 2,018 hectares in the Lac Bachelor gold camp 215 kilometres northeast of Val d'Or, Quebec.

The property is located within the Abitibi greenstone belt, five km west of the village of Miquelon. Recent exploration at the Bonneville gold project includes soil sampling, ground geophysics and a single diamond drill hole in 2018, which tested one of the three target zones.

As consideration the Company will pay cash of $210,000, and incur $350,000 in exploration expenditures as follows:

a) Cash payment of $35,000 upon signing (June 18, 2020) (Paid);
b) Cash payment of $75,000 upon regulatory authorities' approval (June 22, 2020) (Paid);
c) Cash payment of $75,000 by July 31, 2020 (Paid);
d) Cash payment of $25,000 by June 18, 2021 (Paid); and
e) Incur $350,000 in exploration expenditures on or before June 18, 2022 (extended per below).

In the event of a shortfall of exploration expenditures, the Company can pay the Optionor in cash or shares of the Company as long as the share issuance does not make the Optionor a holder of more than 19.9% of the shares outstanding at the time of issuance.

Should the Company acquire 100% of the property the Optionor will retain a 1% Net Smelter Returns ("NSR") royalty. The Company shall be entitled to buy back the 1% NSR for $1,000,000.

On November 8, 2022, the Company extended the exploration expenditure commitment until December 31, 2022, and in consideration for the extension, the Company paid $15,000. On December 29, 2022, the Company extended the period further to March 31, 2023, and paid $7,500 for the extension. On March 31, 2023, the Company and the Optionor amended the agreement and extended the exploration expenditure commitment whereby $50,000 in exploration expenditures would be due on or before December 31, 2023, and the remainder will be due on or before December 31, 2024 and the Company agrees to pay the Optionor $2,500 per month for the duration of the option.

During the year ended January 31, 2024, the Company terminated the option agreement on the Bonneville property and as a result, the Company recorded an impairment charge of $248,054 to write-off the exploration asset.

<u>Lassen Properties, California (also known as the Hayden Hill exploration project)</u>

During the year ended January 31, 2023, the Company staked 25 claims located in Hayden Hill Mining District in California totaling $71,901.

On August 19, 2022, the Company entered into an option agreement to acquire the right to explore the Lassen properties and all of the issued and outstanding shares of Lassen Gold Mining, Inc. ("Lassen Gold") from its parent company Kinam Gold Inc. ("Kinam"). Lassen Gold holds an interest in 62 mineral claims located in Lassen County, California. The agreement shall be effective from August 19, 2022 (the "Effective Date") through to November 1, 2025 (the "Option Period").

In order to earn the right to explore the property, the Company shall incur the following:

- Pay US$50,000 in cash on execution date (Paid);
- Pay US$60,000 (Paid) and incur US$250,000 in qualifying expenditures on or before March 1, 2023 (Incurred);
- Pay US$100,000 and incur an additional US$500,000 in qualifying expenditures on or before November 1, 2024;
- Incur an additional US$500,000 in qualifying expenditures on or before November 1, 2025.

**(Expressed in Canadian Dollars)**

The US$250,000 due on or before March 1, 2023, is a firm commitment and shall not be affected by any termination of the agreement. If the agreement is terminated prior to LRI completing the US$250,000 expenditure requirement, LRI will need to pay Lassen the amount of shortfall within 30 days following termination.

During the Option Period, the Company shall have the opportunity, but not the obligation, to purchase all of the issued and outstanding shares of Lassen. As consideration for the acquisition, the Company will pay an amount equal to US$2,000,000 minus all the options payments paid as of the date of exercise of the option and minus any decommissioning liabilities, and the assumption of any bonds, guarantees, or other financial assurances provided or guaranteed by Kinam or its affiliates in respect of the Property. The Company can exercise the option with a written notice at any time within the Option Period.

Kinam will retain a 2.0% Net Smelter Returns Royalty ("NSR") on all minerals produced and sold from the property. The Company has an option to purchase back 0.5% of the NSR for a payment of US$1,900,000.

## Selected Annual Information

The following is a summary of the Company's financial results for the Company's three most recently completed financial years:

| | **Year-ended January 31, 2024** | **Year-ended January 31, 2023** | **Year-ended January 31, 2022** |
|---|---|---|---|
| | $ | $ | $ |
| Total revenues | Nil | Nil | Nil |
| Comprehensive loss | (512,312) | (495,484) | (469,125) |
| Loss per share – basic and diluted | (0.03) | (0.03) | (0.03) |
| Total assets | 840,256 | 861,048 | 1,246,021 |
| Long term liabilities | Nil | Nil | Nil |
| Cash dividends declared per share | Nil | Nil | Nil |

During the year ended January 31, 2022, the Company continued to review potential mineral property acquisitions and granted stock options. During the year ended January 31, 2023, the Company acquired a new property and as a result, all costs incurred prior to obtaining legal title were expensed to property investigation. During the year ended January 31, 2024, the Company incurred general exploration costs in the Lassen Property.

## Fourth Quarter

NA

## Results of Operations

During the three months ended July 31, 2024:

During the three months ended July 31, 2024, the Company did not generate revenue to date and recorded a net loss of $59,603 as compared to the net loss of $326,155 for the comparable quarter ended July 31, 2023.

Total expenses for the quarter ended July 31, 2024, was $59,603 as compared to $326,155 for the comparable quarter ended July 31, 2023. A decrease of approximately $267,000.

The decrease in expenses can be attributed to the following:

Marketing expense have decreased to $5,115 from $35,000 for the comparable quarter as the Company did not hire new consultants for investor relations due to cash constraint.

During the current quarter, the Company recorded an impairment charge of $248,054 to write-off the Bonneville property.

The above decreases were offset by the following increase:

During the current quarter, the Company recorded a share-based payments of $65,794 as compared to $Nil for the comparable quarter. Share-based payments is a non-cash transaction.

During the quarter, the Company reversed an accrual for rent expense of $31,500 as the Company discontinued the use of the office space.

During the six months ended July 31, 2024:

During the six months ended July 31, 2024, the Company did not generate revenue to date and recorded a net loss of $126,143 as compared to the net loss of $390,035 for the comparable period ended July 31, 2023.

Total expenses for the period ended July 31, 2024, was $126,141 as compared to $390,035 for the comparable period ended July 31, 2023. A decrease of approximately $264,000.

The decrease in expenses can be attributed to the following:

Marketing expense have decreased to $14,298 from $66,842 for the comparable period as the Company did not hire new consultants for investor relations.

During the current period, the Company recorded an impairment charge of $248,054 to write-off the Bonneville property.

The above decreases were offset by the following increase:

On March 19, 2024, the Company granted 1,160,000 stock options exercisable to consultants and directors of the Company and during the current period, the Company recorded share-based payments of $101,874 as compared to $Nil for the comparable period. Share-based payments is a non-cash transaction.

During the period, the Company reversed an accrual for rent expense of $31,500 as the Company discontinued the use of the office space.

During the prior year, the company filed its NI 43-101 report on the Lassen property and the Lasen Count California Department of Planning and Building Services has approved the Company's exploration project notice. The approved Exploration Notice allows for drilling to be conducted on 10 sites, from which drilling can be implemented at any desired azimuth and inclination. The State of California, in addition to surface disturbance, regulates the volume of material "removed" by exploration activities. The approval permits the drilling and removal of material with a volume up to 25,000 feet of PQ-diameter core. Six (6) of the sites will facilitate the drilling of the Lookout Zone (see maps below), one (1) to explore the East Vein, and one (1) the Juniper Zone.

The Company is currently determining its work program.

**(Expressed in Canadian Dollars)**

## Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters.

| For the quarter ended | July 31, 2024 | April 30, 2024 | January 31, 2024 | October 31, 2023 |
|---|---|---|---|---|
| Net loss for the quarter | ($59,603) | ($66,540) | ($65,989) | ($54,525) |
| Loss per share – basic and diluted | ($0.00) | ($0.00) | ($0.01) | ($0.00) |

| For the quarter ended | July 31, 2023 | April 30, 2023 | January 31, 2023 | October 31, 2022 |
|---|---|---|---|---|
| Net loss for the quarter | ($326,155) | ($63,880) | ($46,488) | ($90,450) |
| Loss per share – basic and diluted | ($0.02) | ($0.00) | ($0.00) | ($0.01) |

## Factors causing Variance for each Quarter

During the quarter ended October 31, 2022, the Company recorded a net loss of $90,450 as compared to a net loss of $206,758 for the previous quarter ended July 31, 2022. The decrease can be attributed to a decrease in exploration costs and professional fees. During the quarter ended January 31, 2023, the Company recorded a net loss of $46,488 as compared to a net loss of $90,450 for the previous quarter. The decrease can be attributed to a decrease in share-based payments. During the quarter ended April 30, 2023, the Company recorded a net loss of $63,880 as compared to a net loss of $46,488 for the previous quarter. The increase can be attributed to the marketing agreement with Lakefront. During the quarter ended July 31, 2023, the Company recorded a net loss of $326,155 as compared to the net loss of $63,880 for the previous quarter. The increase can be attributed to the recording of an impairment of $248,054 on the Bonneville property. During the quarter ended October 31, 2023, the Company recorded a net loss of $54,525 as compared to the net loss of $326,155 for the previous quarter. The decrease can be attributed to the recording of the impairment of exploration and evaluation asset in the previous quarter. During the quarter ended January 31, 2024, the Company recorded a net loss of $65,989 as compared to the net loss of $54,525 for the previous quarter. The increase can be attributed to an increase in filing fees, marketing and professional fees from the previous quarter. During the quarter ended April 30, 2024, the Company recorded a net loss of $66,540 which is consistent with the net loss of $$65,989 from the previous quarter. During the quarter ended July 31, 2024, the Company recorded a net loss of $59,603 which is consistent with the net loss of $66,540 for the previous quarter.

## Liquidity and Capital Resources

The Company had cash of $2,028, GST receivable of $2,155 and prepaid expense of $6,691 at July 31, 2024, compared to $22,370, $1,582 and $11,835 at January 31, 2024, respectively. As at July 31, 2024, the Company had total payables of $266,339 as compared to a total payable of $218,573 at January 31, 2024 and working capital deficiency of $255,465 at July 31, 2024, as compared to a working capital deficiency of $182,786 as at January 31, 2024.

The Company's believes the current capital resources are not sufficient to pay overhead expenses for the next twelve months and will need to seek additional funding to fund its overhead expenses and future exploration commitments. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

**(Expressed in Canadian Dollars)**

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On April 23, 2024, the Company issued 400,000 common shares pursuant to the exercise of share purchase warrants with an exercise price of $0.10 for total proceeds of $40,000.

On July 24, 2024, the Company issued 20,000 common shares pursuant to the exercise of share purchase warrants with an exercise price of $0.10 for total proceeds of $2,000.

## Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

***Key management personnel compensation***

The Company considers its President, Chief Executive Officer, Chief Financial Officer, and the directors of the Company to be key management.

| | | For the six months ended July 31, | |
|---|---|---|---|
| | **Relationship** | **2024** | **2023** |
| Consulting fees | | | |
| Harmony Corporate Services Ltd. | Company controlled by Geoff Balderson, Director and CFO | $ 12,000 | $ 12,000 |
| Exploration and evaluation assets | | | |
| David Flint | Director | 32,810 | - |
| Rent (reversal) | | | |
| Norsemont Mining Inc. | Common director | (31,500) | 27,000 |
| Share-based payments | | | |
| Jim Mustard | Director | 3,952 | - |
| David Flint | Director | 15,369 | - |
| Dennis McHarness | Director | 10,538 | - |
| Winthrop Rowe | Director | 10,538 | - |
| | | 40,397 | - |
| | | $ 53,707 | $ 39,000 |

Included in accounts payable and accrued liabilities at July 31, 2024, is $158,868 (January 31, 2024 - $139,316) owed to directors, a Company controlled by the CFO, and a Company with a director in common, for reimbursements of expenses or unpaid fees. The amounts are unsecured, non-interest bearing with no specific terms of repayment.

During the year ended January 31, 2024, the Company issued a promissory note payable of $54,400 to a company with a director in common. The promissory note is unsecured, bears interest at 12% per annum and is payable on demand. During the year ended January 31, 2024, the director applied $50,000 of the promissory note to the exercise of 500,000 share purchase warrants at a price of $0.10 per share. $4,400 of the promissory note and $1,100 of the interest charges were applied to the purchase of Company shares as part of a private placement.

On December 15, 2023, certain management and board members participated in a non-brokered private placement financing of units to obtain 134,000 units at a price of $0.35 per unit, for gross proceeds of $46,900. Each unit consists of one common share and one-half share purchase warrant, with each whole warrant entitling the holder thereof to purchase one common share in the capital of the Company at a price of $0.70 per share for a period of one year from closing, subject to acceleration.

## Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements to report.

## Proposed Transactions

The Company has no proposed transactions to report.

## Critical Accounting Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

### Judgments

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgment. The factors considered by management are disclosed in Note 1 of the condensed interim consolidated financial statements.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title or interest therein. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

*Estimates*

Share-based payments

The determination of the fair value related to share-based payments are subject to estimate. The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.
Exploration and Evaluation Asset and Impairment

The application of the Company's accounting policy for exploration and evaluation assets and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

**New Accounting Standards Interpretations Issue But Not Yet Adopted**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**Financial Instruments**

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Cash is measured using level 1 fair value inputs. As at July 31, 2024, the Company believes the carrying values of accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

<u>Risk Management</u>

General Objectives, Policies and Processes

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and monitors the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. This risk is managed through the use of major banks that are considered high credit quality financial institutions, as determined by rating agencies.

*Interest rate risk*

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at July 31, 2024, the Company has no interest bearing financial instruments and considers interest rate risk to be insignificant.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risks are assessed as high.

The properties in which the Company currently has an interest are in the exploration stage, so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

*Foreign currency risk*

The Company's functional currency is the Canadian dollar. There is moderate foreign exchange risk to the Company as it incurs significant mineral property-related expenditures in the USA are denominated in US dollars. The Company is also exposed to foreign exchange risk arising from:

- Cash balances held in US dollars;
- Accounts payable denominated in US dollars;

These are all shown on the statement of loss and comprehensive loss. The Company does not engage in any hedging activities to reduce its foreign currency risk. A 10% variance in the foreign exchange rates would expose the Company to a positive or negative impact on its comprehensive loss of approximately $17,450 during the six months ended July 31, 2024 (January 31, 2024 - $7,897).

The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

**Risks and Uncertainties**

Certain risks are faced by the Company, which could affect its financial position. In general, they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects.

The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under its mineral property option agreement. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interest in the property covered by the agreement. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

**(Expressed in Canadian Dollars)**

The Company's properties are in the exploration stage and without known reserves. Exploration and development of natural resources involves substantial expenditures and a high degree of risk. Few exploration properties are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes-off its mineral properties from time to time and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

**Subsequent Event**

Subsequent to July 31, 2024, 30,000 share purchase warrants were exercised.

**Disclosure of Outstanding Share Capital**

The Company's outstanding share capital as at the date of the MD&A is as follows:

Common shares

| | |
|---|---|
| Balance, July 31, 2024 | 18,528,620 |
| Balance, MD&A | 18,558,620 |

Options

| | |
|---|---|
| Balance, July 31, 2024 | 1,810,000 |
| Balance, MD&A | 1,810,000 |

Share purchase warrants

| | |
|---|---|
| Balance, July 31, 2024 | 3,280,929 |
| Balance, MD&A | 3,250,929 |