

# **ACME LITHIUM INC.**

(Formerly HAPUNA VENTURES INC.)

## **Management Discussion and Analysis of Financial Position and Results of Operations for the Three Months ended December 31, 2020 and 2019**

This report is dated April 5, 2021  
(the "Report Date")

300 – 2015 Burrard Street Vancouver BC Canada V6J 3H4

### ***Introduction***

The following information should be read in conjunction with the interim condensed consolidated financial statements (the “financial statements”) of ACME Lithium Inc. (formerly Hapuna Ventures Inc.) (“ACME” or the “Company”) for the fiscal period ended December 31, 2020 with comparative figures for the period ended December 31, 2019 and for the year ended September 30, 2020.

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

Note 3 to the audited financial statements at September 30, 2020 describes the Company’s significant accounting policies, as well as new accounting pronouncements not yet effective. During the three months end December 31, 2020, the Company’s critical accounting estimates and significant accounting policies have remained substantially unchanged.

All amounts presented in this document are stated in Canadian dollars, except where otherwise noted.

### ***Forward Looking Statements***

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This Management’s Discussion and Analysis is intended to supplement and complement the interim condensed consolidated financial statements for the three months end December 31, 2020, and the notes thereto (the “Financial Statements”). Readers are encouraged to review these Financial Statements in conjunction with a review of this Management’s Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management’s Discussion and Analysis and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: the attainment of certain sales targets and company performance; the ability of the Company to successfully execute on its growth and new business strategies, including attracting new higher education clients; continuation of support from existing higher education clients; the demand for its products continuing to increase; stable currency valuations; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact. When used in this MD&A, the words “plan,” “expect,” “believe,” and similar expressions generally identify forward looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in technology and general market conditions. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized. **Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Corporate Overview and Description of Business***

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ACME Lithium Inc. (formerly Hapuna Ventures Inc.) (the “Company”) was incorporated under the provisions of the Business Corporations Act of British Columbia on January 31, 2017, as a wholly-owned subsidiary of Kona Bay Technologies Inc. (“Kona Bay”). The address of the Company’s corporate office and its principal place of business is 300 – 2015 Burrard Street Vancouver BC Canada V6J 3H4.

On February 28, 2017, the Company entered into an Arrangement Agreement (the “Agreement”) with Kona Bay, ACT360 Media Ltd. (“ACT360”) and Bexar Ventures Inc. (“Bexar”) for the purposes of carrying out a corporate restructuring by way of a Plan of Arrangement (the “Arrangement” or the “POA”) pursuant to Section 288 of the Business Corporations Act (British Columbia).

On December 13, 2017, the POA closed and the online advertising assets were transferred to the Company by Kona Bay and ACT360, and 4,761,199 common shares of the Company were issued to Kona Bay.

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On November 23, 2020, the Company changed its name to ACME Lithium Inc. and changed its principal business from technology to the identification of exploration and evaluation assets. The change in business is subject to acceptance of listing with the Canadian Securities Exchange. The address of the Company's corporate office and its principal place of business is 300 – 2015 Burrard Street Vancouver BC Canada V6J 3H4.

As at December 31, 2020, the Company has not yet determined if its exploration and evaluation asset is economically recoverable. The recoverability of amounts shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

On December 29, 2020, the Company entered into an Amalgamation Agreement (the "Amalgamation Agreement") with 1281524 B.C. Ltd. ("Subco") and 1266291 B.C. Ltd. ("Fundco") which closed on December 30, 2020. Pursuant to the Amalgamation Agreement, the following occurred:

- (i) Subco and Fundco amalgamated;
- (ii) the unit holders of Fundco received an equivalent number of units of the Company; and
- (iii) the amalgamated company became a wholly owned subsidiary of the Company.

Each unit consists of one common share and one half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at \$0.10 for a period of 24 months. As at December 31, 2020 the Company had not yet issued the units and recorded a commitment to issue shares of \$448,800. The common shares and warrants were issued subsequent to period end in January 2021.

Fundco was established by the Company solely for the purpose of raising funds from at least 150 investors, and loaning the same to the Company pending closing of the Amalgamation.

### **Description of the Business**

The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of those properties once acquired.

As at December 31, 2020, the Company has not yet determined whether the properties are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company, formerly operating as Hapuna Ventures Inc., was previously a technology company specializing in digital customer acquisition. ACME's customers are primarily higher education institutions that promote campus and online degree programs to consumers through digital media such as websites, mobile apps, social media networks, and direct e-mail.

### **Potential impact of the Pandemic on Corporate Operations and Activities**

During March 2020, there was a global outbreak of COVID-19 ("Coronavirus"), which has had a significant impact on businesses through the restrictions put in place by the governments in which the Company operates regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact that the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place. While the extent of the impact is unknown, the Company anticipates this outbreak may adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

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**Mineral Property Interest**

**FLV Property**

On November 9, 2020 the Company entered into a mineral property purchase and sale agreement (the “FLV agreement”) with an arm’s length party whereby it acquired certain mining claims located in Esmeralda County, Nevada, USA. Under the terms of the FLV agreement, the vendor’s right, title and interest in the FLV claims was purchased by paying consideration of \$50,000 (paid) and by issuing 100,000 common shares.

Subsequent to December 31, 2020, the Company issued 100,000 common shares with a fair value of \$3,000 to the arm’s length party.

**Summary of Quarterly Results (Unaudited)**

	<b>Q1 Dec. 31, 2020 \$</b>	<b>Q4 Sept. 30, 2020 \$</b>	<b>Q3 June 30, 2020 \$</b>	<b>Q2 March 31, 2020 \$</b>
Sales	Nil	6,223	8,606	12,948
Expenses	(64,028)	(32,756)	(63,273)	(110,101)
Net income (loss)	708,133	(26,533)	(54,667)	(97,153)
Comprehensive loss	708,133	(26,533)	(54,667)	(97,153)
Basic Earnings (Loss) per share	0.15	(0.04)	(0.09)	(0.16)
Diluted Earnings (Loss) per share	0.13	(0.04)	(0.09)	(0.16)
Total assets	469,366	50,601	48,823	53,042
Working capital (deficiency)	411,115	(1,004,819)	(603,600)	(553,795)

	<b>Q1 Dec. 31, 2019 \$</b>	<b>Q4 Sept. 30, 2019 \$</b>	<b>Q3 June 30, 2019 \$</b>	<b>Q2 March 31, 2019 \$</b>
Sales	13,411	20,433	2,501	14,126
Expenses	(97,766)	(114,856)	(111,500)	(104,564)
Net loss	(84,355)	(94,423)	(108,999)	(90,438)
Comprehensive loss	(84,355)	(74,962)	(118,710)	(95,313)
Basic and Diluted Loss per share	(0.14)	(0.13)	(0.22)	(0.16)
Total assets	55,249	49,815	41,317	56,381
Working capital (deficiency)	(461,503)	(382,063)	(306,303)	(106,867)

**Overall Performance and Operational Activities**

During the three months end December 31, 2020, the Company had revenues of \$nil (2019: \$13,411). The revenues reflect the timing of the Company’s clients marketing requirements. The Company incurred net income of \$708,133 for the period ended December 31, 2020, as compared to a net loss of \$84,355 for the period ended December 31, 2019. Total expenses of \$64,028 for the period ended December 31, 2020 (2019 - \$97,766), related primarily to accounting and legal, advertising, consulting, and regulatory and filing fees explained as follows.

The increase in income during the period ended December 31, 2020 was primarily due to the gain on settlement of debts pursuant to the debt settlement agreement. The Company settled a total of \$1,040,785 of debt pursuant to the agreement. Additionally, total operating expenses were lower than that of the same period in 2019 as the Company effectively changed its operating strategy from digital customer acquisition to exploration and evaluation of mineral properties.

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The expenses incurred by the Company were primarily direct expenses incurred in business operations and corporate development activities. The most significant elements of the Company's expenses are:

- Accounting and legal expenses were \$22,577 (2019: \$5,500) as the charges for legal, bookkeeping, and accounting services as a reporting issuer were increased during the current period due to activities such as the amalgamation and private placement financing.
- Advertising and promotion of \$5,050 (2019: \$11,261) were reduced primarily since the Company changed its strategy and operating industry. As a result, the Company is expected to have reduced business activity during the early stages of operating in the mineral exploration industry.
- Consulting fees of \$6,244 (2019: \$60,000) were reduced because the Company had terminated the standing agreements with related parties for consulting services and discontinued their services.
- Interest expense of \$4,049 (2019: \$5,030) was reduced due to the settlement of the promissory note which occurred during the quarter. As a result, less interest was accrued for the three months ended December 31, 2020.
- Management fees of \$Nil (2019: \$15,000) were not incurred during the three months ended December 31, 2020 because they were previously paid to Kona Bay to provide administrative services. During the period, the Company discontinued the use of these services.
- Regulatory and filing fees of \$23,140 (2019: \$Nil) were incurred as a reporting issuer based on the timing and nature of corporate activities and filings, including the application to be listed on a major Canadian stock exchange.

#### **Cash Flow Activities**

For the period ended December 31, 2020, the Company experienced a net increase in its cash position of \$413,187 (2019 – \$690). Cash inflows consisted of funds provided by financing activities totaling \$616,700 (2019 – \$5,000). The cash inflow is primarily attributed to the share subscription proceeds received relating to the private placements closed on November 27, 2020 and December 30, 2020 (see Liquidity and Capital Resources).

Significant cash outflows consisted of the cash used in operating activities of \$153,514 (2019 – \$4,310). The cash used in operating activities is greater than that of the same period in 2019 by 3462%. This is primarily due to the Company settling payable balances.

Cash used in investing activities amounted to \$49,999 (2019 - nil) consisting of exploration and evaluation expenditures. The cash used in investing activities is greater than that of the same period in 2019 and is primarily due to the addition of the new mineral property and its ongoing exploration activities. The majority of this amount comprises of \$50,000 paid to Bearing Lithium for rights and interest to the FLV property.

As the Company is an exploration company, it does not receive, nor does it anticipate receiving any revenue in the next fiscal year. The Company's interests do not currently generate cash flow from operations and, in order to continue operations and fund its expenditure commitments, it is dependent on equity financing through existing and new shareholders, third party financing, and cost sharing arrangements to fund its work programs and operations.

#### ***Liquidity and Capital Resources***

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The Company's aggregate operating, investing and financing activities for the three months end December 31, 2020 resulted in a cash increase of \$413,187 (2019: \$690). As at December 31, 2020, the Company's cash balance was \$416,094 (2019 - \$219) and the Company had working capital of \$411,115 (2019 - deficit of \$(1,004,819)).

During the three months end December 31, 2020, the Company paid \$50,000 (three months end December 31, 2019 - \$nil) to acquire mineral properties.

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The Company anticipates that additional financing will be required in fiscal 2021, both for working capital purposes and for capital and operating expenditures related to its growth strategies. The Company may be dependent on future equity financings to take advantage of these initiatives.

***Transactions with Related Parties***

The remuneration of the Company's directors and other key management was as follows during the periods ended December 31, 2020 and 2019:

<b>Three months ended</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Consulting fees	\$ -	\$ 30,000
Management fees	-	923
Accounting fees	-	4,500
<b>Total related party expenses by type</b>	<b>\$ -</b>	<b>\$ 35,423</b>

- (a) Consulting fees of \$Nil (2019 - \$30,000) were paid or accrued to Vincent Wong, current director and former CEO of the Company.
- (b) Management salary of \$Nil (2019 - \$923) was allocated by ACT360 with respect to the Company's VP of Development.
- (c) Accounting fees of \$Nil (December 31, 2019 - \$4,500) were paid or accrued to a company controlled by Charles Jenkins, the Chief Financial Officer of the Company.

As at December 31, 2020, there was a nil balance owing (September 30, 2020 - \$204,750) to key management personnel for fees and expenses and the amounts were included in accounts payable. The balance on year end September 30, 2020 was extinguished by a debt settlement agreement that occurred during the three months ended December 31, 2020 in which a total of \$1,040,785 of debt was settled.

	<b>Total Debt</b>	<b>Settlement Amount</b>	<b>Gain on Settlement</b>
<b>Former CEO</b>	\$ 217,550	\$ 43,510	\$ 174,040
<b>Former Consultant</b>	214,200	42,840	171,360
<b>Kona Bay</b>	609,035	80,000	529,035
	<b>\$ 1,040,785</b>	<b>\$ 166,350</b>	<b>\$ 874,435</b>

Concurrent with the debt settlement, the Company wrote-off the balance due from ACT360 of \$45,658 and GST receivables of \$8,316 related to certain accrued expenditures.

On December 15, 2017, the Company entered into a Management Administrative Services Agreement (the "MASA") with Kona Bay for the purpose of providing certain management and administrative services to the Company. Pursuant to the MASA:

- a. The Company will pay a monthly service fee that will be reviewed and mutually agreed upon prior to the start of each fiscal year on October 1<sup>st</sup>;
- b. The MASA terminated on September 30, 2019. The arrangement had subsequently been on a month-to-month basis until discontinuation during the three months ended December 31, 2020.
- c. For the three months end December 31, 2020 and 2019, the monthly service fee would range from \$4,000 to \$8,000 commensurate with corporate activity.
- d. \$95,000 would be paid as reimbursement for the arrangement spin-out expenses.

As at December 31, 2020, the Company owed \$nil (September 30, 2020 - \$225,385) to Kona Bay. The balance due to Kona Bay consisted of expenses incurred by Kona Bay on behalf of the Company.

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

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To the best of management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

### ***Changes in Accounting Policies and Critical Accounting Estimates***

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For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 3 of the notes to the audited consolidated financial statements for the year ended September 30, 2020 and unaudited interim condensed consolidated financial statements for the period ended December 31, 2020 that are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Proposed Transactions***

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As at the report date, the Company is in the process of undergoing the procedures required for applying to be publicly listed including submission of a Listing Statement. Upon approval, the Company is expected to be listed on the Canadian Securities Exchange.

### ***Financial Instruments***

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The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

#### **General Objectives, Policies, and Processes**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has 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 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. Further details regarding these policies are set out below.

#### **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

#### **Foreign Currency Risk**

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

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The Company holds balances in United States dollars which could give rise to exposure to foreign exchange risk. The Company did not have any trade accounts receivable balances in United States dollars as of December 31, 2020 and 2019 and has no sensitivity to a plus or minus 10% change in the foreign exchange rate of the United States dollar to the Canadian dollar that would affect the reported loss and comprehensive loss.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and trade accounts receivable. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company has no trade accounts receivable at December 31, 2020.

The Company has no gross credit exposure and no credit risk at December 31, 2020 relating to trade accounts receivable.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

***Outstanding Share Data***

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On November 23, 2020, the Company completed a 7:1 share consolidation. All common share and per share amounts in these financial statements are retroactively presented on a post-share consolidation basis, including the number and exercise price of all share warrants.

As at December 31, 2020 and the Report Date, the following table summarizes the outstanding share capital of the Company:

	<b>December 31, 2020</b>	<b>Report Date</b>
Common Shares	11,403,646	26,463,647
Stock Options	-	-
Warrants (1)	5,292,857	11,967,857
Total, Fully Diluted	<u>16,696,503</u>	<u>38,431,504</u>

(1) Consists of:

- 142,857 warrants exercisable at \$0.70 per share, formerly 1,000,000 warrants exercisable at a price of \$0.10 per share until February 21, 2023
- 5,150,000 warrants exercisable at \$0.10 per share until November 27, 2022.



### ***Risks and Uncertainties***

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An investment in the Company's shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the company and its business, the Reader should carefully consider the following risk factors in addition to the other information contained in this management discussion and analysis. These risk factors are not a definitive list of all risk factors associated with the Company. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Investors should not rely upon forward-looking statements as a prediction of future results.

#### **Limited Operating History**

The Company has no history of business or mining operations or production. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

#### **Exploration Risk**

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered would result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

#### **Metal Price Risk**

Even if the Company's exploration programs are successful in locating economic deposits of minerals or precious metals, factors beyond the Company's control may affect the value and marketability of such deposits. Natural resource prices have wide historic fluctuations due to many factors, including inflation, currency fluctuations, interest rates, consumption trends and local and worldwide financial market conditions. The prices of such natural resources greatly affect the value of the Company and the potential value of its properties. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed.

### **Environmental Risk**

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

### **Global Economic Conditions**

Global economic conditions could have a negative effect on the Company's business and results of operations. Economic activity throughout much of the world has been volatile. Market disruptions have included extreme volatility in securities prices, as well as severely diminished liquidity and credit availability. The economic crisis may adversely affect the Company in a variety of ways. Access to lines of credit or the capital markets may be severely restricted, which may preclude the Company from raising funds required for operations and to fund continued expansion. It may be more difficult for the Company to complete strategic transaction with third parties. Such developments could decrease the Company's ability to obtain financing and could expose it to risk that one of its customers or banks will be unable to meet their obligations under agreements with them.

### **Additional Requirements for Capital**

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion and pursue only those development plans that can be funded through cash flows generated from its existing operations.

### **Management of Growth**

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the levels of operating expenses associated with this growth.

### **Dependence on Management Team**

The Company will depend on certain key senior managers to oversee the core marketing, business development, operational and fund-raising activities and who have developed key relationships in the industry. Their loss or departure in the short-term would have an adverse effect on the Company's future performance.

### **Exchange Rate**

The reporting currency of the Company is the Canadian Dollar. A significant portion of the Company's revenues, however, are remitted in United States Dollars and Great Britain Pounds. Future fluctuations in the value of the Canadian Dollar relative to these currencies will likely have a material impact on the Company's overall financial results. Appreciation of the Canadian dollar will decrease revenues and increase expenses.

### **Smaller Companies**

Market perception of junior companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Common Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

### ***Directors***

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Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. 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 director in a conflict will disclose his/her interest and abstain from voting in the matter(s). 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.

On December 11, 2020, at the Company's annual general meeting, Stephen Hanson, Vivian Katsuris and Vincent Wong were elected as directors; and the appointment of Stephen Hanson as CEO and Zara Kanji as CFO were subsequently confirmed.

On December 21, 2020, Ioannis (Yannis) Tsitos was appointed as a director of the Company;

Current Directors and Officers of the Company are as follows:

Stephen Hanson, CEO and Director  
Vivian Katsuris, Director  
Vincent Wong, Director  
Ioannis Tsitos, Director  
Zara Kanji, CFO