GOLDSEEK RESOURCES INC.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Introduction

This Management's Discussion and Analysis ("MD&A") is dated October 17, 2022 and unless otherwise noted, should be read in conjunction with the Company's audited financial statements for the years ended June 30, 2022 and 2021. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the years ended June 30, 2022 and 2021 are not necessarily indicative of the results that may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Goldseek common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from **www.sedar.com**.

Caution Regarding Forward Looking Statements

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of acquiring an asset or business; requirements for additional capital. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, our lack of operating history; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; failure of any asset or business acquired to operate as anticipated; delays in financing or incompletion of business or asset acquisition, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Corporate History

The Company was incorporated under the British Columbia Business Corporations Act on September 21, 2018. The principal business of the Company is to explore, evaluate and then acquire mineral properties.

On February 14, 2020, the Company filed a non-offering prospectus and became a reporting issuer in the provinces of British Columbia and Ontario.

The Company's common shares commenced trading on the Canadian Securities Exchange on March 9, 2020 under the stock symbol "GSK".

The principal business office of the Company is located at 1231 Huron Street, London, Ontario Canada, N5Y 4L1.

Description of Business

The Company is engaged in the acquisition, exploration and development of mineral property interests.

Exploration and evaluation costs incurred during the year ended June 30, 2022 were as follows:

	Bonanza ($)	Horizon ($)	Quevillon West ($)	Southern Arm ($)	Val D'Or North ($)	Beschefer ($)	Total ($)
Balance, June 30, 2021	1,047,061	554,112	62,409	67,816	146,814	257,987	2,136,199
Acquisition	6,229	Nil	Nil	Nil	1,599	82,500	90,328
Exploration:							
Consulting	Nil	22,300	Nil	20,750	1,550	33,306	77,906
Drilling	Nil	11,835	Nil	35,054	Nil	1,740,220	1,787,109
Geochemistry	Nil	5,963	Nil	Nil	Nil	46,563	52,526
Balance, June 30, 2022	**1,053,290**	**594,210**	**62,409**	**123,620**	**149,963**	**2,160,576**	**4,144,068**

Bonanza Property

The Bonanza Property is comprised of 92 claims totaling 5,212 hectares. The Bonanza Property is located near the Municipality of Senneterre, in the Province of Québec.

On October 11, 2018, the Company signed a purchase agreement with Delford Investments Inc., Jonathon Deluce, Bradel Properties Ltd. (a shareholder of the Company) and Delinks Holdings Ltd. (a shareholder of the Company) (collectively, the "Bonanza Sellers") to purchase the property, including surface rights, mineral rights and personal property and permits associated with the Bonanza Property. In terms of the agreement, the Company issued 6,000,000 shares to satisfy the acquisition of a 100% interest in the property, subject to NSR. The Bonanza sellers have retained an undivided royalty equal to a 3.0% of the Net Smelter Returns in respect to any production from the Bonanza Property.

Horizon Property

The Horizon Property is comprised of 171 claims totaling 2,421 hectares. The Horizon Property is located roughly 40 kilometres east of Marathon, Ontario and 55 kilometres west of White River, Ontario situated in the Wabikoba Lake area of Ontario.

Under the terms of two option agreements, dated February 22, 2019, Goldseek earned a 100% interest, net of NSR, in the claims by issuing 3,650,000 shares of Company to the vendors. The vendors involved in each option agreement will retain a 3.0% net smelter royalty (the "NSR").

The Company acquired 100% interest in the Horizon North-West property on July 21, 2020. The property is subject to a 3.0% NSR. Pursuant to the definitive agreement, the Company issued 40,000 shares valued at $16,200. The Company can purchase half of the NSR royalty at any time for $1,500,000 from the legacy royalty holders.

Quevillon West Property

On May 28, 2020, the Company acquired the Quevillon West Property by direct staking. The Quevillon West Property is comprised of 257 claims totaling 13,591 hectares. The Quevillon West Property is located near the Municipality of Lebel-Sur Quevillon, in the Province of Québec. On June 26, 2020, the Company added an extension to the Quevillon West Property, increasing the total size to 497 claims.

Southern Arm Property

On April 22, 2020, the Company acquired the Southern Arm Property, consisting of 62 claims, by direct staking. On May 26, 2020, the Company acquired additional 8 claims from Midland Exploration Inc. ("Midland"). The agreement for the property acquisition is as follows:

- The 8 claims were acquired through an exchange of properties agreement with Midland whereby the Company exchanged its Quevillon North Property. The Company granted to Midland a 2% NSR on the Property with a 1% buyback option for $1 million. Midland agreed to assume the 2% NSR payable on the Quevillon North property as described below:

- The Quevillon North property was acquired by the Company on May 12, 2020. Pursuant to a definitive agreement, the Company acquired 100% interest, subject to a 2% NSR, in the Quevillon North property from two vendors which owned the property as to 50% each, and one vendor was a company controlled by the CEO of the Company. The terms of the purchase were as follows:

    - Upon CSE acceptance, pay $1,000 in cash (paid) and issue 15,000 shares of the (issued with fair value of $4,500); and

    - The Company can purchase 1% (or 1/2) of the NSR at any time for $1 million. The royalty was agreed to be assumed by Midland under the terms of the exchange of properties agreement.

Val D'Or North Property

In November 2020, the Company acquired the Val D'Or North Property, consisting of 143 claims, through direct staking.

In February 2022, the Company updated its exploration targets after receiving the 2021 survey results and completing an updated interpretation. See the February 15, 2022 news release for details.

Beschefer Property

In February 2021, the Company entered into an option agreement to acquire 100% of the Beschefer Property from Wallbridge Mining Company Limited. Pursuant to the terms of the option agreement, the Company can exercise the option to acquire the property by:

- Incurring $3,000,000 in exploration expenditures as follows:
    - $500,000 on or before the first anniversary (incurred);
    - $1,250,000 accumulated total on or before the second anniversary (incurred); and
    - $3,000,000 accumulated total on or before the fourth anniversary.
- Issuing 4,283,672 common shares of the Company as follows:
    - 750,000 common shares following the execution of the agreement (issued);
    - 750,000 common shares on the first anniversary (issued);
    - 750,000 common shares on the second anniversary; and

- 2,033,672 common shares on the fourth anniversary.

The Beschefer property is subject to a 1% and a 2% NSR on any future commercial production.

In October-November 2021, the Company announced the results from the maiden 5,000 metre drill program at the Beschefer Property. Drill highlights include:

- 4.92 g/t gold over 28.65 metres, including 11.39 g/t gold over 9.1 metre;
- 2.17 g/t gold over 13.2 metres, including 3.9 g/t gold over 5.6 metres, in the Central Shallow Zone;
- 2.01 g/t gold over 13.0 metres in an up-dip east Zone Extension hole; and
- 0.96 g/t gold over 19.9 metres, including 1.56 g/t gold over 7.0 metres.

In February 2022, the Company began a 4,000 metre drill program. In April 2022, the Company announced the results from the first 5 drill holes, including:

- 3.18 g/t gold over 12.08 metres, including 7.24 g/t gold over 2.65 metres in BE-22-21, which successfully extends the East Zone to the west;
- 3.2 g/t gold over 9.05 metres in BE-22-20 on the eastern strike extent of the Central Shallow Zone.

See the April 6, 2022 news release for details.

Overall Performance

The Company is an exploration stage issuer engaged in the business of acquisition, exploration and, if warranted, development of mineral properties. As such, the Company has not had any revenues since inception. The Company does not expect to generate any revenues in the foreseeable future. The Company expects to continue to incur expenses as work is performed to explore and develop its mineral property.

The Company is in the process of exploring its mineral properties and has not yet determined whether the mineral property contain reserves that are economically recoverable. The Company's future performance is largely tied to the outcome of future exploration and the overall financial markets.

The recoverability of minerals from the Company's mineral property is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to continue to explore and develop its property, and upon future profitable production. Uncertainty in credit markets has led to increased difficulties in raising and borrowing funds. As a result, the Company may have difficulties raising equity financing for the purposes of exploration and development of the Company's mineral property, without diluting the interests of current shareholders of the Company.

Selected Financial Information

Selected Annual Financial Information

The following is selected financial data derived from the audited financial statements of the Company as at June 30, 2022, 2021 and 2020 and for the three years ended June 30, 2022, 2021 and 2020.

	June 30, 2022 ($)	**June 30, 2021 ($)**	**June 30, 2020 ($)**
Total assets	4,579,852	4,188,554	2,338,921
Exploration and evaluation assets	4,144,068	2,136,199	815,425
Working capital	343,896	1,795,439	1,352,069

	Year ended June 30, 2022 ($)	Year ended June 30, 2021 ($)	Year ended June 30, 2020 ($)
Total revenues	Nil	Nil	Nil
Net and comprehensive loss	(245,985)	(740,348)	(254,913)
Loss per share	(0.01)	(0.02)	(0.01)

Summary of Quarterly Information

Three months ended	Total revenue ($)	Net and comprehensive income (loss) ($)	Income (loss) per share ($)
June 30, 2022	Nil	(183,148)	(0.00)
March 31, 2022	Nil	(82,400)	(0.00)
December 31, 2021	Nil	(39,732)	(0.00)
September 30, 2021	Nil	59,295	0.00
June 30, 2021	Nil	(127,868)	(0.00)
March 31, 2021	Nil	(259,763)	(0.01)
December 31, 2020	Nil	(71,945)	(0.00)
September 30, 2020	Nil	(280,772)	(0.01)

Results of Operations

Three Months Ended June 30, 2022 Compared with Three Months Ended June 30, 2021

The Company's net loss totaled $183,148 during the three months ended June 30, 2022, with basic and diluted loss per share of $0.00, compared a net loss of $127,868 with basic and diluted loss per share of $0.00 for the three months ended June 30, 2021. The increase in net loss was principally due to:

- Deferred tax expense increased to $139,000 for the three months ended June 30, 2022 (2021 - $105,000) due to increased impact of flow-through shares on the deferred tax liabilities.

Year Ended June 30, 2022 Compared with Year Ended June 30, 2021

The Company's net loss totaled $245,985 during the year ended June 30, 2022, with basic and diluted loss per share of $0.01, compared a net loss of $740,348 with basic and diluted loss per share of $0.02 for the year ended June 30, 2021. The decrease in net loss was principally due to:

- Consulting decreased to $10,188 for the year ended June 30, 2022 (2021 - $106,750) as less external consultants were used.

- Investor relations increased to $124,036 for the year ended June 30, 2022 (2021 - $82,559) due to increased marketing during the period.

- Share-based payments decreased to $161,241 for the year ended June 30, 2022 (2021 - $314,827). Share-based payments will vary depending on the vesting of stock options granted.

- Reversal of flow-through premium increased to $296,997 for the year ended June 30, 2022 (2021 - $42,807). Reversal of flow-through premium is related to the reduction of the premium on flow-through shares based on qualifying exploration expenditures incurred during the period.

Liquidity and Capital Resources

As at June 30, 2022, the Company had working capital of $343,896 (June 30, 2021 - $1,795,439).

On December 20, 2021, the Company issued 3,967,999 Quebec flow-through units at a price of $0.15 per unit for gross proceeds of $595,200. Each unit was comprised of one common share and one-half warrant exercisable at $0.20 per share until 2 years after closing. The Company incurred a cash share issuance cost of $36,750 and issued 245,000 broker warrants exercisable at $0.15 per share until 3 years after closing.

On February 15, 2022, the Company granted 2,000,000 stock options to directors, officers and consultants of the Company. The stock options grant the holder the option to purchase one common share on the Company at a price of $0.15 per share for a period of 3 years from the grant date, vesting immediately.

The Company is always assessing its opportunities in this regard and will decide its course of action as its needs arise. In order to meet the Company's current and future plans for its mineral property interests, as well as meet its administrative overhead, for the near term, the Company will be required to complete a financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company. See "Risk Factors" and "Caution Regarding Forward-Looking Statements".

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements as at June 30, 2022 or as of the date of this report.

Related Party Transactions

(i) During the year ended June 30, 2022, the Company incurred consulting fees of $10,188 (year ended June 30, 2021 - $24,750) and consulting fees included in exploration and evaluation assets of $64,812 (year ended June 30, 2021 - $50,750) to a company controlled by the CEO. As at June 30, 2022, a total of $nil was owed to the CEO and this company (June 30, 2021 - $35,608) and this amount was recorded in accounts payable and accrued liabilities.

(ii) During the year ended June 30, 2022, the Company paid professional fees and general and administrative of $42,188 (year ended June 30, 2021 - $42,113) to Marrelli Support Services Inc., DSA Corporate Services Inc. and DSA Filing Services Limited, together known as the "Marrelli Group", for Eric Myung, an employee of Marrelli Group, to act as the Chief Financial Officer of the Company, bookkeeping services, regulatory filing services, and corporate secretarial services.

As at June 30, 2022, $1,243 was owed to the Marrelli Group (June 30, 2021 - $1,158) and this amount was recorded in accounts payable and accrued liabilities.

(iii) During the year ended June 30, 2021, the Company recorded share-based payments of $108,838 (2021 - $nil) for its directors and officers.

Proposed Transactions

As of the date of this report, there were no proposed transactions.

Commitments

In connection with the flow-through share financings in July 2020, November 2020 and December 2021, the Company is committed to incur qualifying Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) of a total of $2,260,050 by December 31, 2022. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures.

As at June 30, 2022, the Company is required to incur $nil (June 30, 2021 - $1,377,000) of qualifying exploration expenditures.

Financial 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:

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 exposures to credit risks are on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks 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 a major bank that is a high credit quality financial institution, as determined by rating agencies.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign currency exchange rates, commodity prices, interest rates and liquidity. A discussion of the Company's primary market risk exposures, and how those exposures are currently managed, follows:

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has no US dollar hedging program due to its exposure to financial gain or loss as a result of foreign exchange movements against the Canadian dollar.

Commodity price risk

Commodity prices, and in particular gold spot prices, fluctuate and are affected by factors outside of the Company's control. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. As at June 30, 2022, the Company has a working capital of $343,896 (June 30, 2021 - $1,795,439). The Company's ability to continue as a going concern is dependent on management's ability to raise additional funding through future debt or 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. The Company is exposed to liquidity 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. There have been no changes to the Company's capital management during the years ended June 30, 2022 and 2021.

Share Capital

	October 17, 2022	June 30, 2022	June 30, 2021
Common shares	37,676,061	37,676,061	32,958,062
Stock options	3,300,000	3,300,000	1,300,000
Warrants	5,163,188	7,213,280	7,419,281
Broker warrants	834,676	834,676	589,676

Economic Conditions

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global gold prices;
- Demand for gold and the ability to carry out mineral exploration;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this MD&A, the Canadian federal government and the provincial government of Ontario and Quebec have not introduced measures that have directly impeded the operational activities of the Company. Management believes the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Outlook

The resource sector is currently experiencing a broad-based downturn as a result of the significant risk of a global recession brought about by record inflation and rapidly rising interest rates. In this environment investment in the junior resource sector is greatly impaired. The value of the gold and other metals are also volatile and could decline further. The Company is mindful of the current market environment and is managing accordingly. See "Risk Factors".

Although there can be no assurance that additional funding will be available to the Company, management believes that its projects are delivering positive results and should attract investment under normal market condition. Hence, management believes it is likely to obtain additional funding for its projects in due course.

Risk Factors

The Company is engaged in mineral exploration and related activities which, by their nature, are speculative due to the high-risk nature of the business and the present stage of its properties. The Company's operations and financial performance are subject to the normal risks of mineral exploration and are subject to various factors which are beyond the control of the Company. The Company is engaged in mineral exploration activities which, by their nature, are speculative due to the high-risk nature of the Company's business. Consequently, the Company's common shares should be considered a highly speculative investment due to the nature of the Company's business. Such risk factors could materially affect the Company's future financial results and could cause actual results and events to differ materially from those described in forward-looking statements and forward-looking information relating to the Company or the business, property or financial results, any of which could cause investors to lose part or all of their investment in the Company.

The risks described below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely impact the Company's business, operations, financial results or prospects, should any such other events occur.

The Company may not have sufficient funds to develop its mineral properties or to complete further exploration programs.

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even if there is a combination of careful evaluation, experience and knowledge may not be eliminated. Mineral exploration is expensive and major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities.

The Company has limited financial resources from which to satisfy expenditures and its business strategy will likely require additional substantial capital investment. The Company currently generates no operating revenue, and must finance exploration activity and the development of its mineral properties by other means. The sources of external financing that the Company may use for these purposes include public or private offerings of equity or debt. Financing for the Company's activates may not be available on acceptable terms, or at all.

In the future, the Company's ability to continue exploration and development activities, if any, will depend on its ability to obtain additional external financing. Any unexpected costs, problems or delays could severely impact the Company's ability to continue exploration and development activities, and obtain additional financing.

Negative Cash Flow from Operations.

Since inception, the Company had negative cash flow from operating activities. The Company expects negative cash flow for future periods.

The Company will incur losses for the foreseeable future.

The Company expects to incur losses unless and until such time as its mineral projects generate sufficient revenues to fund continuing operations. The exploration and development of the Company's mineral properties will require the commitment of substantial financial resources that may not be available. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the acquisition of additional property interests, some of which are beyond the control of the Company. The Company cannot provide assurance that it will ever achieve profitability.

The Company's mining and exploration activities and future mining operations are, and will be, subject to operational risks and hazards inherent in the mining industry.

The Company's business is subject to a number of inherent risks and hazards, including: environmental hazards; industrial accidents; labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations or the implementation of new laws and regulations; natural phenomena, such as inclement weather conditions, above or under-ground floods, earthquakes, pit wall failures, ground movements, tailings pipeline and dam failures and cave-ins; and unusual or unexpected geological conditions and technological failure of mining methods. The Company may also contract for the transport of mineral products which will expose the Company to risks inherent in transportation, including loss or damage of transportation equipment and spills of cargo. There is no assurance that the foregoing risks and hazards will not occur or, should they occur, that they will not result in damage to, or destruction of, the properties and assets of the Company, personal injury or death, environmental damage, delays in or interruption of or cessation of production from the properties or impairment of the Company's exploration or development activities, which could result in unforeseen costs, monetary losses, potential legal liability and adverse governmental action, all of which could have a material and adverse impact on the Company's cash flows, earnings, results of operations, financial condition and prospects.

The Company cannot guarantee that its projects will become a commercially viable mine, or that it will discover any commercially viable mineral deposits.

Mineral exploration and development projects are highly speculative and are characterized by a number of significant inherent risks, which even a combination of careful evaluation, experience and knowledge may not eliminate and may result in the inability to develop a project. These risks include, among other things, unprofitable efforts resulting not only from the failure to discover mineral resources, but also from finding mineral resources that are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, flooding, fires, power outages, lack of water, labour disruptions, civil instability and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in mining operations and the conduct of exploration and development programs, as well as the inability to obtain required capital. There is no assurance that the foregoing risks will not occur and inhibit, delay or cease the development of the Company's exploration or development activities, all of which could have an adverse impact on the Company's business, results of operations, financial condition and prospects.

The Company has no mineral properties in production or under development.

The Company does not currently have mineral properties under development. If the development of the Company's properties is found to be economically feasible, the Company will be required to engage in the construction and operation of mines, processing plants and related infrastructure. As a result, the Company will continue to be subject to all of the risks associated with establishing new mining operations, including:

- unexpected variations in grade and material mined and processed;
- unexpected variation in plant performance;
- potential unrest and other hostilities in the area where the Company's mineral properties are located which may delay or prevent development activities;
- uncertainty regarding the timing and cost of the construction of mining and processing facilities;

- the inability to establish and build the necessary infrastructure, particularly adequate water and power supply;
- the inability to source skilled labour and mining equipment;
- the inability to obtain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits;
- the unavailability of funds to finance development and construction activities;
- opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities; and
- potential increases in operating costs due to changes in the cost of fuel, power, water materials and supplies and changes in capital costs due to changing operational plans and supply inputs.

Cost estimates to develop a project may increase as more detailed engineering work is completed on a project. It is common in new mining operations to experience unexpected costs, problems and delays during construction, development and mine start-up. In addition, delays in the early stages of mineral production often occur. Accordingly, the Company cannot provide assurance that its activities will result in mining operations at its mineral properties.

The mineral deposits on the Company's properties may not be commercially viable.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which depend on the particular attributes of the deposit (such as its size and grade), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of minerals and environmental protection). The effect of these factors cannot be accurately predicted, but a combination of these factors may result in the Company not receiving an adequate or any return on invested capital.

Limited infrastructure and mining supplies could adversely affect future operations.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, power sources and particularly water supply are important determinants that affect capital and operating costs. Process reagents, such as sulphuric acid, as well as fuel, will need to be imported. An inability to create or access such infrastructure due to weather phenomena, sabotage, government or other interference could adversely affect the operations, profitability, financial condition, results of operations and prospects of the Company.

First Nation Land Claims

The Horizon Property and the Bonanza Property may now, or in the future, be the subject of First Nations land claims. The Horizon Property and the Bonanza Property are each located in areas known for strong First Nations' concerns that could prove to be a problem for any extensive development on the Horizon Property and the Bonanza Property. The legal nature of Aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the Horizon Property and the Bonanza Property cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of Aboriginal rights in the area in which the Horizon Property and the Bonanza Property are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company will at some point be required to negotiate with First Nations and seek the approval of holders of Aboriginal interests in order to facilitate exploration and development work on the Horizon Property and the Bonanza Property, and there is no assurance that the Company will be able to establish a practical working relationship with the First Nations in the area which would allow it to ultimately develop the Horizon Property and the Bonanza Property.

The Company's operations are subject to environmental regulation which may impose costs on the Company and restrict the Company's operations.

The Company's operations are subject to environmental regulation including regular environmental impact assessments and the requirement to obtain and maintain certain permits. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and health and safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting requirements are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees.

Resignations by key personnel would materially impact the Company.

The Company believes that its growth and success depends in significant part on the continued employment of the Company's executive officers and key technical personnel. The Company must also continue to attract and retain key management, technical, finance and operating personnel. Experienced management and other highly skilled personnel are in great demand. If the Company is unable to attract or retain key personnel, it could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company requires further licenses to exploit resources.

The Company's exploration activities are dependent upon the grant of appropriate authorizations, licences, permits and consents, as well as continuation of the authorizations, licences, permits and consents already granted, which may be granted for a defined period of time, or may not be granted or may be withdrawn or made subject to limitations. While the Company believes that it has all of the appropriate authorizations, licenses, permits and consents that it requires to run its current business, any expansion of the Company's activities could require the granting of additional authorizations, licenses, permits and consents. Furthermore, obtaining a license could take a significant period of time. There can be no assurance that all necessary authorizations, licenses, permits and consents will be granted to the Company on a timely basis or at all, or that authorizations, licenses, permits and consents already granted will not be withdrawn or made subject to limitations, which could, in turn, have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may become subject to litigation.

All industries, including the mining industry, may be made subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Additional Information

Additional information related to the Company is available on SEDAR at **www.sedar.com**.