QNB METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three months ended July 31 2024

Index

This management discussion and analysis (”MD&A”) of QNB Metals Inc., (“QNB Metals” or “QNB” or the “Company”) provides information that management believes is relevant to the assessment and understanding of the Company's results of operation and financial condition for three months ended July 31, 2024.

This MD&A complements the unaudited condensed interim financial statements for the three months ended July 31, 2024 which were prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). This MD&A should be read in conjunction with the Company's unaudited financial statements and corresponding notes for the three months ended July 31, 2024. This MD&A is prepared as at September 27, 2024.

The financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Board of Directors on September 27, 2024.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

The shares of QNB Metals are listed on the Canadian Securities Exchange (“CSE”) under the symbol "TIM".

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Canadian Metals, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks. The preliminary assessments contained in the Technical Report referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

NATURE OF ACTIVITIES:

QNB Metals Inc. was incorporated under the Canada Business Corporations Act on October 19, 2020. The Company was incorporated as the target company for certain assets that are to be spun out from Canadian Metals Inc. ("CME"). The Company is a wholly owned subsidiary of CME. The address of its head office is located at 2700-1000 rue Sherbrooke O Montréal (Québec) H3A3G4 Canada. The Company's shares are currently traded on the Canadian Securities Exchange under the symbol "TIM".

QNB is engaged in the business of exploration of the Kingsville Salt Property in Nova Scotia.
The Kingsville Salt Deposit is located at Kingsville, on Nova Scotia's Cape Breton Island, approximately 20 km north of the Port Hawkesbury / Point Tupper industrial area on the Strait of Canso.

EXPLORATION HIGHLIGHTS:

No material exploration activities were conducted during the three months ended July 31, 2024 and subsequently up to the date of this MD&A – September 27, 2024.

FINANCIAL CONDITION:

The following selected financial information is derived from our audited financial statements for each of the most recently completed financial periods.

	Three months ended July 31, 2024	Three months ended July 31, 2023
Statements of comprehensive loss		
Operating expenses (income)	64,676	443,949
Net loss (income)	64,676	443,949
Loss per share Basic and diluted	0.00	0.03

	July 31, 2024	July 31, 2023
Statements of financial position		
Cash	27,340	19,621
Accounts Receivables & Prepaid Expenses	33,872	71,851
Advance to related parties	0	0
Total assets	61,211	91,472
Total liabilities	614,404	579,989
Equity	-553,193	-488,517

The basic and diluted loss per share during the three months ended July 31, 2024 is $0.00 ($0.03 during three months ended July 31, 2023). During the three months ended July 31, 2024 the Company realized a net income and comprehensive loss of $64,676 as compared to a net loss and comprehensive loss of $443,949 for the three months ended July 31, 2023 (a decrease of $379,273 compared to 2023). The main reasons behind the increase are:

a) Decrease in Exploration and evaluation expenses amounting to $351,350;
b) Decrease professional fees including legal and audit expenses amounting to $28,128;
c) Increase in management fees amounting to $2,833 mainly due to incurrence of managerial remuneration

towards marketing that was not incident during the previous period;

d) Filing fees increased by $1,087;

e) Other administrative expenses reduced by $3,715.

Management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period then ended. The unaudited condensed interim financial statements as at July 31, 2024 indicates Cash of $27,340 (April 30, 2024: $19,621); Sales Tax Receivable of $33,872 (April 30, 2024: $71,851) resulting in total current assets of $61,211, a decrease of $30,261 from April 30, 2024 balance of $91,472.

The Company's current liabilities as at July 31, 2024 are its trade accounts payable and accrued liabilities of $614,404 which is an increase of $34,415 from April 30, 2024 balance of $579,989. Equity attributable to shareholders of the Company is $(553,193), a decrease of $64,676 from April 30, 2024 balance of $(488,517), and is comprised of share capital of $1,290,779 (Previous Year: $1,290,779), Warrants Reserve $80,067 (Previous Year: $$80,067), Share options of $33,000 (Previous Year : $33,000); less the deficit of $1,892,363 (Previous Year: $1,892,363).
All costs associated with mineral properties have been charged in the profit and loss account.

SELECTED QUARTERLY FINANCIAL INFORMATION:

QNB anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our financial statements for each of the two most recently completed financial years.

	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2
Statements of comprehensive loss								
Operating expenses (income)	**64,676**	169,941	76,840	274,684	443,949	160,270	59,699	77,342
Net loss (income)	**64,676**	169,941	76,840	274,684	443,949	160,270	59,699	77,342
Loss per share Basic and diluted	**0.00**	0.01	0.00	0.02	0.02	0.01	0.01	0.01

	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2
Statements of financial position								
Cash	**27,340**	19,621	22,316	38,913	4,872	1,440	7,476	46,892
Accounts Receivables & Prepaid Expenses	**33,872**	71,851	57,216	53,094	46,290	38,294	37,671	29,798
Total assets	**61,211**	91,742	79,531	92,007	51,162	39,734	45,147	76,689
Total liabilities	**614,404**	579,989	395,217	330,852	254,972	197,671	103,313	75,157
Equity	**-553,193**	-488,517	-315,685	-238,845	-203,809	-157,937	-58,167	1,533

The net loss of $64,676 in Q1 2025 is mainly on account of Management fees incurred.
The net loss of $169,941 in Q4 2024 is mainly due to higher professional fees incurred during the quarter.

The net loss of $274,684 in Q2 2024 is mainly due to the fair value of shares issued pursuant to the agreement signed by the Company to acquire the Kingsville Salt property.

The net loss of $443,949 in Q1 2024 is mainly due to the fair value of shares issued pursuant to the options agreements signed by the Company to expand the Goodwin properties. The fair value of the shares issued has been charged to the Exploration and evaluation expenses as per the accounting policy.

The net loss of $67,534 for Q1 2023 is mainly on account of expenses towards Management fees, $41,001, Legal and Audit expense of $18,384. The other small expenses includes Insurance of $3,125 and Filing fees of $4,709.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Working Capital is a non- GAAP financial information being the difference between Current Assets and Current Liabilities. Working Capital at July 31, 2024 of $(553,193) represents a decrease of $64,676 from the levels of April 30, 2024 of $(488,517). This decrease in working capital is mainly due to accumulation of liabilities that are yet to be paid.

Capital Resources

Equity attributable to shareholders of the Company is $(553,193), a decrease of $64,676 from April 30, 2024 balance of $(488,517), and is comprised of share capital of $1,290,779 (Previous Year: $1,290,779), Warrants Reserve $80,067 (Previous Year: $$80,067), Share options of $33,000 (Previous Year : $33,000); less the deficit of $1,892,363 (Previous Year: $1,892,363).

RELATED PARTY TRANSACTIONS:

Transactions with key management

Key management personnel of the Company comprise of the members of the board of directors, as well as the President and Chief Executive Officer and the Chief Financial Officer ("CFO").

The remuneration of key management personnel includes the following expenses:

	July 31, 2024 **$**	**April 30, 2024** **$**
Management fees	49,500	46,667

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

As at July 31, 2024, trade accounts payable and accrued liabilities include $341,073 payable to key management personnel (April 30, 2024: 291,573).
These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.
Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

CONTINGENCIES:

Governmental laws and regulations regarding environmental protection regulate the Company's operations. The environmental consequences are not easily identifiable, either in terms of results, the impacts or the expiration date. Currently, and to the best knowledge of its management, the Company is in conformity with current laws and regulations.

FUNCTIONAL AND PRESENTATION CURRENCY:

The selected annual financial information selected quarterly financial information and other financial information are presented in Canadian dollars, the Company's functional currency.

OFF-FINANCIAL POSITION ARRANGEMENTS:

As at July 31, 2024, the Company does not have any off-financial position arrangements.

ADOPTION OF STANDARDS

On February 12, 2021, the IASB issued amendments to IAS 1 to assist entities in determining which accounting policies to disclose in the financial statements. The amendments to IAS 1 require that an entity disclose its material accounting policies instead of its material accounting policies and explain how an entity can identify a material accounting policy to produce financial statement disclosures for the benefit of the primary users of the financial statements. The amendments apply to annual reporting periods beginning on or after January 1, 2023. There was no material impacts on the Corporation's consolidated financial statements.

Definition of accounting estimates (Amendments to IAS 8) – On February 12, 2021, the IASB issued amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to assist entities to distinguish between accounting policies and accounting estimates. The amendments introduce a definition of "accounting estimates" and confirm that a change in an accounting estimate that results from new information or new developments is not the correction of an error, while also helping entities distinguish a change in an accounting estimate from a change in accounting policy. The amendments apply to annual reporting periods beginning on or after January 1, 2023. There was no material impacts from the adoption of this standard on the Corporation's consolidated financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1"), was amended in January 2020. The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify the definition of a right to defer settlement and specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments are effective for annual periods beginning on or after January 1, 2024. The amendments must be applied retrospectively in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Earlier application is permitted. There was no significant impact from the implementation of these amendments on the Corporation's balance sheet presentation.

In June 2023 the ISSB issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, which requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital. At the same time the ISSB issued IFRS S2 Climate-related Disclosures, with the same disclosure requirements as IFRS S1 but for climate-related risks and opportunities. For Canadian entities, there is currently no mandatory requirement to comply with the ISSB Standards. Canadian authorities including the CSSB and the CSA will decide on application in Canada. The Corporation will continue to assess the potential impact of these two new disclosure requirements which are not expected to have a significant impact on the Corporation's consolidated financial statements.

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements

GOING CONCERN ASSUMPTION:

The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future.

	Three months ended July 31 2024	Year ended April 30, 2024
	$	$
Net Loss and Comprehensive Loss for the year	**64,676**	**965,414**
Deficit	**(1,957,040)**	**(1,892,363)**
Working Capital Surplus / (Deficiency)	**(553,193)**	**(488,517)**

There exist material uncertainties that cast significant doubt regarding the Company's ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material. Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months from the date of the financial position.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES:

None

OUTSTANDING SHARE CAPITAL:

DISCLOSURE OF OUTSTANDING SHARE DATA (As At September 27, 2024)

Outstanding common shares:	26,449,961
Share price	$0.055
Outstanding warrants:	2,150,000

In June 2023, the Company entered into 2 Option Agreements pursuant to which 3,100,000 shares were issued. Based on the prevailing share prices at the date of the grant, the fair value of the shares estimated at $341,000 have been recorded as increase in share capital. The summary of the 2 Option Agreements are as follows:

Property	Goodwin Property	
Effective Date	06/12/2023	
Payment from Effective Date	**Shares**	**Cash**
Immediate (June 2023 - issued)	3,100,000	10,350
1st Anniversary	100,000	10,000
2nd Anniversary	100,000	10,000
3rd Anniversary	200,000	20,000
Total	3,500,000	50,350

These Option Agreements were terminated during February 2024.

In June 2023, the Company completed a private placement of 1,300,000 units at a price of $0.05 per unit. Each unit comprised one share and one warrant. Additionally, $21,665 incurred towards legal expenses were recorded as share issuance costs.

The fair value of one warrant at the date of the closing was estimated at $0.04 using the Black Scholes option pricing model with a volatility of 276% and a risk free rate of 4.83%.

In October 2023, the Company acquired 100% interest in the Kingsville's Salt property located in Nova Scotia, Canada by issuance of 9,000,000 shares. The Company also issued 900,000 shares as Finders Fees pursuant to the above transaction. Accordingly an amount of $198,000 was expensed as Exploration and Evaluation expenses being the fair value of the shares issued.

In October 2023, the Company completed a private placement of 850,000 units at a price of $0.05 per unit. Each unit comprised one share and one warrant. Additionally, $851 incurred towards legal expenses were recorded as share issuance costs.

The fair value of one warrant at the date of the closing was estimated at $0.032 using the Black Scholes option pricing model with a volatility of 392% and a risk free rate of 4.34%. In November 2023, the Company signed an option to acquire a 100% interest in the Havre Aubert East property located in the Magdalen Islands in the Province of Quebec, Canada. Pursuant to this transaction, 500,000 shares were issued. Based on the prevailing share prices at the date of the grant, the fair value of the shares estimated at $10,000 have been recorded as increase in share capital. The summary of the option agreements is as follows:

Property	Havre Aubert East property	
Effective Date	11/16/2023	
Payment from Effective Date	**Shares**	**Cash**
Immediate (November 2023 - issued)	500,000	-
On or before April 30, 2024	-	15,000
On or before 1st Anniversary	500,000	25,000
On or before 2nd Anniversary	1,000,000	40,000
On or before 3rd Anniversary	1,000,000	40,000
Total	3,000,000	120,000

These Option Agreement was terminated during February 2024.

WARRANTS:

Pursuant to the private placement in June 2023, the Company issued 1,300,000 warrants). Each warrant is exercisable into one common share at a price of $0.40 and shall expire in 2 years.

Details of common share purchase warrants outstanding are as follows:

	July 31, 2024		**April 30, 2024**	
	Number of Warrants Nos	**Weighted average exercise price $**	**Number of Warrants Nos**	**Weighted average exercise price $**
Outstanding - beginning of period	2,150,000	0.40	2,682,700	0.18
Granted	-	-	2,150,000	0.40
Expired	-	-	(2,682,700)	0.18
Outstanding - end of period	2,150,000	0.40	2,150,000	0.40

As at July 31, 2024, the following share purchase warrants were outstanding:

	July 31, 2024		**April 30, 2024**	
Expiry date	**Number of Warrants Nos**	**Exercise price $**	**Number of Warrants Nos**	**Exercise price $**
Jun-25	1300000	0.40	1300000	0.40
Oct-25	850,000	0.40	850,000	0.40
	2,150,000	0.40	2,150,000	0.40

USE OF ESTIMATES AND JUDGEMENTS: CRITICAL ESTIMATES:

The preparation of the financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 3 of the Company's annual audited financial statements for the three months ended July 31, 2024 for a more detailed discussion of the critical accounting estimatesand judgments.

RISK AND UNCERTAINTIES:

An investment in the common shares of the QNB should be considered highly speculative. QNB Metals issubject to a variety of risks, some of which are described below. If any of the following risks occur, the business,results of operations or financial condition could be adversely affected in a material manner.

Credit risk

Credit risk is the risk that the other party to a financial instrument fails to honour one of its obligations and, therefore, causes the Company to incur a financial loss.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

Credit risk of cash and is considered negligible, since the counterparty is a reputable bank with excellent external credit rating.

None of the Company's financial assets is secured by collateral or other credit enhancements.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past and during the year, the Company has financed its acquisitions of mining rights, exploration costs and working capital needs through private financings (issuance of shares and convertible debentures).

Exploration and mining risks

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration and evaluation stage only. The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

RISK AND UNCERTAINTIES (CONTINUED):

Titles to property

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

According to the mining law and regulations of the Province of Québec, to renew its claims, the Company must incur a minimum of exploration expenditures and must pay the Québec government, a rent per claim, for every 2 years renewal period. Between the date of this MD&A and July 31, 2024, no claim will need to be renewed

for a negligible amount and will not require additional exploration expenditures because the Company has met the requirement.

Permits and licenses

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Metal prices

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Environmental regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

RISK AND UNCERTAINTIES (CONTINUED):

Conflicts of interest

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and 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 or 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 interest and abstain from voting on such matter. 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 that time.

Stage of development

The Company's properties are in the exploration stage and to date none of them has a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future, there is no assurance that it will produce revenue, operate profitably or provide areturn on investment.

Industry conditions

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

Uninsured risks

The Company's business is subject to a number of risks and hazards, including environmental conditions adverse, environmental regulations, political uncertainties, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such asinclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Capital needs

The exploration and evaluation, development, mining and processing of the Company's properties may require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position.

In addition, any future equity financings by the Company may result in a substantial dilution of the existing shareholders. Failure to obtain sufficient financing may result in delaying or indefinite postponement of further exploration and evaluation, development or production on any or all of the Company's properties or even a loss of property interest.

RISK AND UNCERTAINTIES (CONTINUED):

Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Canada Revenue Agency

No assurance can be made that Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

Signed: Stephane Leblanc