HERCULES

RESOURCES CORP.

MANAGEMENT DISCUSSION & ANALYSIS

For the six months ended March 31, 2024

This management's discussion and analysis of financial position and results of operations ("MD&A") is prepared as at May 28, 2024 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended March 31, 2024 of Hercules Resources Corp. ("Hercules" or the "Company") with the related notes thereto. Those unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements and, as a result, do not contain all disclosure required under IFRS for annual financial statements. Accordingly, readers may want to refer to the September 30, 2023 audited annual financial statements and the accompanying notes.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. Additional information on the Company is available for viewing on SEDAR+ at www.sedar.com

Description of Business

The Company was incorporated on January 13, 2021 pursuant to the provisions of the BCBCA. The Company is a minerals exploration company involved in the exploration and development of mineral properties including the initial MP Copper Property. In October 2023, the Company entered into a Letter of Intent ("LOI") to acquire a 51% interest in the P3 Los Tres mineral concession code 10000775, located at Ponce Enriquez mining district, province of Azuay, La Independencia parish, Republic of Ecuador. Consideration for the property purchase is $320,000 (U.S.) plus a proportional share of payments still owed to the property vendors. The additional payments are expected to come from alluvial gold production. At present none of the Company's mineral properties are at commercial development or production stage.

Subsidiary

On March 4, 2024, the Company incorporated its wholly owned Canadian subsidiary 1469127 BC Ltd. All intercompany amounts are eliminated on consolidation. As of the date of this MD&A, 1469127 B.C. Ltd. has no assets.

Mineral Properties

P3 Los Tres Mineral Concession

On September 22, 2023, the Company entered into a binding Letter of Intent ("P3 LOI") with Audax Advisory Group Corporation ("Audax") to acquire a 51% interest (the "Controlling Interest") in the P3 Los Tres Mineal Concession Code 10000775, located at Ponce Enriquez Mining District, Province of Azuay, La Independencia Parish, Republic of Ecuador (the "P3 Property"). Audax has entered into an irrevocable promise of transfer of rights ("IPTR") to acquire a 100% interest in the P3 Property from the underlying property vendors, at such time as all payments have been made to the vendors, at least two years has passed since the date of grant (September 27, 2023) and provided that the transfer is authorized by the Mining Regulation and Control Agency, in accordance with the requirements of the Mining Law of 2009 (Ecuador) . The P3 Property has been granted under the small-scale mining regime in Ecuador which permits small scape operation and limits production capacity for metallic ores to up to 300 tons per day in underground mining, up to 1,000 tons per day in open pit mining and up to 1,500 cubic meters per day in alluvial mining

As consideration for the Controlling Interest, the Company will pay US$310,000 plus a proportional share of payment still owed to the underlying property vendor under the IPTR ("Additional Payments"). The Additional Payments are expected to come from the proceeds of alluvial gold production from the P3 Property. The Company will also be granted by Audax and its partners, a transferable option to acquire 19% additional interest in the P3 Property, this option will be exercisable for a period of 1 year from the date of a definitive agreement in respect of the proposed transaction (the "Definitive Agreement"), which has yet to be executed. Exclusivity under the P3 LOI has expired, but the parties continue to work towards the completion of the Definitive Agreement. At anytime, but only following the cash payments totalling US$320,000, the Company is granted the option to withdraw from any further funding and initiate steps to divest of their interest in the concession.

Upon Registration of Title ("Registration") and closing of a Definitive Agreement, the Company will issue $50,000 worth of common shares of the Company as a success fee to Audax.

Cash Payment schedule for Controlling Interest

		US$
On execution of LOI (paid)	$	35,000
Title of P3 Los Tres is duly registered (paid)		75,000
To bring alluvial into production following 43-101 Report and registered title (paid US$40,000)		210,000
Total	$	320,000

P3 Additional Payment schedule

Date		US$
6 months after Registration	$	100,000
9 months after Registration		100,000
12 months after Registration		150,000
15 months after Registration		175,000
20 months after Registration		175,000
26 months after Registration		200,000
Total	$	900,000

Upon execution of a Definitive Agreement and acquisition of the Controlling Interest, Hercules would pay 51% of the above noted additional payment schedule for the P3 Property, which is expected to be come from its Alluvial Production revenue. Additionally, the Company would pay 51% of vein production costs expected to total US$400,000, through its Alluvial Production revenue.

VMP Project

On February 26, 2024, the Company entered into a Binding Letter of Intent ("VMP LOI") to acquire 20% of the US entity (the "Acquiror") which holds an IPTR to acquire the VMP project from the underling property vendors, from True North Liberty SRS, for US$650,000. The VMP Project spans a total surface area of 162 hectares and is formed by three, seamlessly contiguous mining concessions; "VMP" (154 hectares), "Dos Rios" (4 hectares), and "Procel" (4 hectares), with one current concession application for Fredy adding 4 additional hectares. Due Diligence is ongoing, and no payments have been made to the vendor. The concessions forming the VMP project will not be transfer to the Acquiror until such time as all payments have been made to the underlying vendors, at least two years has passed since the date of grant for each concession and provided that the transfer is authorized by the Mining Regulation and Control Agency, in accordance with the requirements of the Mining Law of 2009 (Ecuador).

The Dos Rios and Procel concessions have been granted under the artisanal mining regime and the VMP concessions is granted under the small scale mining regime as described above at "*P3 Los Tres Mineral Concession"*. Before the Dos Rios and Procel concessions may be transferred to any third party, they must first be amended to be concessions under the small scale mining regime.

Equity Drawdown Facility Agreement

In April 2024, the Company signed a Definitive Agreement for a $5million credit facility with Crescita Capital LLC ("Crescita"). Pursuant to the terms of the agreement, the Company will pay (i) an upfront commission of $300,000, representing 6% of the amount available under the equity investment facility, which shall be paid through the issuance of 1,142,857 common shares of the Company at a deemed price of $0.2625 per share (issued) and (ii) an initial consulting fee of $2,500, which will be paid through the issuance of 9,524 common shares at a deemed price of $0.2625 per share (issued). The term of the agreement is for three years. The Company can draw down funds from the equity investment facility from time to time during the term at its discretion by providing a notice to Crescita and issuing units to Crescita in exchange. The units issued in connection with any private placement will be priced at 85% of the average closing bid price over the 10 days of trading following the drawdown notice. The amount requested in each drawdown notice cannot exceed 500% of the average daily trading volume of the pricing period. The units will comprise one common share and one-half of a share purchase warrant. The warrants will be exercisable for a period of three years from their date of issuance at an exercise price equal to the greater of 125% of the issuance and the minimum price permitted by the policies of the exchange on the date of the applicable drawdown notice.

CorpComm Agreement

In March, 2024, the Company signed a marketing agreement with CorpComm Services Limited ("CorpComm") for an extensive marketing campaign. The initial compensation of $50,000 (paid) for 4 weeks service and material preparation, then up to $400,000 per month maximum with no minimal spend requirement. The marketing campaign automatically renews monthly, but can be paused at any time. Per the terms of the agreement, the amortized monthly cost of the agreement cannot exceed 20% of the Company's working capital at the beginning of that period, as calculated via a proportional budget analysis.

Results of Operations

During the three months ended March 31, 2024 ("current period"), the Company recorded a loss of $402,035 compared to $66,961 for the three months ended March 31, 2023 ("comparative period"). The significant changes are as follows:

- Consulting fees for the current period increased to $43,500 from $9,200 during the comparative period, a result of the Company hiring additional consultants to help the Company.
- Loss on the settlement of debt of $4,000 during the current period. No such transaction took place during the comparative period.
- Share-based compensation expense of $214,586 during the current period, from the grant of 1,775,000 stock options. No such transaction took place during the comparative period.

During the six months ended March 31, 2024 ("current six-month period"), the Company recorded a loss of $513,442 compared to $106,739 for the three months ended March 31, 2023 ("comparative six-month period"). The significant changes are as follows:

- Consulting fees for the current six-month period increased to $91,200 from $12,200 during the comparative six-month period, a result of the Company hiring additional consultants to help the Company.
- Loss on the settlement of debt of $7,652 during the current six-month period. No such transaction took place during the comparative six-month period.
- Property investigation costs of $7,123 during the current six-month period to review potential new exploration assets. No such transaction took place during the comparative six-month period.
- Share-based compensation expense of $214,586 during the current six-month period, from the grant of 1,775,000 stock options. No such transaction took place during the comparative six-month period.

Summary of Quarterly Results

The following table sets forth selected unaudited financial information prepared by management of the Company:

		March 31 2024		Dec 31 2023		Sept 30 2023		June 30 2023
Exploration and evaluation asset	$	225,118	$	215,987	$	48,300	$	253,612
Total assets		355,133		437,643		476,766		331,546
Working Capital (deficiency)		(15,859)		153,521		376,911		66,622
Loss for the period		(402,035)		(111,407)		(469,199)		(30,194)
Loss per share		(0.02)		(0.00)		(0.03)		(0.00)

		March 31 2023		Dec 31 2022		Sept 30 2022		June 30 2022
Exploration and evaluation asset	$	235,370	$	131,835	$	131,835	$	146,939
Total assets		486,600		299,822		384,358		443,057
Working Capital		115,058		121,385		171,928		232,902
Loss for the period		(66,961)		(39,778)		(57,402)		(28,512)
Loss per share		(0.00)		(0.00)		(0.00)		(0.00)

Highlights of the Company’s activities for the last eight quarters:

- On March 31, 2022, the Company completed a private placement of 2,750,000 common shares at a price of $0.10 per common share for aggregate gross proceeds of $275,000.

- On January 27, 2023, the Company became listed on the Canadian Stock Exchange (“CSE”) trading under the symbol “HERC”.

- In February 2023, and pursuant to the MP Copper Project Option Agreement, the Company issued 50,000 common shares valued at $0.10 per share, totalling $5,000.

- In August 2023, the Company completed the first tranche of a private placement, for gross proceeds of $290,500 through the issuance of 4,150,000 units, valued at $0.07 per unit. Each unit is comprised of one common share and one common share purchase warrant, exercisable at $0.12 per share, for a 24 month period.

- In September 2023, the Company completed the second tranche of a private placement, for gross proceeds of $150,000 through the issuance of 2,142,858 units, valued at $0.07 per unit. Each unit is comprised of one common share and one common share purchase warrant, exercisable at $0.12 per share, for a 24 month period.

- In September 2023, the Company settled $44,000 of debt, by way of the issuance of 517,647 common shares with a deemed value of $0.085 per share.

- In October 2023, the Company settled $12,000 of debt, by way of the issuance of 104,348 common shares a deemed value of $0.115 per share.

- During the quarter ended March 31, 2024, the Company issued 57,142 shares for the settlement of $12,000 in debt, issued 100,000 shares for the exercise of stock options for proceeds of $10,000 and received $3,450 from the exercise of 34,500 agents’ warrants.

Liquidity and Capital Resources

The Company's working capital deficiency position at March 31, 2024 was $15,859 compared to a working capital position of $376,911 at September 30, 2023. The decrease in working capital stems from the net cash outflows from operations of $185,639 and investing of $176,818, slightly offset by the received of $13,450 from the exercise of stock options and warrants.

As at March 31, 2024, the Company had current assets of $130,015 (September 30, 2023 - $428,466), total assets of $355,133 (September 30, 2023 - $476,766) and total liabilities of $145,874 (September 30, 2023 - $51,555). At March 31, 2024, the Company had no long-term debt outstanding. There are no known trends in the Company's liquidity or capital resources.

As the Company's current operations do not generate revenues, the Company will continue relying on equity and debt financing in order to meet its ongoing day-to-day operating requirements. There can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required at any particular time, or, if available, that it can be obtained on terms satisfactory to the Company.

Dividends

The Company has neither declared nor paid any dividends on any of its share capital. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its shares in the foreseeable future. The payment of dividends on the Shares in the future is unlikely and will depend on the earnings and financial conditions of the Company and such other factors as the Board may consider appropriate. There are no restrictions on the Company paying dividends or distributions, except those set out in the BCBCA.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no 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.

Related Party Transactions

During the six months ended March 31, 2024, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $5,000 (2023 - $22,000) to a director & the former CEO of the Company.

b) Paid or accrued professional fees of $2,000 (2023 - $7,700) to the former CFO & director of the Company.

c) Paid or accrued management fees of $40,000 (2023 - $Nil) to a director and CEO of the Company.

d) Paid or accrued professional fees of $28,000 (2023 - $Nil) to the CFO of the Company.

As at March 31, 2024 accounts payable and accrued liabilities included $46,338 (September 30, 2023 - $10,500) owing to directors and officers of the Company.

Key management includes directors, executive officers and officers of the Company. The Company paid or accrued fees to management or companies controlled by key management as follows:

		March 31, 2024		March 31, 2023
Management fees	$	40,000	$	9,000
Professional fees	$	30,000	$	2,720

Significant Accounting Policies and Critical Accounting Estimates

All significant accounting policies and critical accounting estimates are fully disclosed in Note 3 of the audited financial statements for the year ended September 30, 2023.

Outstanding Share Data

On April 4, 2024, the Company issued 12,137 common shares pursuant to the exercise of agents warrants, valued at $0.10 per warrant, for proceeds of $1,214.

On April 17, 2024, the Company issued 52,830 common shares pursuant to the settlement of $14,000 in debt, the shares were issued with a deemed value of $0.265 per share.

On April 26, 2024, the Company issued 1,152,381 common shares, with a deemed value of $0.2625 to Crescita, pursuant to the Equity Drawdown Facility Agreement.

On April 29, 2024, the Company issued 8,000 common shares pursuant to the exercise of agents warrants, valued at $0.10 per warrant, for proceeds of $800.

As of the date of this MD&A, the Company had the following securities issued and outstanding:

Type	Amount	Exercise Price	Expiry Dates
Common shares[(1)]	26,272,843	n/a	Issued and outstanding
Stock options	600,000	$0.10	August 21, 2028
Stock options	1,775,000	$0.155	September 17, 2029
Non-transferable agent warrants	199,463	$0.10	January 27, 2025
Warrants	6,292,958	$0.12	August 17, 2025 – September 22, 2025
	35,140,164		Total shares outstanding (fully diluted)

(1) Authorized: Unlimited common shares without par value.

Additional Disclosure for Venture Issuers without Significant Revenue

The following table sets forth certain financial information for the Company, which has been derived from the Company's financial statements as contained in this MD&A. This summary should be read in conjunction with the Company's financial statements, including the notes thereto, included elsewhere in this MD&A.

The following table details the Company's expenditures for the year ended September 30, 2023 and six months ended March 31, 2024 in respect of the MP Copper Project, which was the Company's sole mineral property, prior to the option agreement to acquire the P3 property:

	MP Copper Project	P3 Project	Total
	$	$	$
Acquisition costs			
Balance, September 30, 2022	25,000	-	25,000
Additions	5,000	48,300	53,300
Additions	(30,000)	-	15,000
Balance, September 30, 2023	-	48,300	48,300
Additions	-	176,818	176,818
Balance, March 31, 2024	-	225,118	225,118
Exploration costs			
Balance, September 30, 2022	106,835	-	106,835
Geological	126,008	-	126,008
Mineral exploration tax credit	(37,802)	-	(37,802)
Write-off of exploration and evaluation assets	(195,041)	-	(195,041)
Balance, September 30, 2023 and March 31, 2024	-	-	-
Total exploration and evaluation assets, September 30, 2023	-	48,300	48,300
Total exploration and evaluation assets, March 31, 2024	-	225,118	225,118

Risk Factors

The risk and uncertainties below are not the only risks and uncertainties facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, operations and future prospects of the Company and cause the price of the Shares to decline. If any of the following risks actually occur, the business of the Company may be harmed and its financial condition and results of operations may suffer significantly.

Additional Financing

The exploration and development of the Company's current and future exploration and evaluation assets will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold and copper industries in particular), the Company's status as a new enterprise with a limited history, the price of commodities and/or the loss of key management personnel. Further, if the price of gold, copper and other metals on the commodities markets decreases, then potential revenues from any current or future exploration assets will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Volatility of Stock Markets

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Shares to sell their securities at an advantageous price. Market price fluctuations in the Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Shares.

Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Shares may be materially adversely affected.

Risk Factors Related to Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Shares will be issued by the Company on the exercise of options under the Stock Option Plan and upon the exercise of outstanding warrants.

It is likely that the Company will enter into more agreements to issue Shares and warrants and options to purchase Shares. The impact of the issuance of a significant amount of Shares from these warrant and option exercises could place downward pressure on the market price of the Shares.

Ability of Company to Continue as a Going Concern

The Company is in the exploration stage and is currently seeking additional capital to develop its exploration property. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Negative Cash Flow from Operations

The Company had negative cash flows from operating activities and expects to continue to have negative cash flows. The Company currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations.

Mineral exploration is speculative and uncertain and involves a high degree of risk

The exploration for, and development of, mineral deposits involve a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

All of the properties in which the Company has an interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company's operations will be 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.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

Title to Mineral Properties

While the Company has performed its own due diligence with respect to the validity of the mineral claims, this should not be construed as a guarantee of title. There is no assurance that applicable governmental bodies will not revoke or significantly alter the conditions of the applicable claims that are included in the Company's exploration and evaluation assets, or that such claims will not be challenged or impugned by third parties.

Exploration and evaluation assets may be subject to prior unregistered agreements of transfer or indigenous land claims, and title may be affected by undetected defects. Until any such competing interests have been determined, there can be no assurance as to the validity of title to any mining or property interests derived from or in replacement or conversion of or in connection with the claims comprising its exploration and evaluation assets or the size of the area to which such claims and interests pertain.

Uncertainties about the resolution of aboriginal rights in British Columbia may affect the Company.

On June 26, 2014, the Supreme Court of Canada (the "**SCC**") released a decision in *Tsilhqot'in Nation v. British Columbia* (the "**William Decision**"), pursuant to which the SCC upheld the First Nations' claim to Aboriginal title and rights over a large area of land in central British Columbia, including rights to decide how the land will be used, occupancy and economic benefits. The court ruling held that while the provincial government had the constitutional authority to regulate certain activity on aboriginal title lands, it had not adequately consulted with the Tsilhqot'in. The SCC also held that provincial laws of general application apply to land held under Aboriginal title if the laws are not unreasonable, impose no undue hardship, and do not deny the Aboriginal tile holders their preferred means of exercising their rights. The Company currently does not hold any properties in the area involved in the William Decision. The Company will continue to manage its operations within the existing legal framework while paying close attention to the direction provided by the Province of British Columbia and First Nations regarding the application of this ruling. Therefore, risks and uncertainties remain consistent with those referenced herein.

Ecuador Acquisition Risks

As of the date of this MD&A, the Company holds no interest in any mineral concessions in Ecuador. The Company has entered into letter agreements for the acquisition of a 51% interest in the Los Tres (P3) project and a 20% indirect interest in the VMP project. There can be no certainty these acquisitions will be closed on the terms announced by the Company or at all. Additionally, the interests to be acquired are not direct interests in the concessions forming the projects and are indirect interests in future agreements to transfer entered into between the concession holders and the parties with whom the Company is contracting. The Company has no direct contractual relationship with the concession holders. Additionally, the types of concessions to be acquired are artisanal or small scale concessions. Artisanal permits are further not capable of transfer until changed to a small scale permit. There can be no assurances that concessions can be successfully amended to allow for medium or large scale activity. There are material risks that direct ownership in the concessions will never be acquired by the Company which would have material adverse impact on its financial condition, assets and operations.

Community Groups

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("**NGOs**") who oppose resource development can be vocal critics of the mining industry. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Infrastructure

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of its current or future assets. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations.

Mineral Resources and Reserves

Because the Company has not defined or delineated any proven or probable reserves on any of its properties, any future mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Fluctuating Price of Metals

Future production, if any, from the Company's mineral properties will be dependent upon the prices of gold, copper and other metals being adequate to make these properties economic. Materially adverse fluctuations in the price of such minerals and metals may adversely affect the Company's financial performance and results of operations. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Issuer, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events in significant mineral producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in the value of the commodity held, and/or revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from streams, royalties or interests in mineral properties applicable to the relevant commodities. There is no assurance that, even if commercial quantities of copper are produced, a profitable market will exist for them.

Competitive Risks

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, some of which have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. The Company competes with other exploration and mining companies for the acquisition of leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Company can compete effectively with these companies.

Emerging Market Risks

The Company is seeking to commence operational activities in Ecuador, which is considered an emerging market. Emerging market investments generally pose a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. The Company's operations in Ecuador would expose it to heightened risks relating to prevailing political and socioeconomic conditions which have historically included, but are not limited to: high rates of inflation; military repression; social and labour unrest; violent crime; civil disturbance, war or civil war; possible total failure of the state; extreme fluctuations in currency exchange rates (in respect of countries that rely on national currencies); expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; underdeveloped industrial and economic infrastructure; unenforceability of contractual rights; restrictions on foreign exchange and repatriation; and changing political norms, currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, a particular jurisdiction.

Regulators in Ecuador may have broad authority to shut down and/or levy fines against operations that do not comply with regulations or standards. In addition to factors such as those listed above, the Company's potential future exploration activities in Ecuador may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange controls, export controls, taxes, royalties, environmental legislation and mine safety.

Regardless of the economic viability of the Company's interest in the Company's properties, and despite being beyond the Company's control, such factors may prevent or restrict mining of some or all of any deposits which the Company may find on properties under review.

Government authorities in emerging market countries often have a high degree of discretion and at times appear to act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that may not be in full accordance with the law or that may be influenced by political or commercial considerations. Unlawful, selective or arbitrary governmental actions could include denial or withdrawal of licenses, sudden and unexpected tax audits, forced liquidation, criminal prosecutions and civil actions. Although unlawful, selective or arbitrary government action may be challenged in court, such action, if directed at the Company or its shareholders, could have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

Companies operating in emerging markets are subject from time to time to the illegal activities of others, corruption, or claims of illegal activities. Often in these markets the bribery of officials remains common, relative to developed markets. Social instability caused by criminal activity and corruption could increase support for renewed central authority, nationalism or violence and thus could materially adversely affect the Company's ability to conduct its business effectively. While such activities are not known by the Company to have occurred to date, there can be no assurance that they will not occur in the future, in which case they could restrict the Company's operations, business, financial condition, results of operations and future prospects, and the value of the Company could be adversely affected by illegal activities by others, corruption or by claims (even if groundless), implicating the Company in illegal activities.

Investors in emerging markets should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved in an investment in the Company and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

Government and Regulatory Risks

The Company's subject to various laws governing exploration, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail the Company's activities.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses or require abandonment or delays in activities.

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

Environmental Risks

All phases of the Company's operations with respect to its exploration assets will be subject to environmental regulation in Canada, Ecuador or other jurisdictions the properties are located in. Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. In addition, environmental hazards may exist which are currently unknown. The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Company's operations and future potential profitability.

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

The Company may be subject to reclamation requirements designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on the Company's financial resources.

License and Permits

In the ordinary course of business, the Company will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

Uninsured risks

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

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Limited Operating History and Lack of Profits

The Company is an early-stage exploration company with a limited operating history. The likelihood of success of the Company's business plan must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with developing and expanding early-stage businesses and the regulatory and competitive environment in which the Company operates.

The Company has no history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties, government regulatory processes and other factors, many of which are beyond the Company's control. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability.

Reliance on Personnel

If the Company is not successful in attracting and retaining highly qualified personnel, the Company may not be able to successfully implement its business strategy.

The Company will dependent on a number of key management personnel, including the services of certain key employees. The Company's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on the Company's ability to manage and expand the business. In addition, the Company's ability to keep essential operating staff in place may also be challenged as a result of potential COVID-19 outbreaks or quarantines.

Adverse General Economic Conditions

The unprecedented events in global financial markets in the past several years, including in relation to the COVID-19 pandemic have had a profound impact on the global economy. Many industries, including the mineral resource industry, were impacted by and continue to be impacted by these market conditions. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's operations.

Adverse capital market conditions could continue to affect the Company's ability to meet its liquidity needs, as well as its access to capital and cost of capital. The Company needs additional funding to continue development of its internal pipeline and collaborations. The Company's results of operations, financial condition, cash flows and capital position could be materially affected by continued disruptions in the capital markets.

COVID-19

The outbreak of the novel coronavirus (COVID-19) may cause disruptions to the Company's business and operational plans. These disruptions may include disruptions resulting from (i) shortages of employees, (ii) unavailability of contractors and subcontractors, (iii) interruption of supplies from third parties upon which the Company relies, (iv) restrictions that governments impose to address the COVID-19 outbreak, and (v) restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others. Further, it is presently not possible to predict the extent or durations of these disruptions. These disruptions may have a material adverse effect on the Company's business, financial condition and results of operations. Such adverse effect could be rapid and unexpected. These disruptions may severely impact the Company's ability to carry out its business plans.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, physical distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic including delays in commencing exploration operations, reduced resource prices, share prices and financial liquidity and thereby that may severely limit the financing capital available.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including resources companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the proposed management of the Company's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Company and a proposed director or officer of the Company except as otherwise disclosed herein.

Corporate Governance

The Company's Board of Directors and its audit committee substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to the shareholders. The current Board of Directors is 4 individuals comprised of 2 independent members and 2 executive officers/directors. The audit committee consists of 3 financially literate members comprised of 2 independent directors and the former chief executive officer who is a director.