

**Targa Exploration Corp.**

**Management's Discussion and Analysis**

For the three and six months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

## **Management's Discussion and Analysis**

This Management's Discussion and Analysis ("MD&A") of the financial position and results of Targa Exploration Corp. ("Targa" or the "Company") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the accompanying notes thereto as at and for the three and six months ended September 30, 2022 and 2021 ("interim financial statements").

The interim financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the interim financial statements.

The Company's certifying officers are responsible for ensuring that the interim financial statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the interim financial statements, together with the other financial information included in the filings, fairly present, in all material respects, the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the filings.

In this MD&A, "Targa", the "Company", or the words "we", "us", or "our", collectively refer to Targa Exploration Corp. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The year to date periods ended September 30, 2022 and 2021 are referred to as "YTD 2023" and "YTD 2022", respectively.

This MD&A provides management's comments on the Company's operations for the three and six months period ended September 30, 2022 and 2021, and the Company's financial condition as at September 30, 2022, as compared with the prior fiscal year-end.

The Company's Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approve the interim financial statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

The effective date of this MD&A is November 28, 2022.

## **Forward-looking statements**

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: geological risks; limited operating history; inability to generate earnings or pay dividends for the foreseeable future; no current assets other than cash and prepaid expenses; uncertain ability to raise additional funds when required; reliance on a small number of key managers lacking backup; potential conflicts of interest among directors and officers of the Company; lack of liquidity for shareholders of the Company; ability to secure needed permits, ability to physically access and work the Company's property assets due to poor weather, a potential lack of key contract personnel and services providers needed to execute elements of the Company's exploration plans, and market risk consisting of fluctuations in the Company's share price, metal prices, credit market conditions and investor appetite for early stage exploration companies. See "Risks and Uncertainties".

### **Forward-looking statements (continued)**

Management provides forward-looking statements because they believe such statements deliver useful guidance and information to readers when considering their investment objectives. Though management believes such statements to be as accurate as possible in the context of the information available to management at the time in which they are made, management cautions readers that the guidance and information contained in such statements may rapidly be superseded by subsequent events. Consequently, all the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments suggested by such forward-looking statement will be realized or, even if substantially realized, that they will have the expected results, or effects upon, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies.

### **Description of the business**

The Company was incorporated under the Business Corporations Act in British Columbia on September 26, 2017 and changed its name from RCM Minerals Ltd. to Targa Exploration Corp. on July 20, 2021. The Company's head office, principal address, registered address, and records office of the Company is located at #700-1090 West Georgia Street, Vancouver, BC, V6E 3V7.

On September 27, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "Exchange") under the ticker symbol "TEX".

Targa is in the business of acquisition, exploration and development of mineral properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The Company's mineral property interests are comprised of mineral properties owned by the Company and rights to ownership of mineral properties, which the Company can earn through cash or share payments, incurring exploration expenditures or combinations thereof. The Company accounts for its mineral property interests by charging all acquisition and exploration costs to profit or loss as incurred and crediting all property sales and option proceeds to profit or loss. When the existence of a mineral reserve on a property has been established, future acquisition, exploration and development costs will be capitalized for that property, then amortized using the unit-of-production method following commencement of production.

The Company has not yet generated any revenue and operating cash flows. The ability of the Company to fulfil its obligations and pay for the ongoing operating as well as mineral properties expenditures depends on its success in raising external funds from debt and equity. Therefore, it is difficult to identify any meaningful trends or develop an analysis of cash flows.

### **Amalgamation**

The Company entered into an amalgamation agreement dated September 3, 2021 (the "Amalgamation Agreement") with Bellatrix Capital Corp. ("Bellatrix"), and 1322768 B.C. Ltd., a wholly owned subsidiary of the Company ("1322768"). Pursuant to the Amalgamation Agreement, Bellatrix, and 1322768 amalgamated (the "Amalgamation") to form 1326091 B.C. Ltd. ("Amalco").

The Company issued the following consideration with the following effect:

- One Company share in exchange for the 188,250 Class B common shares of Bellatrix issued and outstanding at the time of the Amalgamation; and
- Eighty Company shares in exchange for the 12,500 Class A common shares of Bellatrix issued and outstanding at the time of the Amalgamation.

### **Amalgamation (continued)**

The 1,188,250 common shares that were issued to the shareholders of Bellatrix by the Company pursuant to the Amalgamation were valued at \$59,413, or \$0.05 per share. The Amalgamation has been accounted for as an asset acquisition in accordance with the guidance provided in IFRS 2 *Share-based payment* since it did not constitute a business combination under IFRS 3 *Business combinations* as the significant inputs, processes, and outputs, that together constitute a business, did not exist in Bellatrix at the time of the transaction. Since 1326091 B.C. Ltd. had no assets or liabilities, the total amount of \$59,413 was allocated as transaction expense on the consolidated statement of loss and comprehensive loss.

Pursuant to the Amalgamation, the one common share of 1322768 was cancelled and replaced by one common share in the capital of Amalco. The Amalgamation took effect on September 28, 2021.

The interim financial statements include the financial statements of the Company and its one subsidiary, 1326091 B.C. Ltd. All significant intercompany transactions are eliminated on consolidation. An amount of \$59,413 was recognized as transaction expense during the year ended March 31, 2022.

### **Shanghai Property**

On October 6, 2021, the Company entered into an option agreement (the "Agreement") with Shawn Ryan and Wildwood Exploration Inc. ("Wildwood"), who were the owners 70% and 30%, respectively, of the mineral claims situated in the Mayo Mining District, Yukon Territory, which are generally known and described as the Shanghai Property (the "Shanghai Property"). Pursuant to the agreement, the Company granted an option to acquire 100% right, title and interest in those mineral claims.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Shanghai Property in exchange for i) paying Wildwood an aggregate of \$750,000; ii) issuing an aggregate of 4,000,000 common shares to Shawn Ryan; and iii) incurring expenditures of \$2,850,000, over agreed installments and dates.

Under the Agreement, the Company is required to pay Shawn Ryan and Wildwood in accordance with their respective interests, a Net Smelter Returns royalty ("NSR") equal to 2.5% of Net Smelter Returns. The Company may reduce the NSR by 1.0% for a payment of \$2,000,000.

As reported on November 08, 2022, fieldwork related to the phase 1 program at Targa Exploration Corp.'s Shanghai project located in the western part of the Selwyn basin in Yukon has been completed.

The phase 1 program followed on from soil sampling programs (2004 to 2021) that indicated anomalous silver, lead and zinc in soils over areas of known polymetallic silver-lead-zinc veins and the indication of anomalous gold-in-soil values associated with Tombstone suite intrusions along the trace of the Robert Service thrust fault.

The fieldwork completed by the company at the Shanghai project included:

- Collection of 1,297 soil samples;
- Completion of 19-line-kilometre magnetometer and very-low-frequency electromagnetic (VLF) geophysical survey along 28 survey lines tracking 1,978 readings at 10-metre station spacing.

The company expects to announce the results of the lab analysis related to the soil samples collected and the survey in due course.

To date, the Company has paid \$150,000 to Wildwood, issued 1,000,000 common shares to Shawn Ryan and incurred \$306,471 of expenditures meeting its required instalments as at October 6, 2022.

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#### **Financial conditions**

As at September 30, 2022, current assets were \$1,120,729 (March 31, 2022 - \$1,240,496) and current liabilities were \$101,997 (March 31, 2022 - \$12,657), resulting in working capital of \$1,018,732 (March 31, 2022 - \$1,227,839). The decrease in working capital is the result of an increase in operating expenses in the period and cash payments.

As at September 30, 2022, the Company had total assets of \$1,120,729 (March 31, 2022 - \$1,240,496), which is comprised of cash and goods and services tax recoverable, which are expected to be received within the next twelve months.

As at September 30, 2022, the Company had total liabilities of \$101,997 (March 31, 2022 - \$12,657) comprising of accounts payable and accrued liabilities.

As at September 30, 2022, shareholders' equity was comprised of share capital of \$576,627 (March 31, 2022 - \$804,413), subscription receivable of \$nil (March 31, 2022 - \$5,000), reserves of \$939,586 (March 31, 2022 - \$665,000), and a deficit of \$497,481 (March 31, 2022 - \$236,574) for a total shareholders' equity of \$1,018,732 (March 31, 2022 - \$1,227,839).

The number of common shares outstanding as at September 30, 2022 was 33,188,250 (March 31, 2022 - 33,188,250).

The number of securities held in escrow as at September 30, 2022, was 902,250, consisting of 450,000 warrants and 452,250 common shares (March 31, 2022 - nil).

#### **Liquidity, capital resources and going concern**

The Company has not yet generated any revenue and thus cash flow from operations. Its only source of funds since incorporation has been from the issuance of common shares and units.

As at September 30, 2022 the Company had cash of \$1,117,885 (March 31, 2022 - \$1,240,496) and a net working capital of \$1,018,732 (March 31, 2022 - \$1,227,839).

The Company's cash flows from operations are negative as it is an exploration stage company. During the six months ended September 30, 2022, the Company used cash of \$127,611 in operating activities (2021 - \$94) attributed to the operating expenses for the period, in particular exploration and evaluation costs associated with the Shanghai Property, as well as, paying down accounts payable.

During the six months ended September 30, 2022 and 2021 the Company did not use cash for investing activities.

During the six months ended September 30, 2022, cash provided by financing activities of \$5,000 related to the collection of subscription receivable outstanding as at March 31, 2022, while cash provided by financing activities in the comparable period of \$597,500 related to the issuance of units on private placements.

While the information in the interim financial statements has been prepared in accordance with IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent on the Company's ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio and to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets. While the Company is making its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

As of the date of the interim financial statements, COVID-19 has had no impact on the Company's ability to access and explore its current property but may impact the Company's ability to raise funding or explore its property should restrictions related to COVID-19 be extended or expanded in scope.

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**Share capital highlights****During YTD 2023, the Company completed the following transactions:**

On June 18, 2021, the Company completed a non-brokered private placement for gross proceeds of \$222,500 from the issuance of 11,125,000 units at a price of \$0.02 per unit. Each unit consists of one common share of the Company and one warrant exercisable into one common share of the Company at price of \$0.10 for a period of five years from the closing date of the private placement. Gross proceeds were re-allocated between the share capital and reserves due to change of estimates, as a result, \$154,824 was allocated to share capital and \$67,676 was allocated to reserves.

On September 28, 2021, the Company completed a non-brokered private placement for gross proceeds of \$375,000 from the issuance of 7,500,000 units at a price of \$0.05 per unit. Each unit consists of one common share of the Company and one warrant exercisable into one common share of the Company at price of \$0.10 for a period of five years from the closing date of the private placement. Gross proceeds were re-allocated between the share capital and reserves due to change of estimates, as a result, \$238,347 was allocated to share capital and \$136,653 was allocated to reserves.

On September 28, 2021, the Company issued 500,000 common shares at \$0.05 per share for the total value of \$25,000 as a partial payment to acquire the Shanghai Property.

On September 28, 2021, the Company issued 1,188,250 common shares at \$0.05 per share to the shareholders of Bellatrix in connection with the Amalgamation. The share price of the common shares was determined with reference to the common shares issued in private placement on the same date.

On February 14, 2022, the Company completed a non-brokered private placement for gross proceeds of \$665,000 from the issuance of 6,650,000 special warrants ("Special Warrants") at \$0.10 per warrant, of which \$5,000 was outstanding for collection as at March 31, 2022 and subsequently received during the six months ended September 30, 2022. The balance for the Special Warrants was \$665,000 recorded to reserve. Each Special Warrant will entitle the holder, on exercise, without additional consideration, to receive one common share and one warrant; each warrant entitles the holder to purchase one share at a price of \$0.20 for 5 years.

**Results of operations**

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
<b>Operating expenses</b>				
Exploration and evaluation expenditures	145,560	25,000	152,382	25,000
Filing and transfer agent fees	17,811	-	17,811	-
General and administrative	7,848	48	7,949	94
Investor relations	2,590	-	2,590	-
Legal and professional fees	5,800	-	5,800	-
Management and consulting fees	13,400	3,000	27,575	5,000
Share-based compensation	-	-	46,800	-
<b>Total operating expenses</b>	<b>193,009</b>	<b>28,048</b>	<b>260,907</b>	<b>30,094</b>
<b>Other expenses</b>				
Transaction expense	-	(59,413)	-	(59,413)
<b>Total other expenses</b>	<b>-</b>	<b>(59,413)</b>	<b>-</b>	<b>(59,413)</b>
<b>Net loss and comprehensive loss</b>	<b>193,009</b>	<b>87,461</b>	<b>260,907</b>	<b>89,507</b>

## **Q2 2023 compared to Q2 2022**

The Company had a net loss of \$193,009 in Q2 2023 compared to \$87,461 in the prior year comparable period. The primary drivers of this increase in the net loss were as follows:

- Exploration and evaluation expenditures increased to \$145,560 due to the start-up of field work exploration in relation the Shanghai Property, compared to the comparable prior year period of \$25,000, which was due to the issuance of 500,000 common shares to Shawn Ryan as a partial payment to acquire the Shanghai Property;
- Filing and transfer agent fees increased to \$17,811 compared to \$nil in the prior year comparable period due to the Company listing on the stock exchange during the current quarter;
- General and administrative expenses increased to \$7,848 compared to \$48 in the prior year comparable period as a result of office rent and office services from increased operations in the current period while prior year related solely to bank charges;
- Investor relations increased to \$2,590 compared to \$nil in the prior year comparable period relating to an agreement with CNW Group for the period from September 2021 to December 2022;
- Legal and professional fees increased to \$5,800 compared to \$nil in the prior year comparable period resulting from tax advisory services provided in the current period; and
- Management and consulting fees increased to \$13,400 compared to \$3,000 in the prior year comparable period due to increased management fees paid to the CEO and CFO for monthly consulting.

Partially offsetting the increase in the net loss was a decrease in transaction expense to \$nil compared to prior year comparable period of \$59,413 due to the issuance of shares to the shareholders of Bellatrix in relation to the Amalgamation agreement in the prior year period.

On October 6, 2022, the Company paid \$100,000 to Wildwood in connection with the Shanghai Property agreement. On October 7, 2022, the Company issued additional 500,000 common shares at \$0.50 per share for the total value of \$250,000 to Shawn Ryan in connection with the Shanghai Property agreement

## **YTD 2023 compared to YTD 2022**

The Company had a net loss of \$260,907 during YTD 2023 compared to \$89,507 in the prior year comparable period. The primary drivers of this increase in the net loss were as follows:

- Exploration and evaluation expenditures increased to \$152,382 due to the start-up of field work exploration in relation the Shanghai Property, compared to the comparable prior year period of \$25,000, which was due to the issuance of 500,000 common shares to Shawn Ryan as a partial payment to acquire the Shanghai Property;
- Filing and transfer agent fees increased to \$17,811 compared to \$nil in the prior year comparable period due to the Company listing on the stock exchange during the current year period;
- Investor relations increased to \$2,590 compared to \$nil in the prior year comparable period relating to an agreement with CNW Group for the period from September 2021 to December 2022;
- Legal and professional fees increased to \$5,800 compared to \$nil in the prior year comparable period resulting from tax advisory services provided in the current period;
- Management and consulting fees increased to \$27,575 compared to \$5,000 in the prior year comparable period due to increased management fees paid to the CEO and CFO for monthly consulting; and
- Share-based compensation increased to \$46,800 compared to the prior year comparable period of \$nil attributable to the vesting of stock options granted to officers and employees of the Company in the current year period.

Partially offsetting the increase in the net loss was a decrease in transaction expense to \$nil compared to prior year comparable period of \$59,413 due to the issuance of shares to the shareholders of Bellatrix in relation to the Amalgamation agreement in the prior year period.

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**Quarterly financial information**

The following summarizes quarterly financial results of the Company for the last eight most recently completed quarters:

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
	\$	\$	\$	\$
Net loss	<b>193,009</b>	67,898	64,768	82,179
Basic and diluted loss per share	<b>0.01</b>	0.00	0.00	0.00

  

	Q2 2022	Q1 2022	Q4 2021	Q3 2021
	\$	\$	\$	\$
Net loss	87,461	2,046	120	-
Basic and diluted loss per share	0.01	0.00	0.00	-

**Quarterly financial information (continued)**

The quarterly trend in loss for the period and loss per share is primarily driven by the Company's operating expenses.

During Q2 2023, the net loss for period increased significantly due to the exploration and evaluations field work expenses incurred during the period in relation to the Shanghai Property agreement. In addition, the Company recognized share-based compensation of \$46,800 related to the vesting of stock options. During Q2 2022, the net loss increased significantly from prior quarters mainly due to the transaction expense recorded in relation to the Amalgamation Agreement and the partial payment of \$25,000 relating to the shares issued to Shawn Ryan for the acquisition of the Shanghai Property. Net loss for the remaining quarters has steadily increased as the Company's corporate costs and exploration and evaluation costs increase.

**Related party transactions**

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the three and six months ended September 30, 2022, the Company incurred management and consulting fees of \$6,000 and \$11,000, respectively (2021 - \$3,000 and \$5,000, respectively) to the Chief Executive Officer ("CEO"), and \$3,000 and \$5,000, respectively (2021 - \$nil and \$nil, respectively) to the Chief Financial Officer ("CFO"), respectively; and recorded share-based compensation of \$nil and \$36,126, respectively (2021 - \$nil and \$nil) related to the vesting of stock options granted to the key management personnel.

A summary of the related party transactions for the three and six months ended September 30, 2022 and 2021 is as follows:

	Three months ended September 30,		Six months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management and consulting fees	<b>9,000</b>	3,000	<b>16,000</b>	5,000
Share-based compensation	-	-	<b>36,126</b>	-
	<b>9,000</b>	3,000	<b>52,126</b>	5,000

As of September 30, 2022, there were no accounts payable and accrued liabilities payable to the CEO and CFO (March 31, 2022 - \$1,000). The payable is unsecured, due on demand and are non-interest bearing.

**Use of estimates and significant accounting policies**

Preparing interim financial statements requires management to make estimates and assumptions that affect the reported results. The estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. Critical accounting policies are disclosed in the audited annual financial statements for the years ended March 31, 2022, 2021 and 2020.



### **Off-balance sheet arrangements**

The Company does not have any off-balance sheet arrangements as at September 30, 2022 or at the date of this MD&A, and does not contemplate having them in the foreseeable future.

### **Proposed transactions**

The Company has no undisclosed transactions as at September 30, 2022 or at the date of this MD&A.

### **Capital expenditure**

Other than the expenditures, payments and share issuances required under the Shanghai Property agreement, Targa Exploration Corp. has no commitments for capital expenditure as at the date of this MD&A.

### **Financial instruments and other instruments**

#### **Fair value**

As at September 30, 2022, the fair value of the financial instruments cash and accounts payable and accrued liabilities are classified and measured at amortized cost. The carrying value of cash and accounts payable and accrued liabilities approximate the fair value due to the relatively short-term maturity of these instruments.

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. As at September 30, 2022, the Company has minimal exposure of credit risk on its cash as the Company's cash is held with a high credit quality financial institution in Canada.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company is exposed to liquidity risk through accounts payable but controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations.

As the Company's operations does not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required. As at September 30, 2022, the Company had sufficient cash on hand to discharge its financial liabilities as they become due.

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's results. The Company is not exposed to market risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and financial liabilities do not have variable interest rates. The Company is not exposed to interest rate risk as at September 30, 2022.

#### Foreign currency risk

The Company does not carry financial assets or liabilities denominated in a foreign currency and therefore is not exposed to foreign currency risk.

### Outstanding security data

As at the date of this MD&A, the Company has the following securities outstanding:

Type	#
Common shares <sup>(1)</sup>	33,688,250
Warrants <sup>(1)</sup>	22,500,000
Special warrants	6,650,000
Stock options	1,425,000

*(1) Common shares include 452,250 shares held in escrow and Warrants include 450,000 warrants held in escrow.*

### Additional disclosure for venture issuers without significant revenue

The significant components of operating expenses are presented in the interim financial statements. Significant components of mineral property expenditures are included in the section Results of Operations.

### Risks and uncertainties

An investment in the Company's common shares is highly speculative and subject to very real risks and uncertainties, the occurrence of any one or more of which could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position or operating results of the Company. The risk factor listing noted below is in no particular order and is not an exhaustive list of all risk factors associated with an investment in the Company's common shares or in connection with the operations of the Company.

- Geological risk and the highly uncertain and speculative nature of mineral exploration
- Early-stage nature of the Company: i.e., a limited operating history and financial resources, no earnings, limited cash assets
- Lack of insurance against operating risks in the field and elsewhere
- Changes to government regulations, including environmental regulations
- Ability to secure and comply with government permits
- Reliance on a small number of key managers and experts and a lack of immediate backup or replacements
- Competition for key personnel and mineral properties
- Potential conflicts of interest among the Company's directors and/or officers
- Potential cost overruns and delays
- Timely availability of labour, contractors and key services
- Weather risks
- Property title disputes
- Metal price fluctuations
- Receptivity of capital markets to junior exploration projects
- Stock price volatility and lack of liquidity
- Litigation