

SORRENTO RESOURCES LTD.

(“Sorrento” or “the Company”)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Introduction

The following management's discussion and analysis (“**MD&A**”), prepared as of October 25, 2023, is the responsibility of management and is intended to supplement the financial statements of the Company. The following discussion of performance, financial condition and future prospects should be in conjunction with the audited financial statements for the year ended June 30, 2023 and audited financial statements for the period from incorporation on October 4, 2021 to June 30, 2022, and the related notes thereto. All financial information in this document have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). This MD&A contains forward-looking statements. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations. The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties.

Sorrento was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on October 4, 2021. The Company maintains its registered office at 3200 – 650 West Georgia Street, Vancouver, British Columbia, Canada V6B 4P7. The head office and principal address of the Company is 9285-203B Street, Langley, BC, Canada V1M 2L9.

Description of Business

The Company is a mineral resource company engaged in the business of acquiring and exploring mineral resource properties in Canada. The Company's principal properties are located in Newfoundland, Canada.

Wing Pond Project

On November 9, 2021, and subsequently amended on October 28, 2022, the Company entered into an option agreement (the “Wing Pond Agreement”), with unrelated parties (the “Wing Pond Optionors”), to acquire a 100% interest in 462 mining claims located in Newfoundland.

In order to exercise the option and acquire the Wing Pond property, the Company must complete, over a period of two years, the following payments:

- Make a cash payment of \$35,000 within 21 days of signing the Wing Pond Agreement (paid);
- Incur \$90,000 of exploration expenditures on the claims and deliver the technical report, on or before November 30, 2022 (completed);
- Issue 1,000,000 common shares to the optionors on or before the earlier of (i) listing of the Company's common shares on the Canadian Securities Exchange, and (ii) April 30, 2023 (issued); and
- Make a further cash payment of \$50,000 and issue a further 2,000,000 common shares to the Wing Pond Optionors and incur a further \$200,000 of exploration expenditures on the claims on or before the earlier of (i) the first anniversary of the listing date, and (ii) November 30, 2023.

On March 16, 2023, the Company announced that it has signed a contract to engage Longford Exploration Services Ltd. to perform exploration work on the Wing Pond Project. The work program will comprise of two phases and build upon the high resolution airborne magnetic survey flown by the Company in 2022.

During the year ended June 30, 2023, the Company had advanced a deposit of \$153,180 on the Wing Pond Project, which \$133,180 remains in prepaid expenses and deposits.

Central and Northern Peninsula Projects

On June 13, 2023, the Company entered into a property purchase agreement ("PPA") with Gold Hunter Resources Inc. ("Gold Hunter"), a public company under the laws of British Columbia. The Company completed its acquisition with Gold Hunter of a 100% interest in a portion of the claims comprising PEG Lithium, Harmsworth and Tom Joe properties, as well as three properties along the Doucers Valley Fault.

The Company paid Gold Hunter \$50,000 in cash and issued 1,000,000 common shares. The Company also granted a 1% net smelter returns royalty to Gold Hunter ("the Gold Hunter NSR").

The properties are also subject to a 2% net smelter returns royalty held by Fair Haven Resources Inc (the "Fair Haven NSR"). The Fair Haven NSR is subject to the right to buy back 50% of the NSR at any time for \$1,000,000. The Company will also have the right to buy back 50% of the Gold Hunter NSR at any time for \$1,000,000. Both the Fair Haven NSR and Gold Hunter NSR are subject to rights of first refusal in favor of the Company in connection with any proposed sale or transfer of such royalty.

On August 10, 2023, the Company announced that it has engaged Planet X to complete a prospecting program on the PEG Lithium property.

Central Newfoundland property descriptions are as follows:

PEG Lithium – (4,525 ha: 1 License, 181 Claims), Location: Central Newfoundland, access: By road (222 km SW of Gander) Commodities: Lithium (REE), deposit potential: Pegmatite Hosted Lithium (& REE). Status: Mineral showing, Prospect development.

Historical reports indicate: "Anomalous lithium values up to 399.4 ppm were obtained from samples of coarse-grained pegmatite containing light green coloured muscovite. The light green colour suggests that it may be lithium bearing."

Harmsworth – (1,250 ha: 1 License, 50 Claims), Location: Central Newfoundland, access: By road (211 km SW of Gander) Commodities: Gold and Silver, deposit potential: Volcanogenic Hosted Massive Sulfides (VHMS). Status: Early-stage exploration opportunity.

2022 reconnaissance and prospecting discovered favorable indications of VHMS mineralization on the property – the property has been recently (circa 2021) clear cut with abundant freshly exposed outcrops.

Tom Joe – (2,300 ha: 3 Licenses, 92 Claims), Location: Central Newfoundland, access: By road (131 km W of Gander). Commodities: Gold and Silver; deposit potential: Orogenic – Quartz Carbonate Vein Hosted Gold. Status: Early-stage exploration opportunity.

Northern Peninsula Newfoundland property descriptions are as follows:

Jackson's Arm – (1,075 ha: 1 License, 43 Claims), Location: Northern Peninsula, Newfoundland, access: By road (112 km NE of Deer Lake). Commodities: Gold and Silver; deposit potential: Orogenic – Quartz Carbonate Vein Hosted Gold. Status: Early-stage exploration opportunity.

Silver Mountain – (425 ha: 1 License, 17 Claims), Location: Northern Peninsula, Newfoundland, access: By road (99 km NE of Deer Lake). Commodities: Gold and Silver; deposit potential: Orogenic – Quartz Carbonate Vein Hosted Gold. Status: Early-stage exploration opportunity.

Taylor's Pond – (2,075 ha: 1 License, 83 Claims), Location: Northern Peninsula, Newfoundland. Access: By road (99 km NE of Deer Lake) Commodities: Gold and Silver; Deposit potential: Orogenic – Quartz Carbonate Vein Hosted Gold. Status: Early-stage exploration opportunity.

The three properties were strategically located adjacent to the prospective Doucers Valley Fault System, where Magna Terra continue their discovery efforts at the Viking/Thor and Rattelling Brook gold deposits.

Luke van der Meer, as the Qualified Person and independent consultant for the Company, has reviewed and approved the scientific and technical information.

Mineral Property Interests

Details of mineral property balances are as follows:

	Wing Pond	PEG	Harmsworth	Tom Joe	Jackson's Arm	Silver Mountain	Taylor's Pond	Total
Balance, October 4, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Option payments – cash	35,000	-	-	-	-	-	-	35,000
Balance, June 30, 2022	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Option payments – cash	-	19,421	5,365	9,871	4,614	1,824	8,905	50,000
Option payments – shares	175,000	116,524	32,189	59,227	27,682	10,944	53,434	475,000
Balance, June 30, 2023	\$ 210,000	\$ 135,945	\$ 37,554	\$ 69,098	\$ 32,296	\$ 12,768	\$ 62,339	\$ 560,000

Technical information and project detail on the Wing Pond Project is provided in the long-form Prospectus on Sedar (www.sedarplus.ca) on December 23, 2022.

Exploration Expenditures

The Company expended the following exploration and evaluation expenditures on the Wing Pond Project:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the year ended June 30, 2023	For the period from incorporation on October 4, 2021 to June 30, 2022
Field office	\$ -	\$ -	\$ 989	\$ 6,605
Geological and geophysical	21,048	4,000	47,023	7,000
Staking	-	-	5,330	-
Surveying	-	-	-	70,875
Technical report	-	5,000	1,950	12,500
Travel, logistics & camp costs	-	-	14,429	36,045
Total expenditures for the period	\$ 21,048	\$ 9,000	\$ 69,721	\$ 133,025

Performance Summary

Equity:

Year ended June 30, 2023

On February 23, 2023, the Company completed its initial public offering ("IPO") and concurrent listing of the common shares in the capital of the Company on the Canadian Securities Exchange. Leede Jones Gable Inc. (the "Agent") acted as lead agent and sole bookrunner for the Company in connection with the IPO of the Company.

The IPO completed with the issuance of 4,884,300 common shares at an offering price of \$0.175 per common share for gross proceeds of \$854,753. As compensation for services rendered by the Agent in connection with the IPO, the Company paid a cash commission of \$76,928 and issued an aggregate of 439,587 non-transferable agent's options to acquire up to 439,587 common shares at a price of \$0.175 per common share until February 23, 2025. In addition, the Company paid a corporate finance fee of \$35,000 in cash, plus applicable taxes. The Company incurred other share issuance costs of \$186,379 of which \$33,375 had been recorded as deferred financing costs as at June 30, 2022.

The agent's options were valued at \$42,785 using the Black-Scholes inputs: risk-free interest rate of 4.20%, volatility of 103.80%, expected dividend rate of 0% and expected life of 2 years. The expected volatility assumption is based on comparable public companies as the Company has limited trading history. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the instrument.

Concurrently, the Company issued 1,000,000 common shares in accordance with the Wing Pond Agreement.

On March 21, 2023, the Agent exercised its over-allotment options in full in connection with the IPO. The Company issued 732,645 common shares to the Agent at a price of \$0.175 per share for gross proceeds of \$128,213. The Company paid a cash commission of \$11,539 and issued an aggregate of 65,938 non-transferable agent's options to acquire up to 65,938 common shares at a price of \$0.175 per common share until March 21, 2025. The Company incurred other share issuance costs of \$2,936.

The agent's options were valued at \$16,272 using the Black-Scholes inputs: risk-free interest rate of 3.70%, volatility of 104.95%, expected dividend rate of 0% and expected life of 2 years. The expected volatility assumption is based on comparable public companies as the Company has limited trading history. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the instrument.

On June 13, 2023, the Company issued 1,000,000 common shares in accordance with the Gold Hunter PPA.

In connection with the year ended June 30, 2023, the Company announced the issuance of 225,000 shares at a price of \$0.19 per share to non-executive directors that were issued subsequent to the year ended.

Pursuant to an escrow agreement dated December 22, 2022, the directors of the Company agreed to deposit 5,216,666 common shares in escrow. Under the terms of the escrow agreement, 10% of the escrowed securities will be released from escrow on the listing date of the Company's common shares on the TSX Venture Exchange. The listing date was February 28, 2023. An additional 15% will be released from escrow on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the listing date.

At June 30, 2023, there were 4,695,000 (2022 – n/a) common shares held in escrow.

Period from October 4, 2021 to June 30, 2022

During the period from incorporation on October 4, 2021 to June 30, 2022, the Company:

On October 4, 2021, the Company issued 1,200,000 common shares on incorporation at a price of \$0.005 per common share for gross proceeds of \$6,000.

On December 14, 2021, the Company completed a private placement of 5,300,000 flow-through units at a price of \$0.02 per unit, each consisting of one flow-through share and one-half common share purchase warrant at a price of \$0.05, for gross proceeds of \$106,000 and incurred share issuance costs of \$2,282. There was no flow-through premium allocated to the private placement. The required exploration expenditures have been fully incurred as at June 30, 2022.

On May 9, 2022, the Company completed a private placement of 2,666,666 common shares at \$0.15 for gross proceeds of \$400,000 and incurred share issuance costs of \$5,777.

Results of Operations

The Company has not generated any revenues since inception from its planned operations and has incurred losses primarily from investment into the Wing Pond Project through exploration expenditures, and the related general and administrative expenses to support the corporate entity.

As at June 30, 2023, the Company had total assets of \$1,061,704 (2022 - \$340,931). As at June 30, 2023, the Company had current liabilities of \$32,497 (2022 - \$62,369).

For the three months ended June 30, 2023 compared to three months ended June 30, 2022

For the three months ended June 30, 2023, the Company reported a net loss of \$203,211 (2022 - \$57,861). Significant expenses included in net loss are as follows:

- Consulting fees of \$24,000 (2022 - \$13,500) is associated with payments to the Chief Financial Officer and to a consultant providing general consulting services.
- Directors' fees of \$50,250 (2022 - \$nil) includes \$42,750 in shares in connection with the year ended June 30, 2023.
- Exploration expenses of \$21,048 (2022 - \$9,000) is related to exploration work on the Wing Pond Project.
- Investor relations of \$16,750 (2022 - \$nil) includes amounts for market making and news releases.
- Listing fees of \$3,935 (2022 - \$nil) is comprised of listing fee services for the Company to be listed on the CSE and OTC markets.
- Management fees of \$22,500 (2022 - \$15,000) are fees to the Chief Executive Officer.
- Office and miscellaneous of \$10,442 (2022 - \$3,487) refers to general administrative costs, including rent and travel costs.
- Professional fees of \$44,470 (2022 - \$16,874) increased due to more corporate agreement consultation from legal fees.
- Transfer agent and filing fees of \$9,816 (2022 - \$nil) accounts for monthly fees to the transfer agent and general filing costs.

For the year ended June 30, 2023 compared to the period from incorporation on October 4, 2021 to June 30, 2022

For the year ended June 30, 2023, the Company reported a net loss of \$437,289 (October 4, 2021 – June 30, 2022 ("2022") - \$225,379). Significant expenses included in net loss are as follows:

- Consulting fees of \$68,000 (2022 - \$33,000) is associated with payments to the Chief Financial Officer and to a consultant providing general consulting services.
- Directors' fees of \$50,250 (2022 - \$nil) includes \$42,750 in shares in connection with the year ended June 30, 2023.
- Exploration expenses of \$69,721 (2022 - \$133,025) is related to exploration work on the Wing Pond Project.
- Listing fees of \$38,965 (2022 - \$nil) is largely comprised of listing fee services for the Company to be listed on the OTC markets.
- Management fees of \$70,000 (2022 - \$30,000) are fees to the Chief Executive Officer.
- Office and miscellaneous of \$33,414 (2022 - \$8,746) refers to general administrative costs, including rent and travel costs.

- Professional fees of \$70,332 (2022 - \$20,608) increase due to legal and audit fees in preparation for becoming a reporting issuer.
- Transfer agent and filing fees of \$13,877 (2022 - \$nil) accounts for monthly fees to the transfer agent and general filing costs

Financial Condition, Liquidity, Capital Resources and Financial Instruments

As at June 30, 2023, the Company had cash of \$322,545 and a working capital of \$469,207, compared with cash of \$261,990 and working capital of \$210,187 as of the year ended June 30, 2022.

Cash Used in Operating Activities

Cash used in operating activities during the year ended June 30, 2023 was \$593,004 (2022 - \$173,576) resulting from a net loss of \$437,289 (2022 - \$225,379) and net of non-cash and working capital adjustments.

Cash Used in Investing Activity

Cash used in investing activity during the year ended June 30, 2023 was \$50,000 (2022 - \$35,000) with respect to its mineral property payments.

Cash Generated by Financing Activities

Cash generated by financing activities during the year ended June 30, 2023 was \$703,559 (2022 - \$470,566). The Company received \$982,966 (2022 - \$512,000) pursuant of common share issued and expended \$279,407 (2022 - \$8,059) in share issuance costs. The Company incurred \$nil (2022 - \$33,375) in deferred financing costs from the IPO.

The Company is in a working capital deficiency and will need a financing to continue administrative operations and development of its exploration asset and may continue to have capital requirements in excess of its currently available resources. The Company intends to raise additional financing either privately or through a public financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Financial instruments

Cash and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. As the Company's policy is to limit cash holdings to instruments issued by a major Canadian bank, the credit risk is considered by management to be negligible. The Company considers credit risk with respect to these amounts to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at June 30, 2023, the Company had working capital of \$469,207 (2022 – \$210,187). The Company's financial obligations are limited to accrued liabilities, which have contractual maturities of less than a year.

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 are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk as at June 30, 2023.

Commodity price risk

The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

Foreign currency risk

As at June 30, 2023, the Company did not have any accounts in foreign currencies and considers foreign currency risk to be insignificant. The Company may be exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency in the future.

Requirement of Additional Equity Financing

The Company has relied on equity financings and funding contributions from exploration project agreements for all funds raised to date for its operations. The Company will need additional funding to meet its current and further exploration commitments and option payments. Until the Company starts generating profitable operations from exploration development, sale of properties, and sale of minerals, the Company intends to continue relying upon venture partners and the issuance of securities to finance its operations and acquisitions pursuant to private placements, the exercise of warrants and stock options, and short-term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's Shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

Use of Proceeds

During the year ended June 30, 2023, the Company completed an IPO on February 23, 2023 and raised gross proceeds of \$854,753.

The following tables sets out a comparison of how the Company used the proceeds following the closing date to June 30, 2023, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

Intended Use of Proceeds	Actual Use of Proceeds
To pay the estimated cost of phase 1 of the recommended exploration program and the budget on the Wing Pond Project as outlined in the technical report.	The Company has signed a contract to engage Axiom Exploration Group Ltd. to perform exploration work on the Wing Pond Project. The work program will comprise of two phases and build upon the high resolution airborne magnetic survey flown by the Company in 2022.

Intended Use of Proceeds	Actual Use of Proceeds
To pay the estimated cost of phase 2 of the recommended exploration program and the budget on the Wing Pond Project, if warranted by the results of the phase 1 exploration program, as outlined in the technical report	The Company has not used any use of proceeds towards this objective as phase 1 has not been completed.
To pay consulting and management fees to the CEO and CFO.	The Company are up to date on payments for consulting and management fees to the CEO and CFO.
To provide funding sufficient to meet administrative costs for 12 months.	The Company have used funds to meet the monthly administrative costs.
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.	No material variances have yet been identified by the Company. Proceeds have been used as intended to date.

Selected Annual Information

The following table sets forth selected audited financial information of the Company for the last two completed financial years:

	For the year ended June 30, 2023	For the period from incorporation on October 4, 2021 to June 30, 2022
Revenue	\$nil	\$nil
Net Loss	(\$437,289)	(\$225,379)
Loss Per Share	(\$0.04)	(\$0.05)
Total Assets	\$1,061,704	\$340,931

Summary of Quarterly Results

	For the three months ended June 30, 2023	For the three months ended March 31, 2023	For the three months ended December 31, 2022	For the three months ended September 30, 2022
Net loss	\$ (203,211)	\$ (119,195)	\$ (62,804)	\$ (52,079)
Loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

	For the three months ended June 30, 2022	For the three months ended March 31, 2022	For the period from incorporation on October 4, 2021 to December 31, 2021
Net loss	\$ (57,861)	\$ (148,409)	\$ (19,109)
Loss per share	\$ (0.01)	\$ (0.02)	\$ (0.01)

The loss for the three months ended June 30 and March 31, 2023 increased compared to the prior periods as the Company incurred increased administrative expenses subsequent to completing the IPO. The net loss during the December 31, 2022, September 30, 2022 and March 31, 2022 periods is mainly due to investment into the Wing Pond Project through exploration expenditures, and the related general and administrative expenses to support the corporate entity. Total assets consist of primarily cash and total liabilities is all from accounts payable and accrued liabilities.

Off Balance Sheet Arrangements

As of June 30, 2023, the Company does not have any 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, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

There are no proposed transactions other than as disclosed with respect to the Offering.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value, of which 17,008,611 common shares are issued and outstanding as fully paid and non-assessable at the date of this report.

The Company has 2,650,000 warrants and 505,525 agent options outstanding at the date of this report.

Related Party Transactions

The Company's related parties consist of key management personnel that are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel are comprised of the officers and directors of the Company. Amounts paid or accrued to key management personnel are as follows:

	For the year ended June 30, 2023	Period from incorporation on October 4, 2021 to June 30, 2022
Payments to key management personnel		
Consulting fees – Red Fern Consulting Ltd., a company in which the CFO, Bobby Dhaliwal, is an employee	\$ 32,000	\$ 1,500
Consulting and directors' fees – Red Fern Consulting Ltd., a company in which the former CFO and current Director, Samantha Shorter, has a significant investment	\$ 14,250	\$ 10,500
Directors' fees – Clark Geoservices Inc., a company in which the Director, Brent Clark, has a significant investment	\$ 21,750	\$ -
Directors' fees – TJT Ventures Ltd., a company in which the Director, Joshua Taylor, has a significant investment	\$ 14,250	\$ -
Management fees – Sutton Ventures Ltd., a company in which the CEO, Brayden Sutton, has a significant investment	\$ 70,000	\$ 30,000

As at June 30, 2023, \$nil (2022 - \$42,000) was included in accrued liabilities owing to key management personnel. These amounts are non-interest bearing and due on demand.

Risk Factors

Due to the nature of the Company's business and the present stage of development of its business, the Company is subject to significant risks. A more complete, but not exhaustive, listing of risks is included in the Company's final long-form prospectus filed on Sedar (www.sedarplus.ca) on December 23, 2022. The risks described herein are not the only risks that affect the Company. Other risks and uncertainties that the Company does not presently consider to be material, or of which the Company is not presently aware, may become important factors that affect the Company's future business, financial condition and result of operations. Select risks significant to the Company are included here:

Insufficient Capital

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss or substantial dilution of the Company's interest in the Wing Pond Property and Central and Northern Peninsula Properties.

Financing Risks

The Company has no history of earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its common Shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its common Shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on any of its properties. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on terms acceptable to the Company, or at all. If available, future equity financing may result in substantial dilution to purchasers. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Inflation and Cost Management

The Company's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and funds from operations.

Limited Operating History and Negative Operating Cash Flow

The Company has no history of earnings. There are no known commercial quantities of mineral reserves on the Wing Pond Property and Central and Northern Peninsula Properties. To the extent that the Company has a negative operating cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative operating cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

Property Interests

The Company does not own the mineral rights pertaining to the Wing Pond Property. Rather, it holds an option to acquire a 100% interest. There is no guarantee the Company will be able to raise sufficient funding in the future to explore and develop the Wing Pond Property so as to maintain its interests therein. If the Company loses or abandons its interest in the Wing Pond Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the CSE. There is also no guarantee that the CSE will approve

the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties. In the event that the Company acquires a 100% interest in the Wing Pond Property, there is no guarantee that title to the Wing Pond Property will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal or indigenous land claims or title may be affected by undetected defects. Surveys have not been carried out on any of the Company's mineral properties, therefore, in accordance with the laws of the jurisdiction in which such properties are situated; their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

Permits and Government Regulations

The future operations of the Company will require certain permits and licenses from various federal, provincial and local governmental Authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters, including the requirement to obtain a forestry permit, mainly for trenching and drilling activities. In particular, in order to conduct its proposed exploration programs on the Wing Pond Property and Central and Northern Peninsula Properties, the Company will require the following permits and licenses from the Newfoundland and Labrador Department of Natural Resources and other governmental departments and agencies having jurisdiction:

Exploration Approval Permit: This permit would cover prospecting, rock and soil geochemistry, line cutting, trenching, bulk sampling, airborne and/or ground geophysical surveys, fuel storage, ATV usage and diamond drilling.

Timber Rights Permit: This permit would cover the removal of timber for line cutting, diamond drilling site preparation and trenching.

Licence to Occupy: This permit would be required if a camp location was to be used for a period of time longer than what was allowed as part of the Exploration Approval Permit.

Temporary Water Use Permit: This permit would allow the use of water, from a specified location, for camp and drilling-related needs.

However, the requirements of such permits, licences and approvals are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain the above mentioned permits or any other necessary permits, licenses and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Wing Pond Property and Central and Northern Peninsula Properties. Furthermore, although in the normal course the required permits and licenses are issued within a period of four to six weeks from the date of application, there can be no assurance that the issuance of the necessary permits and licenses will not be delayed due to circumstances beyond the Company's control. The Company currently does not have any permits in place.

Surface Rights

Surface rights are not included with minerals rights in the province of Newfoundland and Labrador. In order to develop future mineral resources on the Wing Pond Property and Central and Northern Peninsula Properties, it is necessary to obtain title to the surface rights to the area of the mining lease and areas for siting the required infrastructure incidental to the mineral development. Accordingly, in order to proceed with mineral exploration or potential mine development from the Wing Pond Property and Central and Northern Peninsula Properties, the Company will be required to submit an application to the applicable agencies of the government of Newfoundland and Labrador for a surface lease. Although there are currently no known surface rights holders within the Property boundaries that would inhibit mineral exploration or potential mine development. There is a risk that, due to circumstances beyond the Company's control, the Company will not be able to obtain the required surface rights in a timely manner or at all.

First Nations Land Claims

First Nations rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Supreme Court of Canada's 2014 decision in *Tsilhqot'in Nation v. British Columbia* marked the first time in Canadian history that a court has declared First Nations title to lands outside of reserve land. The Wing Pond Property and Central and Northern Peninsula Properties may now or in the future be the subject of aboriginal or indigenous land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the Wing Pond Property and Central and Northern Peninsula Properties cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the Wing Pond Property and Central and Northern Peninsula Properties is located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of aboriginal interests in order to facilitate exploration and development work on the Wing Pond Property and Central and Northern Peninsula Properties, there is no assurance that the Company will be able to establish a practical working relationship with any First Nations in the area which would allow it to ultimately develop the Wing Pond Property and Central and Northern Peninsula Properties.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Environmental Laws and Regulations

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Competition

The mining industry is intensely competitive in all its phases and the Company competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Management

The success of the Company is currently largely dependent on the performance of its officers. The loss of the services of these persons will have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Fluctuating Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in the world market in United States dollars.