Kobrea Exploration Corp.

Management’s Discussion and Analysis
For the three and nine months ended October 31, 2024 and 2023

Prepared as of December 27, 2024

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For the three and nine months ended October 31, 2024, prepared as of December 27, 2024

The following management's discussion and analysis ("MD&A") has been prepared by Management. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited financial statements of Kobrea Exploration Corp. (the "Company") for the year ended January 31, 2024 and notes thereto. The information provided herein supplements but does not form part of the financial statements. This discussion covers the three and nine months ended October 31, 2024 and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in Canadian dollars.

The Company's audited financial statements for the year ended January 31, 2024, and the unaudited condensed interim financial statements for the three and nine months ended October 31, 2024, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). For further information on the Company, reference should be made to its public filings on SEDAR+ at www.sedarplus.ca.

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

This MD&A is intended to help the reader understand the Company, its operations, financial performance, current and future business environment and opportunities and risks facing the Company. Certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 1 of this MD&A.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking statements". Forward-looking statements reflect the Company's current views with respect to future events, are based on information currently available to the Company and are subject to certain risks, uncertainties, and assumptions, including those discussed elsewhere in this MD&A. Forward-looking statements include, but are not limited to, statements with respect to the success of mining exploration work, title disputes or claims, environmental risks, unanticipated reclamation expenses, the estimation of mineral reserves and resources and capital expenditures. In certain cases, forward-looking statements can be identified by the use of words such as "intends", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "anticipates" or "does not anticipate", or "believes", or various of such words and phrases or state certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ. Such factors include, among others, risks related to actual results of current exploration activities, changes in project parameters as plans are refined over time, the future price of gold and other precious or base metals, possible variations in minerals resources, grade or recovery rates, accidents, labour disputes, title disputes and other risks of the mining industry, fluctuation of currency exchange rates, delays in obtaining, or inability to obtain, required governmental approvals or financing or in the completion of development or construction activities, claims limitations on insurance coverage, as well as other factors discussed under "Risk Factors". Although the Company has attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained in this MD&A are made as of the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not assume the obligations to update forward-looking statements, except as required by applicable law.

Description of Business and Overview

Kobrea Exploration Corp. (the "Company") was incorporated on March 16, 2022 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The principal business of the Company is the acquisition, exploration and evaluation of resource properties. The head office and registered and records office of the Company is located at 600 – 905 West Pender Street, Vancouver, British Columbia V6C 1L6. The Company's common shares are listed on the Canadian Stock Exchange (the "Exchange") under the symbol "KBX" and on the Frankfurt Stock Exchange under the symbol "F3I" and on the OTCQB Market under the symbol "KBXFF".

The Company has not commenced commercial operations. At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete its development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

General Development of the Business

The Company is a resource exploration company focused on the acquisition, evaluation and exploration of mineral resource properties. To date, the Company has focused its exploration activities in the Province of British Columbia. The Company owns 8 mining claims located in Barriere, British Columbia, Canada.

The Company acquired the Upland property, located in Barriere, British Columbia, Canada consisting of eight mineral claims, through staking, for a total consideration of $1. During the three and nine months ended October 31, 2024, the Company incurred $238,395 (October 31, 2023 - $7,365) of exploration and evaluation expenditures on this property that have been recognized as expenses in the statements of net and comprehensive loss.

On August 14, 2024 (the "Effective Date"), the Company entered into an option agreement (the "Option Agreement"), to earn up to 100% interest in certain mineral properties in the Mendoza province of Argentina subject to a 1.5% net smelter return royalty. The Western Malargüe Copper Projects consist of seven mineral properties covering 73,334 hectares: Sofi, El Perdido, Mantos de Cobre, Cuprum, Elena, Veronica and El Destino.

Pursuant to the Option Agreement, the Company has the right to acquire up to an aggregate of 100% of Mineral Rights for USD$6,760,000 and 3,500,000 common shares of the Company as follows:

- 100,000 shares of the Company within 10 days of the date of the Option Agreement (issued);
- 100,000 shares of the Company within six months of the Effective Date;
- 150,000 shares of the Company within one year of the Effective Date;
- 300,000 shares of the Company within two years of the Effective Date;
- 500,000 shares of the Company within three years of the Effective Date;
- 700,000 shares of the Company within four years of the Effective Date;
- 1,650,000 shares of the Company within five years of the Effective Date; and

- Pay USD$10,000 within five business days of the date the parties entered into a letter of intent with respect to the Option Agreement (paid);
- Pay USD$250,000 within 10 days of the Effective Date (paid);
- Pay USD$250,000 within six months of the Effective Date;
- Pay USD$500,000 within one year of the Effective Date;
- Pay USD$500,000 within two years of the Effective Date;
- Pay USD$750,000 within three years of the Effective Date;
- Pay USD$1,000,000 within four years of the Effective Date;
- Pay USD$3,500,000 within five years of the Effective Date.

On August 23, 2024, the Company issued 100,000 common shares to the optionors measured at fair value of $0.495 per share for a total of $49,500.

Financial Results of Operations

Quarterly Financial Results

The following selected financial data is derived from the financial statements prepared in accordance with IFRS:

Quarter ended	October 31, 2024	July 31, 2024	April 30, 2024	January 31, 2024
Cash	$320,772	$925,679	$1,375,640	$383,958
Net loss	$461,508	$447,361	$165,238	$113,441
Shares outstanding	23,660,029	23,457,029	23,422,279	18,790,696
Loss per common share (basic and diluted)	$0.03	$0.02	$0.01	$0.01

Quarter ended	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
Cash	$480,930	$555,910	$330,538	$367,507
Net loss	$74,981	$11,927	$23,174	$72,323
Shares outstanding	16,200,200	16,200,200	16,200,200	16,200,200
Loss per common share (basic and diluted)	$0.00	$0.00	$0.00	$0.01

The net loss for the quarter ended January 31, 2023 was mainly a result of $7,672 related to legal fees for advisory services related to capital markets, management fees of $49,500, and $2,674 of exploration and evaluation expenditures related to the Upland property.

The net loss for the quarter ended April 30, 2023, was mainly a result of $7,545 in management fees, $5,822 of exploration and evaluation expenditures related to the Upland property and $5,350 related to legal fees for advisory services related to capital markets.

The net loss for the quarter ended July 31, 2023, was mainly a result of $7,500 in management fees and $4,000 related to audit fees.

The net loss for the quarter ended October 31, 2023 was mainly a result of $37,350 related to regulatory and filing fees in connection with the companies public market listing, $28,170 related to legal fees for advisory services related to capital markets, management fees of $7,500, and $1,543 of exploration and evaluation expenditures related to the Upland property.

The net loss for the quarter ended January 31, 2024 was mainly a result of $3,813 related to regulatory and filing fees in connection with the companies public market listing, $73,252 related to legal fees for advisory services related to capital markets, $35,939 related to accounting and audit fees, management fees of $7,500, $2,240 of advertising and promotion expenses related to the Company's website development and branding, and $525 of exploration and evaluation expenditures related to the Upland property.

The net loss for the quarter ended April 30, 2024 was mainly a result of $88,945 related to advertising and marketing fees as the Company entered into an agreement with MIC Market Information & Content Publishing GmbH for a 6-month marketing engagement, $25,396 related to regulatory and filing fees in connection with the companies public market listing and warrant exercises, $19,040 related to legal fees for advisory services related to capital markets, management fees of $9,000, and $9,535 of exploration and evaluation expenditures related to the Upland property.

The net loss for the quarter ended July 31, 2024 was mainly a result of $301,047 related to advertising and marketing fees as the Company entered into marketing agreements and engaged a vendor for website development and marketing materials, $7,235 related to regulatory and filing fees in connection with the companies public market listing and warrant exercises, $39,017 related to legal fees for advisory services related to capital markets, travel expenses of $17,929 related to due diligence procedures on the Argentina mineral claims as discussed in the Option Agreement dated August 14, 2024, management fees of $12,000, and $67,516 of exploration and evaluation expenditures related to the Upland property.

The net loss for the quarter ended October 31, 2024 was mainly a result of $461,508 related to advertising and marketing fees for the Company's previously entered marketing agreements, $5,198 related to regulatory and filing fees in connection with the companies warrant exercises, $96,029 related to legal fees for advisory services related to capital markets and the Option Agreement, travel expenses of $15,402 related to due diligence procedures on the Argentina mineral claims as discussed in the Option Agreement dated August 14, 2024, management fees of $12,000, $146,875 in share-based compensation due to stock options granted to certain advisors of the Company in the current period that vested immediately, and $161,344 of exploration and evaluation expenditures related to the Upland property.

Results of Operations

Three months ended October 31, 2024 and 2023

The Company incurred a net loss of $461,508 for the three months ended October 31, 2024 compared to a net loss of $74,981 for the comparable period in 2023. The increase in operating loss was mainly attributable to the following:

- Advertising expenses increased to $22,124 compared to $nil in the prior year comparable period as a result of the Company's marketing services agreements for the current year.
- Travel expenses increased to $15,402 compared to $nil in the prior year comparable period as a result of increased flight and accommodation expense in connection with the mineral property claims in Mendoza, Argentina.
- Share-based compensation was $146,875 due to stock options granted to certain advisors of the Company in the current period that vested immediately.
- Professional fees increased to $96,029 compared to $28,170 in the prior year comparable period as a result of increased legal fees in relation to the Option Agreement to earn up to 100% interest in certain mineral properties in the Mendoza province of Argentina.

- Exploration and evaluation costs increased to $161,344 compared to $1,543 in the prior year comparable period due to the Company incurring surveying, equipment rental, and property management costs during the current year.

This increase in operating loss was offset by the following:

- Regulatory and filing fees decreased to $5,198 compared to $37,350 in the prior year comparable period due to the Company incurring filing fees in connection with the Company's go-public listing in the prior year period.

Nine months ended October 31, 2024 and 2023

The Company incurred a net loss of $1,074,405 for the nine months ended October 31, 2024 compared to a net loss of $110,078 for the comparable period in 2023. The increase in operating loss was mainly attributable to the following:

- Advertising expenses increased to $412,116 compared to $nil in the prior year comparable period as a result of the Company entering into marketing services agreements for the current year and development of the Company's website and marketing materials.
- Regulatory and filing fees increased to $37,828 compared to $37,350 in the prior year comparable period due to the Company incurring filing fees in connection with the Company's go-public listing and warrant exercises.
- Professional fees increased to $154,374 compared to $41,520 in the prior year comparable period as a result of increased legal fees in relation to the go-public listing, the non-brokered private placement in April 2024, and legal fees for advisory services in connection with the Argentina mineral claims as discussed in the Option Agreement dated August 14, 2024.
- Exploration and evaluation costs increased to $238,395 compared to $7,365 in the prior year comparable period due to the Company incurring surveying, equipment rental, and property management costs during the current year.
- Travel expenses increased to $33,331 compared to $nil in the prior year comparable period as a result of due diligence procedures related to the Option Agreement the Company entered into dated August 14, 2024.
- Share-based compensation increased to $146,875 compared to $nil in the prior year comparable period as a result of stock options granted to certain advisors of the Company in the current period that vested immediately.

Liquidity and Capital Resources

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At October 31, 2024, the Company had working capital[(1)] of $311,389 which included cash of $320,772 available to meet short-term business requirements and liabilities of $14,818. The Company's accounts payable and accrued liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company has no long-term debt.

[(1)] Non-GAAP Financial Measure:
The Company uses "working capital" to assess liquidity and general financial strength and is calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies. Working capital is calculated as current assets (October 31, 2024 – $326,207), less current liabilities (October 31, 2024 – $14,818).

At present, the Company has no current operating income. Without additional future financing, the Company may not be able to fund its ongoing operations and complete future development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

Outstanding Share Data

As at October 31, 2024, the Company had 23,660,029 issued and outstanding common shares, 11,705,066 share purchase warrants outstanding and 1,500,000 share options outstanding.

The authorized capital of the Company consists of an unlimited number of common shares without par value. A summary of the Company's issued and outstanding equity instruments is as follows:

	October 31, 2024	**Date of MD&A**
	#	#
Common Shares	23,660,029	35,354,436
Warrants	11,705,066	23,266,473
Share options	1,500,000	1,500,000

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Transactions with Related Parties

The Company's related parties include subsidiaries, affiliated entities and key management personnel. Transactions with, and amounts due to or from, related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company.

A summary of the Company's related party transactions for the nine months ended October 31, 2024 and 2023 is as follows:

	October 31, 2024	**October 31, 2023**
	$	$
Management fees paid to the Company's CFO	33,000	22,545
	33,000	**22,545**

As at October 31, 2024, accounts payable and accrued liabilities include $nil (January 31, 2024 - $nil) due to related parties.

As at October 31, 2024, the Company has $5,435 receivable from a Director of the Company. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

Contractual Obligations

The Company has no undisclosed contractual obligations as at October 31, 2024 or at the date of this MD&A.

Critical Accounting Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas requiring the use of management estimates and judgments include:

Going concern

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Accounting Policies

The Company's significant accounting policies are disclosed in note 3 of the Company's audited financial statements for the year ended January 31, 2024. The accounting policies have been applied consistently throughout the nine months ended October 31, 2024.

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than February 1, 2024.

Financial Instruments

The Company's financial instruments as at October 31, 2024 include cash, accounts payable and accrued liabilities.

The Company's financial assets and financial liabilities are classified and measured as follows:

Financial instrument	Category
Cash	Amortized cost
Receivable from related party	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

The carrying values of cash, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at October 31, 2024, the Company has cash of $320,772 available to apply against short-term business requirements and current liabilities of $14,818.

(c) Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty. The Company is not exposed to significant interest rate risk as the Company has no variable interest-bearing debt.

(ii) Foreign currency risk
Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(iii) Market price risk
Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company.

Subsequent Events

On November 22, 2024, the Company issued 52,000 common shares for the exercise of warrants for total proceeds of $10,400.

On November 29, 2024, the Company issued 14,500 common shares for the exercise of warrants for total proceeds of $2,900.

On December 20, 2024, the Company closed a non-brokered private placement ("The December Offering") of 11,627,907 units at $0.43 per unit for total gross proceeds of $5,000,000.01. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.55 per share until December 20, 2026. Full proceeds were allocated to share capital under residual value method. In connection with the December Offering, the Company paid aggregate finders fees of $27,735 and issued 64,500 share purchase warrants to certain eligible finders. Each finders warrant is exercisable to acquire one common share at an exercise price of $0.55 for a period of 24 months.

Management’s responsibility for financial statements

The information provided in this report, including the financial statements is the responsibility of Management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

On behalf of Management and the Board of Directors,

“James Hedalen”
Director

APPENDIX 1

Additional Information

For further information on the Company, reference should be made to its public filings on SEDAR+ at www.sedarplus.ca.

Risk Factors

An investment in the Company should be considered highly speculative due to the nature of Kobrea Exploration's business and operations. In addition to the other information in this MD&A, an investor should carefully consider each of the following risk factors and potential cumulative effect of each of the following risk factors.

The Company is in the business of exploring mineral properties, which is a highly speculative endeavor. Investors should carefully consider these risk factors before deciding to purchase common shares. The occurrence of any of the following risks could materially adversely affect the Company's business, financial condition, or operating results. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results, or prospects. A purchase of any of the common shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the common shares should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should carefully evaluate the following risk factors associated with an investment in the Company's securities prior to purchasing any of the common shares.

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.

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 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 securities. 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 the properties owned by the Company. The Company's unallocated working capital is not sufficient to fund a follow-on Phase 2 exploration program on the Upland property and there is no assurance that the Company can successfully obtain additional financing to fund a Phase 2 program.

While the Company may generate additional working capital through further equity offerings or, if applicable, through the sale or possible syndication of its property, 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 shareholders. At present, it is impossible to determine what amounts of additional funds, if any, may be required.

Property Interests

If the Company loses or abandons its interest in its properties, 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 Canadian Securities Exchange (the "Exchange"). There is also no guarantee that the Exchange 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. Unless the Company acquires additional property interests, any adverse developments affecting its current properties could have a material adverse effect upon the Company and would materially and adversely affect any profitability, financial performance and results of operations of the Company.

Commercial Ore Deposits

The Company's properties are in the exploration stage only and is without a known body of commercial ore. Development of the Company's properties would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

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.

Permits and Government Regulations

The future operations of the Company may require permits 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. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on its properties.

Environmental and Safety Regulations and Risks

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.

Resale of Common Shares

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the common shares purchased would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of common shares issued upon the deemed exercise of special warrants will be affected by such volatility.

Exploration and Development

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, though present, are insufficient in quantity and quality to return a profit from production. The Company's properties are considered to be in the early exploration and development stage. As of the date of this report, no compliant mineral resources have been identified at its properties. There is no certainty that further exploration and development will result in the identification of indicated, or measured resources, or probable or proven reserves, at its properties, or that if any mineral resources or reserves are defined at its properties that that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized.

The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which 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 of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore on its properties or elsewhere. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Speculative Nature of Mineral Exploration

Resource exploration 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, though 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 which are beyond the control of the Company and which 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 of investment capital. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Competition

The mining industry is intensely competitive in all its phases. The Company competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could have an adverse effect on the Company's ability to hire or maintain experienced and expert personnel or acquire suitable properties or prospects for mineral exploration in the future.

Political Regulatory Risks with International Operations

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. This may affect the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Fluctuating Mineral Prices

The Company's revenues in the future, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals, which in turn depend on the results of the Company's exploration on these properties and whether development will be commercially viable or even possible. 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, including as a result of the significant market reaction to COVID-19. 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.

Shortages of Critical Parts, Equipment and Skilled Labour

Our ability to acquire critical resources such as input commodities, drilling equipment, tires, and skilled labour due to increased worldwide demand, may cause unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and development schedules.

Conflicts of Interest

Directors of the Company are and may become directors of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act (British Columbia),* as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Claims and Legal Proceedings

We may be subject to claims or legal proceedings covering a wide range of matters that arise in the ordinary course of business activities, including claims relating to ex-employees. These matters may give rise to legal uncertainties or have unfavourable results. We will carry liability insurance coverage and mitigate risks that can be reasonably estimated. In addition, we may be involved in disputes with other parties in the future that may result in litigation or unfavourable resolution which could materially adversely impact our financial position, cash flow and results of operations.

Aboriginal Title

The Upland Property or other future properties owned or optioned by the Company may now or in the future be the subject of First Nations 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 Upland Property cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the Upland Property 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 First Nations in order to facilitate exploration and development work on the Upland Property, and there is no assurance that the Company will be able to establish a practical working relationship with the First Nations in the area which would allow it to ultimately develop the Upland Property.

Management

The Company has a small management team, and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its exploration program on the Project. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.