



**CASTLE PEAK MINING LTD.**

Management's Discussion & Analysis

For the year ended December 31, 2018

## **INTRODUCTION**

The following Management's Discussion and Analysis ("MD&A") provides information that management considers to be relevant to an assessment and understanding of Castle Peak Mining Ltd.'s ("Castle Peak" or the "Company") financial condition as at December 31, 2018 and the results of its operations and cash flows for the year ended December 31, 2018 and follows the requirements of National Instrument 51-102 ("NI 51-102"). This discussion should be read in conjunction with the Company's annual audited financial statements and the related notes for the year ended December 31, 2018 which have been prepared in accordance with IFRS. All dollar amounts included therein and in the following MD&A are expressed in Canadian Dollars unless otherwise noted.

We report in accordance with IFRS and the following disclosures, and associated consolidated financial statements, are presented in accordance with IFRS. This MD&A is prepared as at April 4, 2019 and includes certain statements that may be deemed "forward looking statements". We direct readers to the sections entitled "Risk Factors" and "Forward Looking Statements" in this MD&A.

Further information can be obtained from the Company's filings on the SEDAR website at [www.sedar.com](http://www.sedar.com), or on the Company's website at [www.castlepeakmining.com](http://www.castlepeakmining.com).

## **HIGHLIGHTS**

- On June 23, 2018 the Company entered into an option agreement ("Option Agreement") with the intention to purchase the Kunsu Prospecting License located in the Ahafo Ano South District of the Ashanti Region of Ghana ("The Property") from Wononuo Investment Limited ("Wononuo"), who is the holder of 100% undivided interest and title of the license covering an area of 137.06 Square Kilometers (the "Purchase Transaction"). The Purchase Transaction is subject to approval of shareholders, and the regulatory and exchange authorities. Pursuant to the Purchase Transaction, Wononuo will transfer the property to the Company in exchange for a total purchase price of US\$2,000,000 payable as follows:
  - a. A non-refundable down payment of US \$200,000 (CAD\$ 262,500 paid on July 10, 2018);
  - b. A non-refundable second deposit of US \$200,000 upon signing of the Definitive Agreement no later than February 15, 2019 (CAD\$ 270,920 paid on February 15, 2019);
  - c. A non-refundable third deposit of US \$100,000 payable on May 15, 2019
  - d. A non-refundable third deposit of US \$100,000 payable on June 15, 2019
  - e. A non-refundable third deposit of US \$400,000 payable on August 31, 2019 and
  - f. The balance of US \$1,000,000 payable at closing of the Purchase Transaction; October 31, 2019.

Subsequent to December 31, 2018 The Company entered into Definitive Agreement with Wononuo, and paid the second instalment of US\$200,000 (CAD\$ 270,920 paid on February 15, 2019).

- On March 19, 2018 The Company closed a sale transaction (the "Sale Transaction") with Star Goldfields ("Star Goldfields") by which Star Goldfields purchased the Company's nine prospecting licenses in Ghana through acquiring 100% of the common shares of the Company's wholly-owned subsidiary Castle Peak Mining (2006) Ltd. The owner of the concessions through its subsidiaries for total cash proceeds of US \$4,250,000 as follows:
  - g. A non-refundable down payment of US \$200,000 (CAD\$ 271,458 received on April 28, 2017)
  - h. A non-refundable deposit of US \$2,050,000, payable upon signing of the Agreement (CAD\$ 2,580,253 received on August 8, 2017)
  - i. The balance of US \$2,000,000 payable at closing of the Sale Transaction (CAD\$ 2,615,800 received on March 19, 2018).

In connection with the Sale Transaction, the Company paid finder's fee of US\$212,522 (CAD\$ 347,569 paid on March 20, 2018) and CAD\$50,000 bonus to a former director for his successful efforts in finalising the deal.

**Management's Discussion and Analysis**  
**For the year ended December 31, 2018**

**SELECTED ANNUAL INFORMATION**

	For the Years Ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Expenses for the year	\$ 154,497	\$ 158,221	\$ 304,286
Net income (loss) for the year	4,121,127	(1,007,218)	(14,126,192)
Net income (loss) per share	0.03	(0.01)	(0.11)
Exploration expenditures	(1,617,744)	(3,536,667)	(13,897,335)
Total assets	3,871,739	4,298,694	5,718,683
Capitalized exploration costs	652,064	2,169,808	5,706,475
Total liabilities	58,844	410,029	599,019

**SUMMARY OF QUARTERLY RESULTS**

Selected financial indicators for the past eight quarterly periods are shown in the following table:

	For the three months ended			
	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
Revenue for the period	\$ -	\$ -	\$ -	\$ -
Expenses for the period	28,421	35,460	55,152	35,464
Net profit (loss) for the period	134,355	(94,973)	11,467	4,070,278
Net earnings (loss) per share	0.00	(0.00)	0.00	0.03
Exploration expenditures	342,257	309,807	-	(2,169,808)
Exploration expenditures (net of loss of sale of assets, impairment, translation adjustment and proceeds of agreements)	342,257	309,807	-	245,069
Total assets	3,871,739	3,696,440	3,789,665	4,014,739
Capitalized exploration costs	652,064	309,807	-	-
Total liabilities	58,844	17,900	16,152	252,693

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	For the three months ended			
	Dec. 31, 2017	Sept. 30, 2017	Jun. 30, 2017	Mar. 31, 2017
Revenue for the period	\$ -	\$ -	\$ -	\$ -
Expenses for the period	34,644	29,277	71,510	22,790
Net loss for the period	(971,153)	63,484	(76,759)	(22,790)
Net loss per share	(0.01)	0.00	(0.00)	(0.00)
Exploration expenditures	(736,503)	(2,605,424)	(203,713)	8,973
Exploration expenditures (net of impairment, translation adjustment and proceeds of agreements)	72,583	44,362	155,202	38,911
Total assets	4,298,694	5,341,061	5,590,185	5,745,886
Capitalized exploration costs	2,169,808	2,906,311	5,511,735	5,715,448
Total liabilities	410,029	436,683	684,602	677,673

The Company is in the business of exploring and evaluating assets in Ghana, Africa and as a result has no revenues. Expenses consist of general corporate administrative costs not attributable to the exploration activities. All costs that are attributable to exploration activities are capitalized to the mineral concessions to which they relate.

On March 19, 2018 the Company closed a Sale Transaction with Star Goldfields by which Star Goldfields purchased the Company's nine prospecting licenses in Ghana for total cash proceeds of US \$4,250,000.

On June 23, 2018 the Company entered into an option agreement with Wononuo Investment Limited with the intention to buy Kunsu Prospecting License located in the Ahafo Ano South District of the Ashanti Region of Ghana. In connection with the agreement the company incurred \$602,064 exploration expenditures for the year ended December 31, 2018, representing mainly the non-refundable down payment of \$ 262,500 (US \$200,000) and \$339,564 for due diligence exploration project.

Subsequent to December 31, 2018 The Company entered into Definitive Agreement with Wononuo, and paid the second instalment of US\$200,000 (CAD\$ 270,920).

Total liabilities were \$8,844 at December 31, 2018, compared to \$17,900 at September 30, 2018.

## RESULTS OF OPERATIONS

*Three months ended December 31, 2018 compared to three months ended December 31, 2017*

Net income for the three months ended December 31, 2018 were \$134,355 compared to net loss of \$971,153 for the same period in the prior year.

Total expenses for the three months ended December 31, 2018 were \$28,421 compared to \$34,644 for the same period in the prior year. The decrease is mainly due to lower salaries and benefits and office and administrative expenses.

Expenses for the three months ended December 31, 2018 included \$17,106 in salaries and benefits for the Vancouver employee, compared to \$18,582 for the same period in the prior year. The Company incurred \$3,744 for Professional fees for the three months ended December 31, 2018, representing legal fees compared to \$Nil for the same period in the prior year. For the three months ended December 31, 2018, the Company incurred \$5,293 for office and administrative expenses, lower than \$8,307 incurred for the same period in the prior year. The Company incurred \$861 for transfer agent, filing and regulatory costs for the three months ended December 31, 2018 lower than \$7,575 for

the same period in the prior year, due to timing of payments. The Company incurred \$1,417 for investor relations for the three months ended December 31, 2018 compared to \$180 for the same period in the prior year.

The Company recognized \$Nil for impairment of exploration and evaluation assets in profit or loss for the year ended December 31, 2018, compared to \$836,400 for the prior year, as estimated by management with reference to the fair value of the underlying prospecting licenses sold to Star Goldfields, less costs to sell ("FVLCS").

The Company recorded a foreign exchange gain of \$162,776 for the three months ended December 31, 2018 compared to a foreign exchange loss of \$100,109 for the same period in the prior year mainly due to the translation of foreign currency denominated working capital items.

*Year ended December 31, 2018 compared to year ended December 31, 2017*

Net income for the year ended December 31, 2018 were \$4,121,127 compared to net loss of \$1,007,218 for the same period in the prior year reflecting realisation of accumulated other comprehensive income in foreign exchange gain upon sale of Ghana operations.

Total expenses for the year ended December 31, 2018 were \$154,497 compared to \$158,221 for the same period in the prior year.

Expenses for the year ended December 31, 2018 included \$79,178 in salaries and benefits for Vancouver employees, compared to \$79,493 for the same period last year. The Company incurred \$41,676 for Professional fees for the year ended December 31, 2018, higher than \$28,400 incurred for the same period in the prior year due to 8,000 higher legal fees and \$5,000 tax filing fees in connection with filing final tax return for Castle Peak Mining (2006) Ltd. upon the sale of the subsidiary on March 19, 2018. For the year ended December 31, 2018, the Company incurred \$18,482 for office and administrative expenses, compared to \$26,666 incurred for the same period in the prior year. The Company incurred \$12,444 for transfer agent, filing and regulatory costs for the year ended December 31, 2018, compared to \$20,364 for the same period in the prior year. The Company incurred \$2,717 for investor relations for the year ended December 31, 2018 compared to \$3,298 for the same period in the prior year.

The Company incurred \$168,646 loss on the sale of its exploration and evaluation assets to Star Goldfields. Previously, the Company recognized impairment of exploration and evaluation assets of \$14,658,306 in profit or loss; \$836,400 and \$13,821,906 for the years ended December 31, 2017, and 2016, respectively.

The Company recorded \$4,444,270 in foreign exchange gain on the sale of its exploration and evaluation assets to Star Goldfields, resulting from realisation of accumulated other comprehensive income upon sale of Ghana operations. The results of Ghanaian operations which have a different functional currency than the Company are translated to Canadian dollars at appropriate average rates of exchange during the year. The monetary assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of the Ghanaian operation to Canadian dollars at period end are recognized in accumulated other comprehensive income (loss) as a foreign currency translation adjustment.

**Exploration and Evaluation Asset Expenditures**

*Three months ended December 31, 2018 compared to three months ended December 31, 2017*

There was \$342,257 exploration and evaluation assets expenditures during the three months ended December 31, 2018, in connection with Kunsu Option Agreement, compared to (736,503) for the three months ended December 31, 2017 as summarized in the following table:

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	Three months ended December 31, 2018	Three months ended December 31, 2017
Due diligence costs	\$ 290,000	\$ -
Legal fees	2,344	-
Consulting fees	49,913	-
Geochemistry	-	211
Field logistics	-	4,066
Exploration salaries and wages	-	25,426
General and administrative	-	35,322
Environmental, permitting and other	-	7,558
Impairment of exploration and evaluation assets	-	(836,400)
Proceeds from assets sale agreement	-	96,814
Translation adjustment	-	(69,500)
	<b>\$ 342,257</b>	<b>\$ (736,503)</b>

On June 23, 2018 the Company entered into an option agreement with the intention to purchase the Kunsu Prospecting License located in the Ahafo Ano South District of the Ashanti Region of Ghana from Wononuo Investment Limited, who is the holder of 100% undivided interest and title of the license covering an area of 137.06 Square Kilometers.

During the three months ended December 31, 2018, the company incurred \$290,000 in due diligence exploration cost. Additionally the company incurred 49,913 in consulting fees and \$2,345 legal fees. The Company is in process of moving the deal forward.

During the three months ended December 31, 2017, the Company \$96,814 payment on the agreement with Star Goldfields Ltd. that provides for the sale of the shares of the Company's subsidiary; Castle Peak Mining (2006) Ltd., which holds the nine prospecting licenses in Ghana for total cash proceeds of US \$4,250,000. the Company recognized impairment of exploration and evaluation assets of \$836,400 for the three months ended December 31, 2017.

The Company recorded a translation adjustment of \$69,500 resulting from the strengthening of the Canadian dollar against the US dollar during the three months ended December 31, 2017. The translation adjustments are related to the translation of exploration and evaluation assets from US dollars, the functional currency of the Ghana subsidiaries, to Canadian dollars.

*Year ended December 31, 2018 compared to year ended December 31, 2017*

During the year ended December 31, 2018, exploration and evaluation assets expenditures totaled \$(1,567,744) compared to \$(3,536,667) for the year ended December 31, 2017 as summarized in the following table:

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	Year ended December 31, 2018	Year ended December 31, 2017
Acquisition cost	\$ 262,500	\$ -
Due diligence costs	334,807	-
Legal fees	4,844	-
Consulting fees	49,913	-
Drilling and access	-	12,653
Geochemistry		211
Field logistics	-	37,002
Exploration salaries and wages	210,898	126,350
Contract labour	-	30,588
General and administrative	-	46,301
Environmental, permitting and other	34,171	57,953
Impairment of exploration and evaluation assets	-	(836,400)
Proceeds from assets sale agreement	(2,218,231)	(2,851,711)
Loss on sale of exploration and evaluation assets	(168,646)	-
Translation adjustment	(28,000)	(159,614)
	<b>\$ (1,617,744)</b>	<b>\$ (3,536,667)</b>

Excluding translation adjustment, proceeds from assets sale agreement, and Loss on sale of exploration and evaluation assets, exploration and evaluation assets expenditures for the year ended December 31, 2018 increased to \$850,133 from \$311,058 incurred for the same period in the prior year.

On June 23, 2018 the Company entered into an option agreement with the intention to purchase the Kunsu Prospecting License located in the Ahafo Ano South District of the Ashanti Region of Ghana from Wononuo Investment Limited, who is the holder of 100% undivided interest and title of the license covering an area of 137.06 Square Kilometers. On July 10, 2018, a non-refundable down payment of US \$200,000 (CAD\$ 262,500) was made to Wononuo Investment Limited. In connection with the option agreement, the company incurred \$334,807, 49,913 and \$4,844 in due diligence exploration cost, consulting and legal fees, respectively. The Company is in process of moving the deal forward.

Exploration salaries and wages were \$210,898 for the year ended December 31, 2018, compared to \$126,350 for the same period in the prior year due to redundancy payment of US\$155,000 (CAD\$ 199,857) to the exploration manager in Ghana upon terminating his service prior to closing off the Sale Transaction with Star Goldfields. Environmental, permitting and other costs totaled \$34,171 for the year ended December 31, 2018, compared to \$57,953 for the same period in the prior year.

The Company incurred \$Nil in drilling and access for the year ended December 31, 2018, compared to \$12,653 for the same period in the prior year. Contract labour and field logistics were \$Nil for the year ended December 31, 2018 compared to \$30,588 and \$37,002, respectively, for the same period in the prior year due to work program performed in previous year. General and administrative expenses, primarily related to costs associated with the Company's office in Ghana, were \$Nil for the year ended December 31, 2018, compared to \$46,301 for the same period in the prior year.

During the year ended December 31, 2018, the Company received \$2,218,231 final payment on the agreement with Star Goldfields Ltd. that provides for the sale of the shares of the Company's subsidiary; Castle Peak Mining (2006) Ltd., which holds the nine prospecting licenses in Ghana for total cash proceeds of US \$4,250,000. The Company

incurred \$168,646 loss on the sale of exploration and evaluation assets to Star Goldfields. Previously, the Company recognized impairment of exploration and evaluation assets of \$836,400 for the year ended December 31, 2017.

The Company recorded a translation adjustment of \$28,000 resulting from the strengthening of the Canadian dollar against the US dollar during the year ended December 31, 2018 compared to a translation adjustment of \$159,614 for the same period in the prior year. The translation adjustments are related to the translation of exploration and evaluation assets from US dollars, the functional currency of the Ghana subsidiaries, to Canadian dollars.

### **LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2018, the Company had cash and cash equivalents of \$3,208,271 (December 31, 2017 - \$2,119,547) to settle current liabilities of \$58,844 (December 31, 2017 - \$410,029). The Company expects to fund its liabilities, operations and operational activities through cash on hand.

As at December 31, 2018, the Company's cash and cash equivalents increased by \$1,088,724 to \$3,208,271 from \$2,119,547 as at December 31, 2017. Cash of \$325,723 (December 31, 2017- \$276,175) was used for operating activities, \$1,352,186 was provided by investing activities (December 31, 2017- \$2,429,406), and \$146,428 used in (December 31, 2017- \$28,494 provided by) financing activities.

Net cash used in operating activities for the year ended December 31, 2018 was \$325,723 (December 31, 2017- \$276,175). The cash used during the period consists primarily of the income of \$4,121,127 (December 31, 2017- \$1,007,218 loss) which includes non-cash loss on sale of exploration and evaluation assets of \$168,646 (December 31, 2017- \$836,400), Reclassification of translation adjustment upon sale of subsidiary of \$ 4,235,581, foreign exchange gain of \$208,689 (December 31, 2017- \$Nil) and \$171,230 payments against accounts payable and accrued liabilities (December 31, 2017- \$105,908).

Net cash provided by investing activities for the year ended December 31, 2018 was \$1,352,186 (December 31, 2017- \$2,429,406) which includes receiving \$2,218,231, (December 31, 2017- \$2,851,711); the proceeds for the final payment of Sale Transaction with Star Goldfield net of finder's fees and bonus to former director. Balance is cash used for down payment and due diligence costs in connection with Kunsu option agreement, in addition to finance renewals of prospecting licenses and payment of redundancy to the exploration manager prior to completing the Sale Transaction with Star Goldfield.

Net cash used in financing activities for the year ended December 31, 2018 was 146,428 (December 31, 2017- \$28,494 provided by financing activities), representing repayment of directors loans.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

	Year ended December 31, 2018	Year ended December 31, 2017
Salaries and benefits paid to officers and senior management <sup>(1)</sup>	\$ 290,076	\$ 188,643

(1) Remuneration attributed to key management personnel is recorded in salaries and benefits, and exploration and evaluation assets. Included is \$199,857 redundancy payment to Henry Sowah, former Exploration Manager which was capitalized to exploration and evaluation assets.

As at December 31, 2018, \$2,761 (December 31, 2017 - \$202,729) was owing to a former director and officer of the Company and is included in accounts payable and accrued liabilities.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts and disclosures of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the year. Actual results could differ from those estimates and such differences could be significant.

**SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended December 31, 2018, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

**New standards and interpretations not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company.

- IFRS 16: New standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases, effective for annual periods beginning on or after January 1, 2019.

The Company does not expect a significant impact from adapting all the above new standards.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities.

The fair value of the Company's receivables, and accounts payable and accrued liabilities approximate carrying value due to their short terms to maturity. The Company's other financial instrument, cash, is recorded at fair value, and under the fair value hierarchy is based on level one quoted prices in active markets for identical assets and liabilities. Refer to Note 3 for details on the fair value hierarchy.

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

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. The Company's cash are held with a major Canadian chartered bank and management believes the risk of loss to be remote. Receivables consist of input tax credits receivable from the Government of Canada. The Company does not believe it is subject to significant credit risk in relation to its receivables.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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. As at December 31, 2018, the Company had cash of \$3,208,271 and current liabilities of \$58,844.

### **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.

#### a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash balances which earn interest at variable market interest rates, however, this exposure is considered to be minimal. The Company has no interest-bearing debt, and therefore, is not exposed to risk in the event of interest rate fluctuations.

#### b) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company's expenditures are predominantly in Canadian dollars, and US dollars. The Company has financial assets and liabilities denominated in US dollars As at December 31, 2018. Based on the Company's net exposure As at December 31, 2018, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an impact on profit or loss of \$312,000.

#### c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

### **RISK FACTORS**

This MD&A does not include all of the information required for full risk factors discussion and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018.

## **INTERNAL CONTROLS**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Castle Peak has undertaken to put into place a system of internal controls appropriate for its size, and reflective of its operations. The Company's certifying officers are responsible for establishing and maintaining disclosure controls and procedures for the Company, and have concluded based on an evaluation As at December 31, 2018, that the disclosure controls and procedures for the Company are effective.

## **OUTSTANDING SHARE INFORMATION**

Common shares, stock options and warrants issued and outstanding as at December 31, 2018 are described in detail in Note 7 to the unaudited condensed interim consolidated financial statements for the year ended December 31, 2018. Summarized balances as at December 31, 2018 and April 4, 2019 are as follows:

	December 31, 2018	April 4, 2019
Common shares outstanding	132,763,360	132,763,360
Stock options exercisable	2,305,000	2,305,000
Fully-diluted	135,068,360	135,068,360

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains "forward looking information" within the meaning of applicable Canadian securities legislation. Forward looking information may include, but is not limited to, information with respect to our planned exploration and evaluation activities including generating new targets, costs and timing of future exploration, results of future exploration and drilling, potential development plans in the future, timing and receipt of approvals, consents and permits under applicable legislation, our executive compensation approach and practice, the composition of our board of directors and committees, and adequacy of financial resources. Wherever possible, words such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify forward looking information.

Forward looking information is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward looking information, including, without limitation:

- risks related to commodity price fluctuations, including gold price volatility;
- risks related to the exploration and evaluation of our mineral property including general operating risks;
- risks related to the fact that we are a new company with no exploration and evaluation assets in production or development and no history of production or revenue;
- uncertainties related to title to our exploration and evaluation assets and surface rights;
- risks and uncertainties relating to the interpretation of drill results and the geology, grade and continuity of our mineral deposits;
- risks related to governmental regulations, including environmental regulations;
- increased costs and restrictions on operations due to compliance with environmental laws and regulations;

- increased costs affecting the mining industry;
- increased competition in the mining industry for properties, qualified personnel and management;
- risks related to some of our directors' and officers' involvement with other natural resource companies;
- risks related to the delay in obtaining or failure to obtain required permits, or non-compliance with permits that have been obtained;
- risks related to our ability to obtain adequate financing for our planned exploration and evaluation activities and to complete further exploration programs;
- risks related to general economic conditions;
- recent market events and conditions; and
- currency fluctuations.

This list is not exhaustive of the factors that may affect any of our forward-looking information. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Forward-looking information involves statements about the future and is inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors. Our forward-looking information is based on the beliefs, expectations and opinions of management on the date the statements are made and we do not assume any obligation to update forward looking information, whether as a result of new information, future events or otherwise, other than as required by applicable law. For the reasons set forth above, prospective investors should not place undue reliance on forward looking information.

## **APPROVAL**

Management is responsible for all information disclosed in the consolidated financial statements. The Board of Directors of Castle Peak Mining Ltd. has approved the disclosures contained in this MD&A.