

Cabral Gold Inc.
(formerly San Angelo Oil Limited)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017

Cabral Gold Inc.
Management's Discussion and Analysis
For the three months ended September 30, 2017

Forward-looking statements

Information and statements contained in the Management Discussion and Analysis ("MD&A") that are not historical facts are forward-looking information within the meaning of Canadian securities legislation and involve risk and uncertainty. This MD&A contains looking-forward information including estimations and statements which describe the Company's future activities.

In certain cases forward-looking statements can be identified by such words as "plans", "expects", "budgets", "estimates", "forecasts", "intends", "anticipates", "believes" including the negative thereof or variations of such words combined with statements that events "may", "might", "could" or "will be taken". These forward looking statements involve factors that may change resulting in actual results differing materially from those expressed. Examples include timing and outcome of litigations, receipt of regulatory approvals, and valuation models.

Forward-looking statements contain known and unknown risks and uncertainties which could cause actual performance to be materially different from any future results. These factors are discussed in the "Risks and Uncertainties" section in the MD&A.

While the Company has identified a number of risks that could affect actual events, this may not be an exhaustive listing and there could be other factors that could impact actual results.

Such statements reflect the current views of the Company with respect to future events based on currently available information and are subject to risks and uncertainties. The statements contained in this MD&A speak only as of the date hereof, and the Company does not undertake any obligation to release publicly any revisions to these statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Introduction

Cabral Gold Inc. ("Cabral" or the "Company") was incorporated under the *British Columbia Business Corporations Act* on February 11, 2014. The Company is a junior resource company engaged in the identification, exploration and development of both proven and unproven reserves via drilling and/or acquisition.

Following closing of the business combination transaction with Cabral Gold Ltd. and 1116669 B.C. Ltd. in October 2017, the Company changed its name from "San Angelo Oil Limited" to "Cabral Gold Inc.". The common shares of Cabral Gold Inc. commenced trading on the TSX Venture Exchange under the symbol "CBR" on November 2, 2017.

This MD&A focuses on significant factors that affected Cabral during the relevant reporting period and to the date of this report.

The Company's head office is located at Suite 1500 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

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Additional information

The MD&A provides an analysis of the financial results of Cabral's operations and financial results for the three months ended September 30, 2017 and should be read in conjunction with the unaudited condensed consolidated interim financial statements (the "Financial Statements") and notes thereto, for the three months ended September 30, 2017, and the MD&A and audited annual consolidated financial statements for the year ended June 30, 2017 along with other public disclosure documents of the Company.

The condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") applying accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended June 30, 2017 which were prepared in accordance with IFRS.

The condensed consolidated interim financial statements were prepared using accounting policies consistent with those applied in the preparation of the 2017 annual consolidated financial statement and were authorized for issue by the Company's Board of Directors (the "Board") on November 27, 2017.

Business combination and financing transactions

Business combination

On May 11, 2017, the Company announced that it had entered into a business combination agreement dated May 10, 2017 (the "Agreement") to acquire Cabral Gold Ltd. (the "Transaction"). Cabral Gold Ltd. has a 100% interest in the Cuiú Cuiú gold deposit which is located in the Tapajos region of Brazil.

On October 31, 2017, the Company and Cabral Gold Ltd. announced that they had completed the business combination transaction (the "Transaction"). The Transaction was carried out by way of a three-cornered amalgamation, whereby Cabral Gold Ltd. amalgamated with 1116669 B.C. Ltd., a wholly owned subsidiary of the Company.

Concurrently with closing of the Transaction, the Company completed a five-for-one share consolidation pursuant to which the total number of pre-Transaction securities of the Company was reduced as follows: 6,492,750 pre-consolidation common shares to 1,298,550 post-consolidation common shares, and 3,000,000 pre-consolidation share purchase warrants to 600,000 post-consolidation share purchase warrants.

Shareholders of Cabral Gold Ltd. received 0.18 of a post-consolidation common share of the Company for each common share of Cabral Gold Ltd. held by them immediately prior to the completion of the Transaction. The Company issued 29,753,868 post-consolidation shares in exchange for the common shares of the Company (including 6,931,328 common shares issued on conversion of the Subscription Receipts; see 'Financing', below). Following closing of the Transaction, the Company had 31,052,418 common shares issued and outstanding.

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Outstanding stock options, share purchase warrants and compensation warrants of Cabral Gold Ltd. were exchanged for similar instruments of the Company exercisable for or convertible into post-consolidation securities of the Company on the basis of the 0.18 exchange ratio.

Financing

Prior to closing of the Transaction, Cabral Gold Ltd. completed a private placement financing (the "Offering") which raised gross proceeds of \$4,158,801 through the sale of 38,507,414 subscription receipts (the "Subscription Receipts") at a price of \$0.108 per Subscription Receipt. Cabral Gold Ltd. issued a total of 2,227,137 special warrants (the "Special Warrants") to various finders and paid cash finders' fees and commissions totalling approximately \$240,531 to the finders in connection with the Offering.

The Offering was comprised of both brokered and non-brokered components (\$1,799,902 and \$2,358,899, respectively).

Immediately prior to the closing of the Transaction:

- Each Subscription Receipt was converted, without additional consideration, into one unit of Cabral Gold Ltd. which, in conjunction with the closing of the Transaction, was exchanged for 0.18 of one unit of the Company. Each whole unit of the Company (a "Unit") was comprised of one post-consolidation common share, one-half of one class A warrant and one-half of one class B warrant. Each whole class A warrant entitles the holder to purchase one post-consolidation common share of the Company at a price of \$0.75 until October 30, 2018, and each whole class B warrant entitles the holder to purchase one post-consolidation common share of the Company at a price of \$0.90 until October 30, 2019
- Each Special Warrant was automatically exercised into a compensation warrant of Cabral Gold Ltd., which, in conjunction with closing of the Transaction, was exchanged for 0.18 of a compensation warrant of the Company. Each compensation warrant entitles the holder to acquire one Unit at an exercise price of \$0.60 until October 30, 2019.

The net proceeds of the Offering will be used to finance the work program on the Cuiú Cuiú project and for general working capital.

Other

Following closing of the Transaction, the Company changed its name from "San Angelo Oil Limited" to "Cabral Gold Inc.". The common shares of Cabral Gold Inc. commenced trading on the TSX Venture Exchange under the symbol "CBR" on November 2, 2017.

Financial update

For the three months ended September 30, 2017, the Company reported a net loss of \$21,479 (three months ended September 30, 2016: net loss of \$24,295).

Impact of the business combination on the Company's financial position

The closing of the business combination transaction with Cabral Gold Ltd. in late October 2017 significantly increased the Company's cash and net working capital positions. An estimate of the

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Company's financial position as at September 30, 2017 on a pro-forma basis reflecting the closing of the business combination transaction as if it had closed on this date is as follows:

	Cabral Gold Inc.	Cabral Gold Ltd.	Notes	Pro-forma adjustments	Pro-forma
Cash	\$ 80,007	\$ 524,864	(a) (b)	\$ 4,158,801 (480,000)	\$ 4,283,672
Other current assets	2,094	29,166			31,260
Fixed assets	-	815,269			815,269
Mineral properties	-	1,320,150			1,320,150
Total assets	\$ 82,101	\$ 2,689,449		\$ 3,678,801	\$ 6,450,351
Current liabilities	15,463	369,094			384,557
Long-term liabilities	-	302,202			302,202
	15,463	671,296		-	686,759
Shareholder's equity	66,638	2,018,153	(a) (b)	4,158,801 (480,000)	5,763,592
Total liabilities and equity	\$ 82,101	\$ 2,689,449		\$ 3,678,801	\$ 6,450,351
<i>Net working capital</i>	<i>\$ 66,638</i>	<i>\$ 184,936</i>		<i>\$ 4,158,801</i>	<i>\$ 3,930,375</i>

Pro-forma adjustments:

- (a) Gross proceeds of Cabral Gold Ltd.'s October financing
- (b) Estimated transaction costs incurred by both Cabral Gold Ltd. and the Company subsequent to September 30, 2017 (relating to both the business combination and the financing)

Summary of net loss

The following table presents selected items of general and administrative expenses for the Company for the three month periods ended September 30, 2017 and 2016. The information is derived from the

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Company's condensed consolidated interim financial statements for the periods then ended:

	3m ended Sept. 30, 2017	3m ended Sept. 30, 2016
	\$	\$
Amortisation	-	236
Management fees	4,500	4,500
Legal	7,575	5,588
Office and miscellaneous	758	124
Professional fees	3,000	3,000
Regulatory fees	1,250	1,200
General exploration	-	2,188
Transfer agent	3,480	2,374
	20,563	19,210
Foreign exchange	916	(427)
Write-down of equipment	-	5,515
Net loss	21,479	24,298

Expenses incurred in the three months ended September 30, 2017 were comparable to those incurred in the three months ended September 30, 2016.

The Company realised no revenue nor issued any dividends during either period.

During the three months ended September 30, 2016, the Company wrote off \$5,515 in office furniture as the Company had determined that these assets had no recoverable value.

Summary of quarterly results

Quarterly operating results for the eight quarters ended September 30, 2017 are summarised below:

3 months ended	Expenses	Net loss (income)	Net loss per share (basic)	Net loss per share (diluted)
September 30, 2017	20,563	21,479	0.00	0.00
June 30, 2017	23,718	24,746	0.00	0.00
March 31, 2017	12,876	(168,974)	0.02	0.03
December 31, 2017	35,990	29,537	0.00	0.00
September 30, 2016	19,210	24,298	(0.01)	(0.01)
June 30, 2016	749,268	729,215	(0.82)	(0.82)
March 31, 2016	63,783	2,686	0.00	0.00
December 31, 2016	109,785	614,552	(0.14)	(0.14)

The Company did not realise any revenues and did not issue any dividends during the eight quarters ended September 30, 2017.

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Working capital

The Company's working capital has been funded from proceeds received through brokered and non-brokered private placements, the issuance of convertible debentures and the closing of the Company's initial public offering.

Outlook

The Company is in the process of identifying a suitable individual to join the management team as Vice President, Exploration.

The Company expects to pursue a two-phase program of exploration for the Cuiú Cuiú property over two years as follows:

- Phase 1 will consist of an update to the current mineral resource estimate undertaken by Pincock Allen & Holt in 2011 which was based on 25,945 metres of diamond drilling. The update will consider an additional 22,070 metres of diamond drilling that was undertaken subsequently that were not reflected in the aforementioned resource estimate. An updated resource estimate is expected to be issued in the first quarter of calendar 2018. In addition, a field program of geological mapping, trenching and expansion of the soil sampling grid is proposed with a view to identifying new drill targets
- Phase 2 consists of a program of geophysics to refine the drill targets followed by an 8,000 metre diamond drill program. Induced polarization and CSAMT are being considered.

The estimated costs of the two program phases are as follows:

Activity	Phase 1	Phase 2
	\$	\$
Re-estimate mineral resource	100,000	
Trenching	80,000	
Mapping/geology	150,000	
Field workers/soil sampling	90,000	
Computers, etc.	12,000	
Drilling		1,840,000
Geophysical survey(ies)		600,000
Data logging/geology		300,000
Field workers		250,000
Food/supplies	43,200	100,000
Geochemical analysis	175,000	420,000
Flights to Cuiú Cuiú	41,250	99,000
Vehicles	75,000	75,000
ATVs	20,000	30,000
Fuel for vehicles	9,250	27,750
Transport of personnel	18,000	48,000
Logistical support	60,000	60,000
Contingency	87,370	277,175
	961,070	4,126,925

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In addition, the Company has commenced the process of Environmental Licensing at Cuiú Cuiú with the commencement of environmental study due to commence in early calendar 2018. The study and licensing process is expected to take between 12 and 24 months to complete. Completion and approval of this study is a key step in the permitting process.

Liquidity and capital resources

The Company is an exploration stage enterprise. It does not earn any operating revenues and relies on its working capital to fund its administrative costs. The Company's cash position as at September 30, 2017 was \$80,007 and its working capital position as at this date was \$66,638.

The Company's cash and net working capital positions on a pro-forma basis as at September 30, 2017 after taking into consideration the business combination transaction with Cabral Gold Ltd. were \$4,283,672 and \$3,930,375, respectively (see 'Financial update').

Management has estimated that the Company will have adequate funds from existing working capital and the October 2017 financing to meet its corporate development, administrative and property obligations for the year ended September 30, 2018. The Company will periodically need to obtain additional financing, and while it has been successful in the past, there can be no assurance that it will be able to do so in the future.

Capital management

The Company manages its cash, share capital and share purchase warrants as capital. It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interests of all stakeholders.

The Company's investment policy is to hold cash with institutions of high creditworthiness, in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company currently has no sources of revenues. As such, the Company is dependent upon external financings to fund activities. In order to finance future projects and to pay for administrative activities, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management practices on an ongoing basis and believes that their approach, given the relative size of the Company, is reasonable.

The closing of the Transaction served to significantly increase the Company's cash and working capital positions. These funds are to be applied towards the development of the Cuiú Cuiú mineral property in Brazil, to supporting general and administrative costs and to general working capital requirements.

Operating activities

Cash used in operating activities during the three months ended September 30, 2017 amounted to \$17,444 (three months ended September 30, 2016: \$7,351) reflecting both the net loss for the periods (as discussed above) offset by changes in working capital balances.

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Investing activities

The Company had no investing activities during the three month periods ended September 30, 2017 and 2016.

Financing activities

The Company had no financing activities during the three month periods ended September 30, 2017 and 2016.

Shareholders' equity

A summary of the Company's shareholders' equity as at September 30, 2017 (as reported), September 30, 2017 (reflecting the consolidation of the Company's securities on a five-for-one basis) and November 27, 2017 (following closing of the Transaction) is as follows:

	Sept. 30, 2017 (as reported)	Sept. 30, 2017 (post-consolidation)	Nov. 27, 2017
Common shares	6,492,750	1,298,550	31,052,418
Warrants (a)	3,000,000	600,000	600,000
Warrants (b)	-	-	264,827
Warrants (c)	-	-	3,465,667
Warrants (d)	-	-	3,465,667
Warrants (e) - shares	-	-	415,880
Warrants (e) - warrants	-	-	415,880
Stock options	-	-	936,000
Fully diluted	9,492,750	1,898,550	40,616,339

- (a) 600,000 warrants having an exercise price of \$0.25 through May 26, 2021
- (b) 264,827 compensation options having an exercise price of \$0.25 through October 30, 2019
- (c) 3,465,667 A warrants having an exercise price of \$0.75 through October 30, 2018
- (d) 3,465,667 B warrants having an exercise price of \$0.90 through October 30, 2019
- (e) 415,880 finders' fee warrants entitling the holder to acquire one unit of the Company for an exercise price of \$0.60 through October 30, 2019. Each unit comprises a common share of the Company, one half of an A warrant and one half of a B warrant
- (f) 936,000 stock options having an exercise price of \$0.333 through February 14, 2020

A success fee amounting to \$180,000 in connection with the closing of the Transaction is due to an external advisor pursuant to an advisory agreement entered into in October 2016. The fee may be paid in common shares of the Company at a deemed value of \$0.50 per common share.

Transactions with related parties

Transactions with related parties were in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

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Consulting fees which included the cost of senior officer and director compensation amounted to \$4,500 in the three months ended September 30, 2017 (three months ended September 30, 2016: \$4,500).

Financial instruments and risk management

As at September 30, 2017, the Company's financial instruments consisted of cash, other receivables, accounts payable and accrued liabilities. Fair value estimates are made at the reporting date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision.

The Company's financial instruments have been classified as follows under IFRS:

- Cash and cash equivalents: fair value through profits and loss
- Other receivables: loans and receivable
- Account payable and accrued liabilities: other financial liabilities.

The types of financial risk exposure that the Company is subject to and the manner in which such exposure is managed by the Company is as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk primarily associated to cash, short-term investments and other receivables. The carrying amounts of assets included on the consolidated statements of financial position represent the maximum credit exposure. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash and short-term investments with institutions of high creditworthiness.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short-term business requirements, after taking into account cash flows from operations, expected capital expenditures and its holdings of cash. In the long-term, the Company may have to issue additional shares to ensure there is cash available on demand for its programs. All short-term financial liabilities, being accounts payable and accrued liabilities, are payable within a 90-day period and are to be funded from cash on hand.

At September 30, 2017, the Company's current liabilities consisted of accounts payable and accrued liabilities of \$15,463. While the Company's cash balance as at this date of \$80,007 is considered to be insufficient to meet projected financial requirements for a period of twelve months subsequent to the reporting date, Cabral Gold Ltd. completed a \$4.16 million equity financing immediately prior to the closing of the Transaction. Management has estimated that the Company will have adequate funds from existing working capital and this October 2017 financing to meet its corporate development, administrative and property obligations for the year ended September 30, 2018. The Company will periodically need to obtain additional financing, and while it has been successful in the past, there can be no assurance that it will be able to do so in the future.

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Interest rate risk

The Company is exposed to interest rate risk on its outstanding cash reserves. The Company's policy is to invest cash at fixed and floating interest rates in order to maintain liquidity, while achieving a satisfactory return for shareholders. The Company monitors this exposure and does not enter into any derivative contracts to manage this risk. The Company's interest rate risk mainly arises from the interest rate impact on its cash. Based on the cash balance as at September 30, 2017, with other variables unchanged, a 1% change in the interest rate would have a nominal impact to net loss. The Company's financial liabilities are not exposed to interest rate risk.

Foreign currency risk

The Company previously operated in the United States and was exposed to foreign currency risk relating to United States dollars from purchases and loans that are denominated in currencies other than the respective functional currencies of the Company's subsidiary. The Company's subsidiary had a United States dollar functional currency, with net assets that were exposed to foreign currency translation risk. The Company's subsidiary was sold during the 2017 fiscal year and the Company's foreign exchange risk is now minimal.

Fair value

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 - Financial Instruments: Fair Value Measurement ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Company's financial instruments include cash, other receivables, and accounts payable and accrued liabilities. There have been no changes in levels during the period.

The significance of the inputs used in determining fair value measurements of the Company's financial instruments is provided below:

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		September 30, 2017			
Category		Carrying value1	Level	Level 2	Level 3
		\$	\$	\$	\$
Cash	FVTPL	80,007	80,007	-	-
		June 30, 2017			
Category		Carrying value1	Level	Level 2	Level 3
		\$	\$	\$	\$
Cash	FVTPL	97,451	97,451	-	-

The fair value of cash approximates its carrying value. There have been no changes in levels throughout the period.

Critical accounting estimates and judgments

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimation uncertainty

Certain key assumptions concerning the future and other key sources of estimation uncertainty could have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Reference should be made to the Company's significant accounting policies contained in Note 2 of the financial statements. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

Recent accounting pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after July 1, 2017, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

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The standards and interpretations that have been issued, but are not yet effective as at the date of issuance of this MD&A are disclosed below. Management anticipates that all of the pronouncements will be adopted in the accounting policy for the first period beginning after the effective date of the pronouncement. Information concerning new standards, amendments and interpretations that are expected to be relevant is provided below.

The Company continues to evaluate the impact the implementation of these standards will have on the financial statements.

Accounting standards anticipated to be effective in future periods:

IFRS 9 - Financial Instruments. This IFRS introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39 - Financial Instruments: Recognition and measurement, derecognition of financial assets and financial liabilities. The required adoption date for IFRS 9 is January 1, 2018.

IFRS 16 – Leases. This IFRS, which supersedes IAS 17 – Leases, specifies how to recognize, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, has also been applied.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Disclosure controls and procedures

Management has established disclosure controls and procedures for the Company in order to provide reasonable assurance the information is made known to it in a timely manner, particularly during the period in which the annual and quarterly filings were being prepared. However, the Company is not required to certify the design and evaluation of its disclosure controls and procedures, and has not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement disclosure controls and procedures on a cost effective basis may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Legal matters

The Company was not a party to, nor has any of its property been the subject of, any material legal proceedings or regulatory actions as at September 30, 2017 or at any time during its most recently completed financial year.

Risk and uncertainties

The Company's principal activity involves the exploration and development of resources interests. Companies in this industry are subject to many risks, including but not limited to, environmental, fluctuating commodity prices, social, political, financial and economic. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen.

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The risk and uncertainties identified in this section are considered by management to be the most important in the context of the Company's business.

- Volatility of share prices for publicly traded companies
- Risk of dilution as a result of equity financings
- Risks related to an inability to finance the business
- Risks associated with required continuous public disclosure of information respecting the business
- Limited operating history
- Risks associated with the exploration and development of mineral properties
- Environmental and safety regulations associated with the exploration and development of mineral properties
- Widely fluctuating metal prices
- Political and related legal and economic uncertainty in foreign jurisdictions where the Company's properties are located
- Risk of foreign exchange and currency fluctuations
- Competition from other more well-established or new mineral exploration and development companies
- The Company's ability to pay dividends in the future and the timing and amount of those dividends.

A discussion of the risks and uncertainties that the Company is subject to is presented in its Filing Statement dated October 23, 2017 that may be viewed at www.sedar.com.