

## **DOUBLEVIEW CAPITAL CORP.**

### **FORM 51-102F1 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED AUGUST 31, 2017**

*The following discussion and analysis should be read in conjunction with the unaudited condensed interim financial statements six months ended August 31, 2017 and the related notes thereto and the audited financial statements of Doubleview Capital Corp. (the "Company") for the year ended February 28, 2017 and the related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise noted.*

#### **Date**

This Management Discussion and Analysis is dated October 30, 2017 and is in respect of the six months ended August 31, 2017.

#### **Forward-Looking Statements**

This Management Discussion and Analysis contains "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; changes in project parameters as plans continue to be refined; changes in labour costs; future mineral prices; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. See "Risk Factors".

Forward looking information is based on a number of material factors and assumptions, including the determination of mineral reserves or resources, if any, the results of exploration and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While the Company considers these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties discussed above.

The Company intends to discuss in its quarterly and annual reports any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this Management Discussion and Analysis. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

#### **Qualified Person**

Erik A. Ostensoe, P. Geo, is the Company's Qualified Person as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, and has reviewed and approved all technical information in this

Management Discussion and Analysis. Mr. Ostensoe is not independent as he is a shareholder of the Company and an Optionor of the Company's Red Spring Property.

## **Company Overview**

Doubleview Capital Corp. (the "Company") was incorporated in British Columbia on January 18, 2008.

The Company is engaged in the acquisition, exploration and development of mineral resource properties located in British Columbia. The Company holds a 100% interest in the Hat Property and the Mount Milligan North Property as well as an option to acquire a 90% interest in the Red Springs Project. See "Overall Performance".

To date, the Company has not been able to identify a known body of commercial grade minerals on any of its mineral properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent on the Company being able to identify a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the mineral properties.

## **Overall Performance**

During the six months ended August 31, 2017, the Company generated no revenue and had a net loss of \$252,121 compared with a net loss of \$209,011 during the year ended August 31, 2016.

### Hat Property

#### *Option Agreement*

On August 29, 2011, the Company entered into an option agreement, as amended November 12, 2015, (the "Hat Option Agreement") with Thomas E. Lisle and Erik Ostensoe (collectively, the "Optionors") whereby the Company acquired a 100% interest in the Hat Property. The Hat Property consists of nine mineral claims totaling 3,561.43 hectares and is 50 kilometers northwest of Telegraph Creek, British Columbia. The property was acquired by cash payments totaling \$250,000, issuance of 1,000,000 shares and incurring \$1,000,000 in exploration expenditures. The Optionors retain a 2% Net Smelter Royalty on the property. The Company has the right to purchase 1% of the Net Smelter Royalty on or before the sixth anniversary of the Agreement upon payment of an aggregate of \$1,500,000 to the Optionors.

During the year ended February 28, 2017, the Company satisfied the option agreement requirements and now owns 100% of the Hat Property.

#### *2016 Work Program*

In September 2016, the Company commenced a program of camp construction and diamond drilling that continued until December 9, 2016 when work ceased due to the onset of severe winter conditions. Five holes with total length 1960.84 metres were drilled. Drill hole H-026 intersected 514.41 m with 0.14 g/tonne gold, 0.19% copper and 0.43 g/tonne silver, including 261.13 m with 0.16 g/tonne gold, 0.24% copper and 0.31 g/tonne silver. Drill hole H-027 intersected 415.75 m with 0.19 g/tonne gold, 0.19% copper and 0.29 g/tonne silver, including 226.68 m with 0.26 g/tonne gold, 0.27% copper and 0.19 g/tonne silver. Drill hole H-028 intersected 305.5 m with 0.11 g/tonne gold, 0.16% copper and 0.68 g/tonne silver, including 106.85 m with 0.20 g/tonne gold, 0.21% copper and 0.66 g/tonne silver. Drill hole H-029 did not intersect the mineral zone and drill hole H-030 was suspended at shallow depth and did not enter the mineral zone.

### Red Springs Project

On August 8, 2013, the Company entered into an option agreement to earn a 90% interest in the Red Spring Copper-Silver-Gold Property from Farshad Shirvani (President and CEO) (90%) and Erik Ostensoe, P.Geo. (10%) (the "Vendors").

The Red Spring Copper-Silver-Gold Property comprises 2 mineral tenures with area 215.75 hectares and is located 160 km north of Smithers, in the Omineca Mining District of British Columbia. The option agreement terms and commitments are:

- (a) 50,000 shares of the Company on Exchange approval, cash payment of \$7,000 to Vendors and conduct \$100,000 work program on the property before the first anniversary of the agreement,
- (b) 100,000 shares of the Company on the first anniversary of signing, and \$15,000 in cash payment to Vendors and conduct an additional \$100,000 work program on the property before the second anniversary of the agreement,
- (c) 150,000 shares of the Company on the second anniversary of signing, and \$25,000 in cash payment to Vendors and conduct an additional \$100,000 work program on the property before the third anniversary of the agreement,
- (d) 200,000 shares of the Company on the third anniversary of signing, and \$35,000 in cash payment to Vendors and conduct an additional \$100,000 work program on the property before the fourth anniversary of the agreement,
- (e) 300,000 shares of the Company on the fourth anniversary of signing, and \$45,000 in cash payment to Vendors and conduct an additional \$250,000 work program on the property before the fifth anniversary of the agreement.

Vendors will retain a 2.5% Net Smelter Royalty (“NSR”) on the Red Spring Copper-Silver-Gold property of which Doubleview can purchase 50% for \$1,500,000.

Doubleview has not made the required payments, issued the required shares, nor met the required exploration expenditures and is currently in the process of re-negotiating the terms of the option agreement. During the year ended February 28, 2017, the Company determined certain claims comprising the Red Springs Property lapsed, and, accordingly, the Company recorded an impairment charge of \$32,985 (2016 - \$Nil).

The Red Spring property was discovered in 1972 and was then explored by technical surveys and a small number of shallow drill holes. Doubleview’s geological consultant completed an initial property evaluation in 2013 and applied for and received an Exploration Permit, subject to various conditions, including a reclamation bond. The Company did not activate the Permit which has now lapsed. A Doubleview field crew in late 2016 completed a soil geochemical sampling program of 293 soil samples that included an area of historic work, including drilling, where drill holes intercepted from 12 to 50 metres of copper and silver mineralization. The 2016 work revealed a previously unrecognized area with elevated levels of zinc and silver values in soils situated south of the area of copper mineralization. The significance of the zinc-silver anomalous soil analyses has not been determined and the Company is planning further work, possibly including drilling in both the copper-silver and zinc-silver areas.

#### 2017 Private Placement

In October 2017, the Company completed a private placement financing of 11,600,000 units (the “Units”) at a price of \$0.05 per Unit for gross proceeds of \$580,000. Each Unit is comprised of one common share of the Company and one common share purchase warrant (a “Warrant”), with each Warrant entitling the holder to purchase one additional common share at \$0.05 per share for a period of five years from the date of issue.

#### 2016 Private Placements

Between October and December 2016, the Company issued 6,550,000 flow-through units (“FT Units”) and 6,635,206 non-flow-through units (“NFT Units”) at a price of \$0.08 per unit for total proceeds of \$1,054,816.

Each FT Unit comprises of one common share and one-half share purchase warrant and each NFT Unit comprises of one common share and one full share purchase warrant. Each full warrant is exercisable to purchase one additional common share at \$0.15 per common share for a period of 2 years. The Company issued 281,250 shares with a fair value of \$22,500 and paid \$96,830 in finders’ fees and share issuance costs. The Company also issued 534,750 finders’ warrants, exercisable into one common share at a price of \$0.15 per share for a period of 2 years. The Company allocated a fair value of \$22,496 to the finders’ warrants.

## Convertible Notes

In February 2017, the Company issued convertible notes (the “Notes”) totalling \$588,330 (USD \$450,000). The Notes bear interest at an annual rate of 5% compounded, calculated quarterly and are repayable eighteen by August 1, 2018. Subsequent to August 31, 2017, the Company repaid the outstanding balance on the notes.

## Discussion of Operations

### Summary of Quarterly Results

A summary of quarterly results for the past eight quarters is set forth below. All amounts are prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

	31-Aug-17 (\$)	31-May-17 (\$)	28-Feb-17 (\$)	30-Nov-16 (\$)	31-Aug-16 (\$)	31-May-16 (\$)	29-Feb-16 (\$)	30-Nov-15 (\$)
Total Revenues	-	-	-	-	-	-	-	-
Expenses	(65,813)	(186,308)	(523,323)	(62,926)	(72,763)	(136,248)	(461,884)	(104,503)
Loss for Period	(65,813)	(186,308)	(523,323)	(62,926)	(72,763)	(136,248)	(461,884)	(104,503)
Total Assets	4,811,065	5,067,463	5,230,590	4,921,030	4,306,982	4,396,887	4,474,813	4,965,988
Total Liabilities	(787,764)	(978,349)	(955,168)	(253,275)	(403,982)	(423,906)	(410,338)	(547,336)
Total Equity	4,023,301	4,089,114	4,275,422	4,667,755	3,903,368	3,972,981	4,064,475	4,418,652

### Six months ended August 31, 2017

During the six months ended August 31, 2017, the Company recorded a net loss of \$252,121 as compared to a net loss of \$209,011 during the six months ended August 31, 2016. The increased loss was mainly due to an increase in investor relations expenses from \$43,499 during the six months ended August 31, 2016 to \$102,000 during the six months ended August 31, 2017 as the Company completed an extensive marketing campaign that started near the end of the prior fiscal year end.

The Company incurred professional fees of \$55,877 (2016 - \$34,754) during the six months ended August 31, 2017. The Company also incurred \$8,840 (2016 - \$6,165) in transfer agent and filing fees during the six months ended August 31, 2017. Transfer agent and filing fees relate to monthly fees incurred to the Company’s transfer agent and filing fees payable to the Exchange.

Office and administrative expenses and investor relations expenses increased to \$27,605 and \$102,000, respectively, during the six months ended August 31, 2017 from \$10,201 and \$43,499, respectively, during the six months ended August 31, 2016.

The Company also incurred management fees of \$60,000 and rent of \$9,000 during the six months ended August 31, 2016 compared with \$30,000 and \$9,000, respectively, in the comparative period. See “Transactions between Related Parties”.

### Three months ended August 31, 2017

During the three months ended August 31, 2017, the Company recorded a net loss of \$65,813 compared to a net loss of \$72,763 during the three months ended August 31, 2016.

The Company incurred professional fees of \$35,052 (2016 - \$8,625) during the three months ended August 31, 2017. The Company also incurred \$7,213 (2016 - \$4,495) in transfer agent and filing fees during the three months ended August 31, 2017.

Office and administrative expenses increased from \$1,433 during the three months ended August 31, 2016 to \$19,492, during the three months ended August 31, 2017. Investor relations decreased from \$19,783 during the three months ended August 31, 2016 to \$Nil during the three months ended August 31, 2017.

The Company also incurred management fees of \$30,000 and rent of \$4,500 during the three months ended August 31, 2017 compared with \$15,000 and \$4,500, respectively, in the comparative period. See "Transactions between Related Parties".

### **Liquidity and Capital Resources**

As at August 31, 2017, the Company had cash of \$7,430 and a working capital deficiency of \$724,521 compared with cash of \$146,743 and working capital of \$45,793 as at February 28, 2017.

### **Off Balance Sheet Arrangements**

The Company has not engaged in off-balance sheet arrangements.

### **Transactions Between Related Parties**

Details of the transactions between the Company and other related parties are disclosed below:

- Incurred management fees of \$60,000 (2016 - \$30,000) to Terracad Geoscience Services Ltd., a company controlled by the CEO, President and director of the Company; and
- Incurred rent of \$9,000 (2016 - \$9,000) to Terracad Geoscience Services Ltd.

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At August 31, 2017, recorded in trade and other payables is \$15,830 (February 28, 2017 - \$179,001) due to Terracad Geoscience Services Ltd. This amount is non-interest bearing, unsecured and has no fixed terms of repayment.

At August 31, 2017, recorded in amounts receivable is \$2,865 (February 28, 2017 - \$2,865) due from companies controlled by the officers and directors of the Company.

### **Changes in Accounting Policies**

The following standards, amendments and interpretations have been adopted by the Company as of March 1, 2014. There was no impact on the financial statements as a result of the adoption of these standards, amendments and interpretations:

- IFRS 8 Operating Segments;
- IAS 32 Financial Instruments: Presentation;
- IAS 36 Impairment of Assets; and
- IFRIC 21 Levies.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after March 1, 2015 or later periods.

- IFRS 9 Financial Instruments; and
- IAS 16 and IAS 38 Property, Plant and Equipment and Intangibles

The above new standards or amendments to existing standards that have not been early adopted in these financial statements, is not expected to have a material effect on the Company's future results and financial position.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements

## Financial Instruments

The Company's financial instruments consist of cash, receivables and trade and other payables. The fair values of these financial instruments approximate their carrying values unless otherwise stated. The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and receivables.

The Company's cash are held through Canadian chartered banks, which are high-credit quality financial institutions, which reduce concentration of credit risk. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because instruments are due from a government agency.

### Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2017, the Company had a cash balance of \$7,430 to settle current liabilities of \$787,764. The Company will require additional financing to be able to meet its financial obligations. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and interest-bearing debt.

### Foreign currency rate risk

Because the Company is domiciled in Canada and its capital is raised in Canadian dollars, the Company is not exposed to any significant foreign exchange risk.

## Outstanding Share Data

As of the date of this Management Discussion and Analysis, the following securities are outstanding:

<u>Type of Security</u>	<u>Number of Shares or Underlying Shares</u>
Issued and Outstanding Common Shares	92,544,256
Stock Options exercisable at \$0.10 to \$0.17 per Share <sup>(1)</sup>	6,855,000
Warrants exercisable at \$0.05 to \$0.15 per Share <sup>(2)</sup>	27,073,290
<u>Fully Diluted Shares</u>	<u>126,472,546</u>

Notes:

- (1) Each option is exercisable into common shares as follows:
- (a) \$0.11 per share until May 21, 2018 in respect of 1,035,000 stock options;
  - (b) \$0.10 per share until October 21, 2018 in respect of 1,165,000 stock options;
  - (c) \$0.10 per share until February 15, 2019 in respect of 200,000 stock options;
  - (d) \$0.10 per share until May 20, 2019 in respect of 1,535,000 stock options;
  - (e) \$0.16 per share until February 20, 2020 in respect of 550,000 stock options;
  - (f) \$0.17 per share until April 27, 2020 in respect of 1,200,000 stock options;
  - (g) \$0.10 per share until August 13, 2020 in respect of 470,000 stock options;
  - (h) \$0.10 per share until April 29, 2021 in respect of 700,000 stock options; and
  - (i) \$0.05 per share until October 10, 2022.
- (2) Each warrant is exercisable into common shares as follows:
- (a) \$0.15 per share until September 16, 2018 in respect of 1,623,334 share purchase warrants;
  - (b) \$0.15 per share until October 17, 2018 in respect of 1,925,000 share purchase warrants;
  - (c) \$0.10 per share until September 4, 2020 in respect of 1,000,000 share purchase warrants;
  - (d) \$0.15 per share until October 31, 2018 in respect of 5,741,706 share purchase and finders' warrants;
  - (e) \$0.15 per share until November 25, 2018 in respect of 4,020,750 share purchase and finder's warrants
  - (f) \$0.15 per share until August 1, 2019 in respect of 450,000 finder's warrants; and
  - (g) \$0.15 per share until December 30, 2018 in respect of 712,500 share purchase warrants and finder's warrants.

**Risk Factors**

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, financial condition and results of operations, or the trading price of the common shares.

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. The primary risk factors affecting the Company are set forth below and the risks discussed below should not be considered as all inclusive.

Limited Operating History

The Company has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Company will be able to raise the required funds to continue these activities.

No Production History

None of the Company's mineral properties are producing and the Company's ultimate success will depend on its operating ability to generate cash flow from producing properties in the future. The Company has not generated any revenue to date and there is no assurance that it will do so in the future.

The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of the exploration programs that the Company proposes to undertake.

Exploration, Mining and Operational Risks

The business of exploring for and mining minerals involves a high degree of risk. Few properties that are explored are ultimately developed into mines. At present, the Mount Milligan North Property and the Hat Property do not have a known mineral deposit and the proposed exploration programs are an exploratory search for such a deposit.

The Company's operations are subject to all the hazards and risks normally associated with the exploration, development and mining of minerals, any of which could result in risk to life, to property, or to the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures and labour disputes, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment, machinery, labour or adverse weather conditions. The availability of insurance for such hazards and risks is extremely limited or uneconomical at this time.

In the event the Company is fortunate enough to discover a mineral deposit, the economics of commercial production depend on many factors, including the cost of operations, the size and quality of the mineral deposit, proximity to infrastructure, financing costs and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial mineral production.

### Mining Claims

The Company's prospecting activities are dependent upon the grant of appropriate mineral tenures and regulatory comments which may be withdrawn or made subject to limitations. Mineral claims are renewable subject to certain expenditure requirements. Although the Company believes that it will obtain the necessary prospecting licenses and permits, including but not limited to drill permits, there can be no assurance that they will be granted or as to the terms of any such grant. Furthermore, the Company is required to expend required amounts on its mineral claims in order to maintain them in good standing. If the Company is unable to expend these amounts, the Company may lose its title thereto on the expiry date(s) of its mineral claims. There is no assurance that, in the event of losing its title to a mineral claim, the Company will be able to register the mineral claim in its name without a third party registering its interest first.

### Land Claims

Aboriginal rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any other aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the land which is covered by the Company's mineral properties.

The legal basis of a land claim is a matter of considerable legal complexity and the impact of a land claim settlement and self-government agreements cannot be predicted with certainty. In addition, no assurance can be given that a broad recognition of aboriginal rights by way of a negotiated settlement or judicial pronouncement would not have an adverse effect on the Company's activities. Such impact could be marked and, in certain circumstances, could delay or even prevent the Company's exploration or mining activities.

On July 7, 2015, the Company was drilling at the Hat Property when uninvited persons arrived via helicopter and caused a halt to the 2015 drilling program. As a result of the interruption, the Company has filed a Notice of Civil Claim in the Supreme Court of British Columbia to recover damages and obtain an injunction against the uninvited persons. Additionally, the Company brought an Application in the Supreme Court of British Columbia to obtain a pretrial injunction to prevent future interruption of the Company's drill program. On May 24, 2016, the Company was successful in obtaining an injunction to prevent further interruption of the Company's drill program from the Supreme Court of British Columbia (the "Order"). The Order restrains, Chad Norman Day, President of the Tahltan Central Government; Heather Hawkins, Vice President of the Tahltan Central Government; and certain other named First Nation Elders (collectively, the "Defendants"). In addition, the Order restrains any persons acting under the instruction of the Defendants or anyone with knowledge of the Order.

### Assurance of Title

The Company has taken all reasonable steps to attempt to ensure that proper title to its mineral properties has been obtained and that all grants of such rights thereunder, if any, have been registered with the appropriate public offices. Despite the due diligence conducted by the Company, there is no guarantee that title to such mineral claims will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects.

### Competition

The Company competes with numerous other companies and individuals possessing greater financial resources and technical facilities than itself in the search for, and acquisition of, mineral claims, leases and other mineral interests, as well as the recruitment and retention of suitably qualified individuals.

## Personnel

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 its mineral claims. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

## Volatility of Commodity Prices

The market prices of commodities, including copper and gold, are volatile and are affected by numerous factors which are beyond the Company's control. These factors include international supply and demand, consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, inflation, global or regional political events, as well as a range of other market forces. Sustained downward movements in commodity prices, including copper or gold, could render less economic, or uneconomic, some or all of the exploration activities to be undertaken by the Company.

## Environmental Risks

Inherent with mining operations is an environmental risk. The legal framework governing this area is constantly developing, therefore the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company within the Province of British Columbia.

## Uninsured Risks

The Company, as a participant in exploration and mining programs, may become subject to liability for hazards such as unusual geological or unexpected operating conditions that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company is currently uninsured against all such risks as such insurance is either unavailable or uneconomic at this time. The Company also currently has no keyman insurance or property insurance as such insurance is uneconomical at this time. The Company will obtain such insurance once it is available and, in the opinion of the directors, economical to do so. The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

## Health and Safety Risks

A violation of health and safety laws, or the failure to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on the Company's mineral properties or any part thereof, a loss of the right to prospect for minerals, or the imposition of costly compliance procedures. This could have a material adverse effect on the Company's operations and/or financial condition.

## Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in pursuing its ultimate strategy. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Commodity prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in its mineral properties, incur financial penalties, or reduce or terminate its operations.

**Further Information**

Additional Information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).