



**WILDSKY RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended**

**November 30, 2020**

## GENERAL

Wildsky Resources Inc. ("Wildsky" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada. The Company's registered office is Suite 890 – 580 Hornby Street, Vancouver, British Columbia, Canada. Wildsky is listed on the TSX Venture Exchange under the trading symbol "WSK". The Company and its subsidiary are in the business of acquisition, exploration and development of mineral properties.

This Management's Discussion and Analysis ("MD&A") of the Company has been prepared based on available information up to the date of this report, March 15, 2021, and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended November 30, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("ISAB"). All monetary amounts are expressed in Canadian dollars unless stated otherwise.

The Company's shares are listed on the TSX Venture Exchange under the symbol "WSK". Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## FORWARD-LOOKING STATEMENTS

Information and statements contained in this MD&A that are not historical facts are forward-looking information within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators that involve risks and uncertainties.

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties, which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

## OVERVIEW

### **Acquisition of niobium-tantalum and gold exploration licenses in Nigeria**

In December 2020, the Company received TSX-V's approval on the acquisition of exploration licenses in Nigeria.

On December 3, 2019, the Company entered into a Share Purchase Agreement (the Agreement) with 1187395 BC Limited. (the "Vendor").

The Vendor, a British Columbia corporation wholly-owned by Mr. Chaoyi Wang, legally and beneficially owns 9,900,000 common shares (the "Shares") of the 10,000,000 issued and outstanding common shares in the capital of Zijin Midas Nigeria Limited ("ZMNL"). Pursuant to the terms of the Agreement, the Company will purchase the Shares from the Vendor for cash consideration of US\$96,000.

ZMNL holds ten Exploration Licenses (the "EL's") in Nigeria, three of the EL's pertain to niobium-tantalum ("Nb-Ta") exploration (each being a "Nb-Ti EL"), and the remaining seven EL's are for gold and lead-zinc exploration (each being a "Au-Pb EL"). The ten EL's cover a total area of 742 km<sup>2</sup>.

The EL's are subject to a call option (the "Slight Edge Option") in favour of Slight Edge HK Limited ("Slight Edge"). Slight Edge's Nigerian subsidiary assisted ZMNL through the application process which led to the issuance of the EL's. According to a call-option deed entered into between ZMNL and Slight Edge, Slight Edge has an option permitting it to obtain up to a 30% interest in the seven Au-Pb EL's and a 20% interest in the three Nb-Ta EL's. Slight Edge may exercise its Slight Edge Option before February 8, 2021 by reimbursing ZMNL for its respective percentage of costs and expenses incurred by ZMNL with respect to the EL's.

### **Private placement**

In December 2020, the Company closed a non-brokered, private placement of up to 8,000,000 share units (the "Unit") of the Company at a price of \$0.10 per Unit for gross proceeds up to \$800,000. Each Unit shall be comprised of one common share and ½ of one share purchase warrant. Each Warrant shall be exercisable into a common share at a price of \$0.15 per share for a period of three years.

### **Option agreement with Cassiar Gold Corp. ("Margaux", formerly Margaux Resources Ltd.)**

As of October 9, 2020, the Company transferred 100% interest in Cassiar to Margaux in accordance with the option agreement dated on March 25, 2019.

Margaux completed all obligation under the option agreement and issued a total of 11,640,000 common shares of Margaux. During the year ended November 30, 2020, the Company received 8,148,000 (2019 – 3,492,000) shares of Margaux valued at \$4,394,100 (2019 - \$1,396,800) at the time of receipt. As of November 30, 2020, the Company holds 21.42% of all the issued and outstanding shares of Margaux.

### **Convertible debenture financing**

On April 23, 2020, the Company closed a non-brokered, private placement of debentures (the "Debentures") of the Company at a price of \$1,000 per Debenture for gross proceeds of \$200,000. Each Debenture has the following terms and conditions attached:

- 1) Term: Twelve months from the date of issuance of the Debentures, subject to an option on the part of the holders thereof to extend the maturity to twenty-four months from the date of issuance of the Debentures.
- 2) Interest Rate: The Debentures shall bear a simple interest of 10% per annum, accrued monthly, and payable at maturity.
- 3) Security: The Debentures shall be unsecured.
- 4) Conversion: The Debenture holder may, at any time and from time to time up to maturity, elect to convert the outstanding Debentures and any interest accrued and unpaid thereon into common shares in the capital of the Company at a price of \$0.10 per share.

## **OUTLOOK**

The Company has no current funding for exploration of its mineral projects. Management is monitoring the economic conditions of the mining industry and continues discussions with investors in relation to the economic viability of extracting gold residues from the tailings pond of its formerly producing mine at Table Mountain property.

## **SELECTED ANNUAL INFORMATION**

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements.

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**For The Year Ended November 30, 2020**

	<b>As at November 30,</b>		
	2020*	2019	2018
Current assets	\$ 847,625	\$ 1,933,771	\$ 214,315
Non-current assets	8,104,593	7,626,973	8,639,083
<b>Total assets</b>	<b>8,952,218</b>	<b>9,560,744</b>	<b>8,853,398</b>
Current liabilities	726,115	473,783	75,507
Non-current liabilities	-	2,809,783	2,283,225
Shareholders' equity	8,226,103	6,277,178	6,494,666
<b>Total liabilities and shareholders' equity</b>	<b>8,952,218</b>	<b>9,560,744</b>	<b>8,853,398</b>
Working capital (deficiency)	\$ 121,510	\$ 1,459,988	\$ 138,808

	<b>Year ended November 30,</b>		
	2020*	2019	2018
Revenue	\$ -	\$ -	\$ -
Expenses	( 503,012)	(717,922)	(848,163)
Other income (loss)	1,601,409	345,580	3,507
<b>Income (loss) and comprehensive income (loss) for the year</b>	<b>\$ 1,098,397</b>	<b>\$ (372,342)</b>	<b>\$ (844,656)</b>
Basic income (loss) per share	\$ 0.07	\$ ( 0.03)	\$ ( 0.06)
Weighted average number of common shares outstanding - Basic	14,839,813	14,839,813	13,556,416
Diluted income (loss) per share	\$ 0.07	\$ ( 0.03)	\$ ( 0.06)
Weighted average number of common shares outstanding - Diluted	16,239,813	14,839,813	13,556,416

\* During the year ended November 30, 2020, the Company disposed 100% of its subsidiary Cassiar (2020) Gold Corp. who owns Table Mountain Property and Taurus Property in BC. All related assets and liabilities were deconsolidated as of October 9, 2020.

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**QUARTERLY INFORMATION**

	Three month period ended November 30, 2020***	Three month period ended August 31, 2020**	Three month period ended May 31, 2020	Three month period ended February 29, 2020**
Total assets	\$ 8,952,218	\$ 12,652,117	\$ 9,777,436	\$ 8,870,009
Working capital (deficiency)	121,510	5,515,808	2,657,651	732,487
Shareholders' equity	8,226,103	9,149,645	6,317,957	5,554,167
Net income (loss) and comprehensive income (loss)	(923,542)	2,839,647	(94,697)	(723,011)
Earning (loss) per share – basic and diluted	(0.07)	0.19/0.14	(0.01)	(0.05)

	Three month period ended November 30, 2019**	Three month period ended August 31, 2019*	Three month period ended May 31, 2019	Three month period ended February 28, 2019
Total assets	\$ 9,560,744	\$ 9,226,845	\$ 9,317,284	\$ 8,771,429
Working capital (deficiency)	1,459,988	(58,650)	(49,625)	30,655
Shareholders' equity	6,277,178	6,179,490	6,285,029	6,362,620
Net income (loss) and comprehensive income (loss)	97,688	(224,153)	(113,831)	(132,046)
Loss per share – basic and diluted	0.01	(0.02)	(0.01)	(0.01)

\* During the three months ended August 31, 2019, the Company recorded a stock-based compensation of \$118,614 on the grant of 1,400,000 stock options.

\*\* During the three months ended November 30, 2019, the Company recorded a gain of \$349,200 from fair value adjustment on investments. During the three months ended February 29, 2020, the Company recorded a loss of \$611,100 from fair value adjustment of the investments. During the three months ended August 31, 2020, the Company recorded a gain of \$2,968,200 from fair value adjustment of the investments.

\*\*\* During three months ended November 30, 2020, the Company disposed 100% of its subsidiary Cassiar (2020) Gold Corp. who owns Table Mountain Property and Taurus Property in BC. All related assets and liabilities were deconsolidated as of October 9, 2020. The Company recorded a loss of \$345,630 on the disposal of subsidiary.

**REVIEW OF FINANCIAL RESULTS**

**Year ended November 30, 2020**

**Net Income**

For the year ended November 30, 2020, the Company incurred net income of \$1,098,397 as compared to a net loss \$372,342 for the comparative year ended November 30, 2019.

The significant change of net income/loss is due to \$2,007,900 of increase in the fair value of 11,640,000 shares of Margaux the Company received.

During the year ended November 30, 2020, the Company disposed 100% of its subsidiary Cassiar (2020) Gold Corp. who owns Table Mountain Property and Taurus Property in BC. All related assets and liabilities were deconsolidated as of October 9, 2020. The Company recorded a loss of \$345,630 on the disposal of subsidiary.

**Expenses**

Expenses for the year ended November 30, 2020 were \$503,012 as compared to \$717,922 of 2019. The expenses were consisted of:

- Accretion of asset retirement obligation of \$40,038 (2019 - \$58,732) on the asset retirement obligation;

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- Accretion of interest of \$94,879 (2019 - \$37,160) is related to proceeds of \$502,000 (2019 - \$302,000) from convertible debentures;
- Amortization expense of \$42,212 (2019 - \$46,755) is comparable;
- Filing and transfer agent fee of \$22,735 (2019 - \$26,047) mainly consisted of monthly transfer agent fes, TSX-V maintenance fee, and SEDAR filing fee;
- accrue of management fee of \$96,000 (2019 – \$96,000) to a company controlled by the CEO and President, and \$72,000 (2019 - \$72,000) to a company controlled by the CFO;
- Professional fees of \$62,315 (2019 - \$50,184) mainly consisted of audit and tax fees and legal fees in relation with private placement, reactivation, and preparation of AGM ;
- Rent and office expenses of \$16,858 (2019 - \$29,230) decreased due to cease of office lease payment starting January 1, 2020;
- The Company recorded \$Nil (2019 - \$118,614) of fair value on Nil (2019 - 1,400,000) of stock options granted during the period;
- Camp maintenance costs \$2,984 (2019 - \$47,418) was lower because Margaux is responsible for operating and maintenance costs of Cassiar Gold property since April 1, 2019 pursuant to the option agreement.
- The Company recorded \$Nil (2019 - \$118,614) of fair value on Nil (2019 – 1,400,000) of stock options granted during the period;
- The Company incurred \$43,778 (2019 - \$126,642) in project investigation during the year ended November 30, 2020. The project investigation of current year is mainly for a 43-101 report on Nigeria property and consulting fee on investigation of mineral properties in Ethiopia. During the comparative year ended Noveember 30, 2019, the project investigaton expenses were related to a field trip to Nigeria.

**Three months ended November 30, 2020 and 2019**

**Net Income (Loss)**

For the three months ended November 30, 2020, the Company had a loss of \$923,542 as compared to an net income of \$97,688 for the same period in 2019.

The net income during the three months ended November 30, 2019 is due to \$349,200 of increase in the fair value of 3,492,000 shares of Margaux the Company received in November 2019 pursuant to the Option Agreement.

During the three months ended November 30, 2020, the Company recorded a decrease of \$349,200 in the fair value of 11,640,000 shares of Margaux the Company received. Also during the three month period, the Company disposed 100% of its subsidiariy Cassiar (2020) Gold Corp. who owns Table Mountain Property and Taurus Property in BC. All related assets and liabilities were deconsolidated as of October 9, 2020. The Company recorded a loss of \$345,630 on the dispoa of subsidiary.

**Expenses**

- Accretion of asset retirement obligation of \$Nil (2019 - \$12,461) is related to the Table Mountain and Taurus Gold properties ;
- Accretion of interest of \$30,458 (2019 - \$18,122) is related to proceeds of \$502,000 (2019 - \$302,000) from convertible debentures;
- Amortization expense of \$2,836 (2019 - \$11,690) decreased due to the disposal of capital assets in the subsidiary;
- Filing and transfer agent fee of \$12,391 (2019 - \$1,870) was higher due to filings fee in relation with the closing of private placement and exploration license acquisition in December 2020;
- accrue of management fee of \$24,000 (2019 – \$24,000) to a company controlled by the CEO and President, and \$18,000 (2019 - \$18,000) to a company controlled by the CFO;
- Professional fees of \$38,652 (2019 - \$32,454) is comparable, mainly including the year end audit accrual;

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- The Company incurred 33,208 (2019 - \$113,924) in project investigation. The project investigation in current three month period is mainly for a 43-101 report on Nigeria property and consulting fee on investigation of mineral properties in Ethiopia. During the comparative three month ended November 30, 2019, the project investigation expenses were related to a field trip to Nigeria.

## **LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN**

The Company is in the exploration stage and no revenue has been generated to date. At November 30, 2020, the Company had cash of \$35,323 (November 30, 2019 - \$169,901) and a working capital of \$121,510 (November 30, 2019 - \$1,459,988).

In the past, operating capital and exploration requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company. The Company's current financial situation indicates material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

### *Cash Flows*

Under operating activities, the Company used \$270,562 in the year ended November 30, 2020, as compared with \$345,395 in the comparative year ended November 30, 2019.

During the year ended November 30, 2020, the Company received \$200,000 (2019 - \$302,000) of proceeds from convertible debentures. The Company repaid loan interest of \$30,200 (2019 - \$Nil). During the year ended November 30, 2020, the Company also received \$800,000 share subscription proceeds in advance from a proposed private placement which was closed in December 2020.

In the investing activities, during the year ended November 30, 2020, the Company purchased \$800,000 GICs as the subscription received in advance cannot be used until the close of the private placement. The Company also purchased geological equipment of \$30,961. During the comparative year ended November 30, 2019, the Company received \$62,423 of BC Mining Exploration Tax Credit, paid \$20,542 on exploration and evaluation assets, and purchased additional reclamation bonds of \$5,500.

The Company has no long-term debt obligations other than asset retirement obligation.

## **SUBSEQUENT EVENTS**

### *Acquisition of Exploration Licenses in Nigeria*

In December 2020, the Company received approval from the TSX-V for its acquisition of 1187395 BC Limited ("1187395 BC"). 1187395 BC legally and beneficially owns 9,900,000 ordinary shares (out of 10,000,000 ordinary shares issued and outstanding, the "Shares") of Zijin Midas Nigeria Limited ("ZMNL"), a private company incorporated in the Federal Republic of Nigeria.

Pursuant to a Share Purchase Agreement (the Agreement) with 1187395 BC dated December 5, 2019, the Company will purchase the Shares for cash consideration of US\$96,000.

ZMNL holds ten Exploration Licenses (the "EL's") in Nigeria, three of the EL's pertain to niobium-tantalum ("Nb-Ta") exploration (each being a "Nb-Ta EL"), and the remaining seven EL's are for gold and lead-zinc exploration (each being a "Au-Pb EL"). The ten EL's cover a total area of 742 km<sup>2</sup>.

The EL's are subject to a call option (the "Slight Edge Option") in favour of Slight Edge HK Limited ("Slight Edge"). Slight Edge's Nigerian subsidiary assisted ZMNL through the application process which led to the issuance of the EL's. According to a call-option deed entered into between ZMNL and Slight Edge, Slight Edge has an option permitting it to obtain up to a 30% interest in the seven Au-Pb EL's and a 20% interest in the three Nb-Ta EL's. Slight Edge may exercise its Slight Edge Option before February 8, 2021 by reimbursing ZMNL for its respective percentage of costs and expenses incurred by ZMNL with respect to the EL's.

### *Private placement*

On December 15, 2020, the Company closed the non-brokered private placement announced in March 2020. As a result, the Company issued 8,000,000 Units at a price of \$0.10 per Unit for gross proceeds of \$800,000. Each Unit is comprised of

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one common share and ½ of one share purchase warrant (each whole warrant being a "Warrant"). Each Warrant is exercisable into a common share at a price of \$0.15 per Warrant Share at any time up to the close of business on the third anniversary of the date of issuance of the Units.

### **OUTSTANDING SHARE DATA**

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

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	Number of securities
Common shares	22,839,813
Stock options	1,400,000
Warrants	4,000,000

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

The Company does not have any off-balance sheet arrangements.

### **RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the year ended November 30, 2020:

a) During the year ended November 30, 2020, the Company paid or accrued \$96,000 (2019 -\$96,000) to a company controlled by the CEO and President. As of November 30, 2020, \$84,400 (2019 - \$36,400) payable to the company controlled by the CEO and President was included in accounts payable and accrued liabilities.

On May 21, 2019, the company controlled by the CEO and President subscribed for 42 units of the Company's convertible debenture for a principal of \$42,000. The principal was renewed on May 21, 2020. The Company paid interest of \$4,200 to the company controlled by the CEO in May 2020.

b) During the year ended November 30, 2020, the Company paid or accrued \$72,000 (2019 -\$72,000) to a company controlled by the CFO. As of November 30, 2020, \$50,300 (2019 - \$30,300) payable to the company controlled by the CFO was included in accounts payable and accrued liabilities.

On May 21, 2019, the CFO subscribed for 10 units of the Company's convertible debenture for a principal of \$10,000. The principal was renewed on May 21, 2020. The Company paid interest of \$1,000 to the CFO in May 2020.

c) During the year ended November 30, 2020, the Company paid or accrued \$500 (2019 -\$6,000) to a company of which the CEO and President is a director. As of November 30, 2019, the Company prepaid \$525 for December rent.

d) During the year ended November 30, 2020, Nil (2019 - 1,300,000) stock options were granted to directors and officers having a fair value on issuance of \$Nil (2019 - \$110,142).

Accounts payable to related parties do not bear interest, are unsecured and repayable on demand.

### **FINANCIAL INSTRUMENTS AND RELATED RISKS**

The Company's accounts payable and accrued liabilities, due to related parties, and convertible debentures are measured at amortized cost. Its financial assets, GST receivable and reclamation bonds, are also measured at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments.

#### **Financial risk management**

The Company's objective in risk management is to maintain its ability to continue as a going concern. It is exposed to the following risks:

### **Liquidity risk**

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at November 30, 2020, the Company had cash of \$35,323 (November 30, 2019 - \$169,901) and a working capital of \$121,510 (November 30, 2019 – \$1,459,988).

### **Credit risk**

Credit risk arises from cash held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash is held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

### **Market risk**

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

#### **i. Interest rate risk**

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's convertible debentures bear interest at 10% per annum. The Company's exposure to interest rate risk is insignificant.

#### **ii. Foreign currency risk**

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no significant assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

#### **iii. Equity price risk**

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

## **SIGNICANT ACCOUNTING POLICIES, CRITICAL JUDGEMENTS AND ESTIMATES**

All of the Company's significant accounting policies and estimates are included in Note 2 of its audited consolidated financial statements for the year ended November 30, 2020.

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 2020 reporting period. Those new standards have been assessed, but are not expected to have any impact on the Company's financial statements.

### **New, amended and future accounting pronouncements**

Standards and amendments issued but not yet effective for the year ended November 30, 2020, are as follows:

Amendments to *IFRS 3, Business Combinations*, clarify the definition of a business by providing a new framework for determining whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments are effective for annual periods beginning on or after January 1, 2020. The Company does not expect any impact on its financial statements from this new standard.

Amendments to *IAS 1, Presentation of Financial Statements*, and *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*, clarify the definition of 'materiality' and how it should be applied. The amendments also improve the explanations of the definition and ensure consistency across all IFRS Standards. The new definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments are effective for annual periods beginning on or after January 1, 2020. The Company does not expect any impact on its financial statements from this new standard.

Amendments to *IFRS 16, Leases*, COVID-19-Related Rent Concessions, permit lessees not to assess whether eligible COVID-19 related rent concessions are lease modifications, and account for them as if they were not lease modifications. The amendments are effective for annual periods beginning on or after January 1, 2020. The Company does not expect any impact on its financial statements from this new standard.

## **RISKS AND UNCERTAINTIES**

Due to nature of the Company's business in mineral exploration and development, it is subject to various risks and uncertainties associated with the mining and extraction industry. If any of the following risks occur, the Company's going concern, operating results and financial position could be adversely impacted.

### *Exploration Risk*

Mineral exploration activities are inherently risky. Few properties that are explored are eventually developed into producing mines. Exploration activities on the Company's Cassiar mineral properties have not yet resulted in discoveries of commercial mineralization to take the Company to the producing stage. If there are no further discoveries of mineral reserves, the Company may be forced to look for other exploration projects and abandon the existing properties.

### *Mineral Resources*

The mineral resource figures disclosed in the MD&A are estimates only and the Company cannot be certain that specific quantities of gold or other minerals will be realized. These estimates are subject to the assumptions and judgments used in the geological interpretations. Any material changes in the mineralization, grade, metal prices and market conditions could have a serious adverse effect on the economic viabilities of the Company. Until the estimated deposits are mined and processed, the mineral resources and its grades remain estimates only.

### *Commodity Prices*

The Company's future viability depends largely on the movement of the price of gold as the Company's mineral resources are primarily of gold. Gold prices have been historically volatile reacting to conditions beyond the Company's control, including international politics, economic crisis, global supply and demand and investors' sentiment. These uncertainties and volatility could affect negatively the Company's ability to raise capital for its exploration activities.

### *Global Economy and Financial Markets*

The Company has no revenue from its operations and relies on the capital markets to raise equity financings for its operations. The ongoing civil war in Syria, instability in the Middle East, proliferate terrorist attacks in Europe and the increase of US interest rate have all adversely affected the global economy. The market uncertainty has led to the capital especially in natural resource sectors with uneconomically low commodity prices. This results in extreme challenges for exploration companies to seek funds from the financial markets.

### *Share Price Volatility*

The slowdown growth in China since 2014 has resulted in reduced demand of base and precious metals and drastic drops in the share prices of many resource-based companies. As a junior mineral explorer, the Company's share price has been unavoidably affected by such volatile market conditions, which may not be necessarily related to the financial condition and underlying assets of the Company. For the Company's ongoing working capital and exploration activities, it relies on the issuance of common shares. The Company's depressed share price has casted doubt on its ability to raise equity financing.

### *Government and Environmental Regulations*

The Company's operations are subject to various regulations governing prospecting, permitting, mine safety, labour standards, explosive storage, reclamation, spills, tailings disposal and any other environmental issues. There is no guarantee that new rules and compliances will not be enacted or existing regulations will not be changed and applied in such a way that they may adversely affect the Company's operations. Environmental legislation has becoming more stringent and penalties are enforced for non-compliance. Compliance with existing and evolving regulations means increasing costs to the Company.

### *Impact of COVID-19*

The Company's business is exploring mineral properties in British Columbia and searching for mineral property assets to acquire globally. The management doesn't think that COVID-19 will have strong impact on the Company's financial results.

The Company completed the acquisition of ten Exploration Licenses (the "EL's") in Nigeria, three of the EL's pertain to niobium-tantalum ("Nb-Ta") exploration (each being a "Nb-Ti EL"), and the remaining seven EL's are for gold and lead-zinc exploration (each being a "Au-Pb EL"). Due to the global pandemic of COVID-19, the Company will have difficulty to send geologists to visit the sites and conduct exploration work. As a result, the exploration and development of the property will be

delayed accordingly.

The Company's financing plan may also be delayed and as a result. Howeverm the Company has no payment commitments on its mineral properties.