



(the “Company”)

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year End Report – December 31, 2017

General

This Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the audited financial statements of the Company for the year ended December 31, 2017. The following information, prepared as of April 23, 2018, should be read in conjunction with the December 31, 2017 financial statements. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company’s activities can be found on SEDAR at (www.sedar.com).

Forward-looking Information

This MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation (“Forward-looking Statements”). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this MD&A include, without limitation, statements relating to the Company’s plans for exploration of its properties; the sufficiency of the Company’s cash position; and its ability to raise equity capital or access debt facilities. Often, but not always, these Forward-looking Statements can be identified by the use of words such as “anticipates”, “believes”, “plans”, “estimates”, “expects”, “forecasts”, “scheduled”, “targets”, “possible”, “strategy”, “potential”, “intends”, “advance”, “goal”, “objective”, “projects”, “budget”, “calculates” or statements that events, “will”, “may”, “could” or “should” occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration;
- fluctuations in commodity prices, foreign exchange rates, and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters and local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions;

as well as those factors referred to in the “Risks and Uncertainties” section in this MD&A.

Forward-looking Statements contained in this MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company’s properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matters;
- exploration activities proceeding on a basis consistent with the Company’s current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

Business of the Company

The Company is a Vancouver-based mineral exploration company engaged in the acquisition and exploration of precious and base metals properties. In late 2017, Bruce Smith was appointed President and a Director of the Company, while Simon Ridgway remains as CEO and a Director. Mr. Smith is focusing his efforts towards actively seeking prospective projects for possible acquisition by the Company, as well as possible joint ventures or other transaction for the Company’s Yukon property portfolio described below.

Rivier Property

The Company’s 100% interest in the Rivier Property was originally held partly by staking 16 claims and partly under an option agreement for 100 claims. As well, Voyager Gold Corp. (“Voyager”), a private BC company, had the option to acquire from the Company a 60% interest in the Property, and Voyager has to date issued to the Company 200,000 common shares in its capital stock. The Company’s option agreements with the owner (“Rivier Owner”) of the 100 claims and with Voyager were terminated during the year ended December 31, 2017 and before the next scheduled share payment dates. As a result, the Property was reduced to 16 claims owned 100% by the Company.

On April 16, 2018, the Company entered into an agreement (the “Rivier and Sixty Mile Agreement”) with the Rivier Owner whereby the Company has acquired 100% ownership of the 100 Rivier claims previously subject to the Initial Option, in consideration for transferring to the Rivier Owner 63 of the Company’s Sixty Mile claims, agreeing to make annual advance royalty payments of \$10,000 to the Rivier Owner commencing in April 2020, and granting to the Rivier Owner a 2% net smelter return royalty. As a result of the Rivier and Sixty Mile Agreement, the Rivier Property currently consists of 116 claims owned by the Company,

The Rivier claims are located 90 kilometres southeast of Ross River, Yukon and cover an ultramafic body shedding anomalous gold values from its margin into stream sediments and soil. In 2011, Voyager completed a program of geological mapping and geochemical sampling followed by an airborne geophysical (magnetic and radiometrics) survey. Two zones of anomalous gold in soil, ranging from background to over 2,000 ppb Au, were identified. In 2012 Voyager intended to explore with an initial program of trenching and 500 metres of diamond drilling exploration but poor market conditions precluded financing arrangements.

In 2013, Voyager carried out a short program of geological mapping and geochemical soil, stream sediment and rock sampling (139, 8 and 37 samples respectively). Geochemical results included a number of anomalous values for gold in soil (>27 ppb gold) extending the known anomalies but not closing them off. The report recommended detailed geological mapping, additional soil geochemistry to close off the gold anomalies, geophysics (HLEM and or IP) and, instead of trenching the flanks of the listwanitized ultramafic, to use a ‘geoprobe’ bedrock sampling tool to test for gold in bedrock.

Other Properties

Scarlet Property, Rackla Belt Area

As at December 31, 2017, the Company owned 550 claims in the Rackla Belt area, Yukon, of which 230 claims comprise the Scarlet East property and 320 claims comprise the Scarlet West property.

Scarlet East

The Scarlet East property covers what is believed to be the eastern extension of the belt of rocks that host ATAC Resources' Osiris and Conrad discoveries located northeast of Keno City, Yukon.

Mineralization in the Rackla belt shares many of the characteristics of Carlin-type gold deposits, including similar alteration assemblages and association with the low-temperature arsenic sulphides, realgar and orpiment. In the eastern part of the belt, host rocks are two 150-to-250-metre-thick limestone debris flow and turbidite units, referred to by ATAC Resources as the Osiris and Isis horizons. Regional and detailed mapping over the Scarlet East property has identified similar carbonate stratigraphy and fold patterns.

From 2012 to 2014, Strategic Metals Ltd. ("Strategic") had an option to acquire an interest in the Scarlet East claim block. Strategic conducted a detailed prospecting and geological mapping program along with geochemical soil sampling. Geochemical results identified an irregularly shaped, approximately north-north-westerly trending gold-arsenic-mercury-antimony in soil anomaly over an area of about 2,000 by 700 metres in the eastern part of the property. Additional work was recommended; however in late 2014, Strategic terminated its option.

On April 5, 2018, the Company entered into an agreement (the "Scarlet and Hat Agreement") whereby it sold the 230 Scarlet East block of claims, and the Company's 49 Hat claims (see Face Property below), in consideration of a cash payment of \$50,000 and a 1% net smelter return royalty.

Scarlet West

The Scarlet West property covers lead - zinc carbonate hosted mineralization exposed at several outcropping showings. The Company allowed all of 320 Scarlet West claims to lapse on their expiry date of March 31, 2018.

Sixty Mile Property

As at December 31, 2017, the 100% owned Sixty Mile Property consisted of 508 claims covering portions of the headwaters and drainage areas of the prolific Sixty Mile Gold Camp of the Yukon Territory which reportedly produced over 500,000 ounces of gold from the creeks that drain the Company's Sixty Mile Property.

Subsequent to December 31, 2017:

- (a) The Company entered into an agreement dated March 8, 2018, to sell 81 of its Sixty Mile claims (the "Sold Claims"). In consideration therefor, the purchaser has agreed to: (i) keep the Sold Claims in good standing for five years; and (ii) pay to the Company 25% of any cash or share payments the purchaser may receive during the next five years in respect of the Sold Claims and certain additional claims adjacent to the Sold Claims which the purchaser proposes to acquire.
- (b) as of March 31, 2018, the Company relinquished 18 of its Sixty Mile claims to a previous owner in accordance with an underlying agreement previously assumed by the Company with respect to these claims.
- (c) the Company allowed 346 claims comprising the Sixty Mile property to lapse on their expiry date of March 31, 2018.
- (d) the Company entered into the Rivier and Sixty Mile Agreement dated April 16, 2018 whereby it sold the remaining 63 of its Sixty Mile claims.

As a result of the above transactions, the Company no longer owns any Sixty Mile claims.

Face Property

As of December 31, 2017, the Face property consisted of 49 claims located in western Yukon, 45 kilometres due east of Eagle, Alaska.

Work by the Company in 2013 consisted of soil and rock sampling, prospecting and reconnaissance geological mapping over previously identified gold and silver anomalies. Although the sampling was hindered by overburden and permafrost, geochemical soil sample results identified an irregular shaped area anomalous in silver (>10 ppm Ag and up to 88 ppm Ag) located over an area of approximately one square kilometre. The silver anomaly is accompanied by anomalous zinc values (>500 ppm to 6,000 ppm Zn) and is underlain by black shale, likely belonging to the Road River Group. Rock samples of the black shale contained similar values for silver and zinc. No significant gold values from the soil or rock samples were obtained

As noted above, the Company sold these claims pursuant to the Scarlet and Hat Agreement dated April 5, 2018.

Qualified Person: Roger Hulstein, B.Sc., P.Geo., a member of the Association of Professional Engineers and Geoscientists of British Columbia, is the Company's Qualified Person as defined by National Instrument 43-101, and is responsible for the accuracy of the technical information in this MD&A.

Selected Financial Information

The following table provides financial results for the years ended December 31, 2017, 2016 and 2015:

	2017 (\$)	2016 (\$)	2015 (\$)
Exploration expenditures	7,602	260	1,410
General and administrative expenses	123,025	141,254	156,675
Net loss	80,627	219,288	161,835
Basic and diluted loss per share	0.01	0.01	0.02
Total assets	366,474	104,597	231,419
Total liabilities	225,230	133,476	41,760
Shareholders' equity (deficiency)	141,244	(28,879)	189,659

Quarterly Information

The following table provides quarterly information for the eight fiscal quarters ended December 31, 2017:

Quarter Ended	Dec. 31, 2017 (\$)	Sep. 30, 2017 (\$)	Jun. 30, 2017 (\$)	Mar. 31, 2017 (\$)	Dec. 31, 2016 (\$)	Sep. 30, 2016 (\$)	Jun. 30, 2016 (\$)	Mar. 31, 2016 (\$)
Exploration expenditures	7,602	-	-	-	260	-	-	-
General and administrative expenses	40,259	26,774	24,773	31,219	46,734	26,442	29,211	38,867
Net income (loss)	2,139	(26,774)	(24,773)	(31,219)	(124,018)	(26,442)	(29,961)	(38,867)
Basic and diluted income (loss) per share	0.00	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)

The net loss for the quarter ended December 31, 2016 is higher than most other quarters due to a write-down in that quarter of \$77,024 on exploration and evaluation assets. The net income for the quarter ended December 31, 2017 was a result of the reversal of impairment of exploration and evaluation properties of \$50,000. Exploration expenditures for the past eight quarters have consisted of property care and maintenance activities.

Results of Operations

Quarter ended December 31, 2017

The quarter ended December 31, 2017 had a net income of \$2,139, compared to a net loss of \$124,018 for the quarter ended December 31, 2016, a difference of \$126,157. The current quarter resulted in a net income due to a recovery of impairment loss recorded in the current quarter of \$50,000. The comparative quarter net loss included a

write-down of \$77,024 in exploration and evaluation assets whereas there was no such expense recorded in the current quarter. Exploration expenditures totaled \$7,602 which was primarily for new property investigations while there were minimal expenditures during the comparative quarter relating to care and maintenance of existing properties.

General and administrative expenses totaled \$40,259 for the current quarter compared to \$46,734 for the comparative quarter, a decrease of \$6,475. Most notable cost decreases were \$3,888 in office and administrative expenses and \$3,249 in shareholder communications. The shareholder communications expense for the current quarter was less than the comparative quarter due to the timing of the Company's annual general meeting

Year ended December 31, 2017

The net loss for the year ended December 31, 2017 was \$80,627 compared to \$219,288 for the year ended December 31, 2016, a decrease of \$138,661. As in the quarterly comparison, the current year's net loss was impacted by a recovery of \$50,000 and the comparative year's net loss was impacted by a write-down of \$77,024 on exploration and evaluation assets. Exploration expenditures for the current and comparative years were the same as those for the quarterly comparison. The comparative year recorded an impairment charge on available-for-sale investments of \$750 whereas there was no such charge for the current year. There were minimal exploration expenditures relating to care and maintenance of the properties during both the current and comparative years.

General and administrative expenses for the year ended December 31, 2017 totalled \$123,025 compared to \$141,254 for the year ended December 31, 2016, a decrease of \$18,229. Notable costs decreases during the current year were \$9,745 in office and administrative expenses and \$8,925 in salaries and benefits. These costs were lower due to the Company's portion of shared personnel and administrative costs decreasing during the current year.

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no cash flow from operations. The Company does not have any commitments and as of the date of this report, it no longer has option agreements relating to the Rivier property that had cash and share payments scheduled to be paid and received.

As at December 31, 2017, current assets were \$250,862 of which \$245,217 was cash and \$4,501 was the fair value of available-for-sale investments. Current liabilities were \$225,230, resulting in working capital of \$25,632. The current liabilities balance includes \$207,805 that has been accrued over several periods and is owing to related parties. The Company's last private placement to raise funds was in 2015 for \$250,000. Issued in this private placement were 5,000,000 share purchase warrants with an exercise price of \$0.05 per share, of which all were exercised during the year ended December 31, 2017, for proceeds to the Company of \$250,000. Current funds continue to be used for care and maintenance activities on the Company's properties and for general working capital purposes.

The Company has primarily funded its operations through the issuance of equity financing. The Company does not expect its capital resources to be sufficient to cover its corporate operating costs and future exploration expenditures through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property acquisition and exploration activity.

Financial Instruments and Risk Management

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Board of Directors receives periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices affecting the Company are comprised of the following types of risk: interest rate risk and equity price risk. The Company is not exposed to the risk related to the fluctuation of foreign currency rates.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to not be significant.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's available-for-sale investments are exposed to equity price risk due to the potentially volatile and speculative nature of the businesses in which the available-for-sale investments are held. The common shares held in Damara and Voyager are monitored by management with decisions on sale taken at Board level. A 10% change in fair value of the shares would result in a \$450 increase or decrease in comprehensive loss.

(b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and available-for-sale investments. The Company limits exposure to credit risk by maintaining its cash with chartered Canadian financial institutions. The Company does not have cash or available-for-sale investments that are invested in asset-based commercial paper.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At December 31, 2017, the Company had cash of \$245,217 (2016: \$31,254) available to apply against short-term business requirements and current liabilities of \$225,230 (2016: \$133,476). All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

Related Party Transactions

The Company had transactions during the periods ended December 31, 2017 and 2016 with related parties who consisted of directors, officers and the following companies with common directors:

<u>Related party</u>	<u>Nature of transactions</u>
Gold Group Management Inc. ("Gold Group")	Shared office and administrative related charges
Mill Street Services Ltd. ("Mill Street")	Management services

During the years ended December 31, 2017 and 2016, the Company reimbursed Gold Group, a company controlled by the Chief Executive Officer of the Company, for the following costs:

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
General and administrative expenses:				
Office and administration	\$ 6,712	\$ 10,282	\$ 28,823	\$ 38,494
Salaries and benefits	3,785	3,856	13,220	21,669
Transfer agent and regulatory fees	198	45	3,094	1,798
Travel and accommodation	217	436	859	1,518
	\$ 10,912	\$ 14,619	\$ 45,996	\$ 63,479

Gold Group is reimbursed by the Company for certain shared costs and other business related expenses paid by Gold Group on behalf of the Company. Salaries and benefits costs paid to Gold Group include those for the Chief Financial Officer and Corporate Secretary.

Deposits as of December 31, 2017 consist of \$61,000 (2016: \$61,000) paid to Gold Group and are related to the shared office and administrative services agreement with Gold Group that was effective July 1, 2012. Upon termination of the agreement, the deposits, less any outstanding amounts owing to Gold Group, are to be refunded to the Company.

Amounts due to related parties as of December 31, 2017 consist of \$112,255 (2016: \$64,542) due to Gold Group for reimbursement of shared costs and \$95,550 (2016: \$51,450) owed to Mill Street, a company controlled by the Chief Executive Officer of the Company, for accrued management fees. The balance due to Gold Group is partially collateralized by a deposit and the amount due to Mill Street is unsecured and due on demand. The amounts due are non-interest-bearing.

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation, other than those included in salaries and benefits above, comprises:

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Management fees ⁽¹⁾	\$ 10,500	\$ 10,500	\$ 42,000	\$ 42,000
Salaries and benefits	688	916	2,587	4,124
	\$ 11,188	\$ 11,416	\$ 44,587	\$ 46,124

⁽¹⁾ Paid to Mill Street for services of the CEO.

Other Data

Additional information related to the Company is available for viewing at www.sedar.com.

Share Position and Outstanding Warrants and Options

As at April 23, 2018, the Company had 20,098,858 common shares issued and outstanding and the following incentive stock options are currently outstanding:

STOCK OPTIONS		
No. of options	Exercise price	Expiry date
245,000	\$0.75	July 19, 2022

Future Accounting Changes

The Company will be required to adopt the following standards and amendments issued by the IASB as described below. The Company is in the process of evaluating the impact of the new standard and amendments on its financial statements.

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9 and is effective for the Company's annual period beginning January 1, 2018.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- *Classification and measurement of financial liabilities:*
When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- *Impairment of financial assets:*
An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- *Hedge accounting:*
Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Effective for the Company's annual period beginning January 1, 2018. The Company has yet to assess the impact of IFRS 9 on its financial statements.

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Joint Venture Funding Risk

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Political and Regulatory Risks

The Company is currently operating in Canada which has a stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are considered low in Canada, the principal country of operation of the Company, but a change in social expectations could add new layers of risk to the viability of exploration and development properties.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.