



**Management Discussion and Analysis
of the Financial Position and Results of Operations
for the Year Ended December 31, 2019**

April 29, 2020

To Our Shareholders

Blackheath Resources Inc. (“Blackheath” or the “Company”) is a junior mineral exploration company listed under the trading symbol “BHR” on the TSX Venture Exchange. Since its incorporation in May 2011, the Company has been engaged in the exploration and development of mineral properties in northern Portugal, primarily for tungsten and tin. The Company currently has a royalty interest in the Borralha tungsten project, which is being explored by a third party.

This Annual Management Discussion and Analysis (“MD&A”) supplements, but does not form part of, the financial statements of the Company for the year ended December 31, 2019. Consequently, the following discussion and analysis of the financial condition and results of operations for Blackheath should be read in conjunction with the audited financial statements of the Company and the notes thereto for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise stated, all amounts herein are expressed in Canadian dollars.

Discussion of the Company, its operations and associated risks is further described in the Company’s filings, which include the December 31, 2018 MD&A and audited financial statements, are available for viewing at www.sedar.com. A copy of this MD&A will be provided to any applicant upon request.

Overall Performance and Outlook

Highlights of the Company’s activities during the year under review are as follows:

- held its annual general meeting on April 17, 2019 where it received approval from its shareholders to complete the option agreement on the Borralha project;
- received regulatory approval of the Borralha option agreement;
- received regulatory approval for and completed the private placement for which share subscriptions of \$100,000 were received during 2018;
- completed a private placement for \$25,000 representing the first anniversary investment required under the Borralha option agreement;
- completed a ten-for-one consolidation of its common shares effective December 9, 2019;
- elected to convert its 10% working interest in the Borralha project to a 1% net smelter returns royalty;
- continued to conserve cash and keep operating expenditures to a bare minimum during this market downturn – management continues to provide its services to the Company without charge.

The Company is currently conserving cash and will have to raise additional financing in order to meet its financial commitments and to acquire any additional exploration projects.

Mineral Properties

As at December 31, 2019 and the date of this report, the Company held a royalty interest in the Borralha property, located in northern Portugal. Barry J. Price, M.Sc., P.Geo. acts as the Company's independent "Qualified Person," as defined in National Instrument 43-101.

Borralha

The Borralha property is located in the municipalities of Montalegre and Veira do Minho, approximately 60 kilometres northeast of Porto in northern Portugal. The property comprises 93 square kilometres in area and is accessed by paved roads. Borralha was Portugal's second largest tungsten mine (after Panasqueira) until its closure in 1985 as a result of a decline in tungsten price. The mine started operations in 1903 and available historic records show production of tungsten in wolframite concentrates between 1907 and 1939 with some production of separate tin concentrates as a by-product. In the 1960's and 1970's, the mine produced high-quality wolframite concentrates and also lesser amounts of additional scheelite (tungsten) concentrates. Ore was mined primarily from vertical quartz veins, supplemented by limited open pit excavations in the later years. Initial work at Borralha focussed on the large, partially-developed tungsten-bearing Santa Helena breccia zone with limited work on relatively untested sub-horizontal tungsten and tin bearing veins.

The Santa Helena Breccia zone, which had never been drilled, has been partially mined by open pits in areas of more extensive tungsten-bearing quartz veins. Other tungsten veins have been scavenged over the years, often by "apanhistas" or illegal miners, and all mining ceased in 1985 as a result of world-wide low tungsten prices. The breccia body is over 500 metres in length, 200 metres wide at the south end and open to an unknown depth. Results of surface trenching showed widespread tungsten mineralization and included 100 metres averaging 0.13% wolframite ("WO₃") which included 20 metres with a grade of 0.33% WO₃. Mineralization of disseminated wolframite occurred in all of the trenches in the breccia and appears to be concentrated in some zones.

In 2014, the Company completed a diamond drilling programme at Borralha to test the tungsten values in the Santa Helena Breccia. Results included Hole BO 8A, located directly in the middle of the Santa Helena Breccia, which returned a long intercept, starting at a depth of two metres, with 118 metres from 57 metres to 175 metres averaging 0.29% WO₃. In addition, a short diamond drilling programme was undertaken in 2017 to provide further confirmation of the extent of the near-surface tungsten mineralisation in the Santa Helena Breccia. Hole BO-17, located in the surficial breccia zone approximately 100 metres south of Hole BO-8A, included a 92-metre intersection from 39 metres to 131 metres assaying 0.25% WO₃.

A preliminary independent mining assessment study was carried out and included the assessment of possible mining operations, open pit design and optimisation, ore processing, waste management, landscape rehabilitation, and closure plans. Results of the work proposed a concept of development of an initial smaller scale starter pit to be followed by increased production from the main open pit, although further exploration work is required before commencing any detailed feasibility assessment.

Tungsten mineralization in the form of wolframite is disseminated throughout the breccia and includes a higher-grade mineralized trend from the center to the southern end of the breccia. This higher-grade trend is open for expansion. The breccia appears to be continuing at depth, however further drilling will be required to fully understand the true dimensions of the St. Helena Breccia and its mineralized zones and before preparation of a resource estimate.

During 2018, due to limited resources and a lack of additional funding, the Company faced a financial inability to keep the Borralha concession in good standing with the original optionor ("Optionor") of the project. In October 2018, the Company optioned the Borralha project to a third party (the "Optionee"). Under the terms of the agreement, the Optionee must fulfill all of the terms of the Company's original agreement with the Optionor and incur \$5 million in exploration and evaluation expenditures, or complete a feasibility study, to earn a 90% interest in the project. Under the terms of the agreement with the Optionee, the Company could retain a 10% working interest in Borralha, which could be converted to a 1% net smelter returns royalty ("NSR") at the Company's option. In December 2019, the Company elected to convert its interest in the Borralha project into a 1% NSR.

Selected Annual Information

The following table summarizes selected financial information for the Company for each of the three most recent fiscal years prepared in accordance with IFRS:

	2019	2018	2017
Total assets	\$ 21,111	\$ 77,071	\$ 266,788
Cash	\$ 19,134	\$ 65,062	\$ 50,912
Current assets	\$ 21,111	\$ 74,326	\$ 120,025
Current liabilities	\$ 106,831	\$ 160,492	\$ 142,890
Long term liabilities	\$ -	\$ -	\$ -
Total shareholders' equity (deficiency)	\$ (85,720)	\$ (83,421)	\$ 123,898
Loss and comprehensive loss			
for the year	\$ 27,299	\$ 307,319	\$ 428,205
Basic and diluted loss per share	\$ 0.01	\$ 0.06	\$ 0.09
Weighted-average shares outstanding	5,088,960	4,943,618	4,546,905

Results of Operations

The Company had a loss and comprehensive loss for the current year of \$27,299, which compares to a loss and comprehensive loss of \$307,319 for the prior year. The Company experienced significant decreases in most expense categories due to a reduction in corporate activities as it conserved cash in response to the current market conditions. Significant items included in the current and comparative losses are as follows:

	2019	2018
Accounting and audit	\$ 16,344	\$ 17,143
Exploration and evaluation (recovery)	\$ (39,149)	\$ 227,397
Legal	\$ 23,300	\$ 19,314
Office and general	\$ 1,266	\$ 15,338
Rent and office services	\$ 855	\$ 10,813
Stock exchange and filing	\$ 17,335	\$ 10,241

The Company relies on its directors and officers who fulfill many of its administrative, management, and investor relations requirements and who are currently providing their services without compensation. Current legal and filing fees increased over the comparative year due primarily to the completion of two private placements and a share consolidation. With the depressed markets for junior tungsten explorers, the Company has reduced all discretionary administrative expenditures to a bare minimum.

During 2018, the Company optioned its Borralha project to a third party and abandoned its remaining mineral properties. During the current year, the Company incurred no exploration and evaluation expenditures. The Company revised a previous estimate of an amount accrued in favour of a geological consultant for services rendered in prior years. This reduction in estimate resulted in a recovery of geological fees in the amount of \$39,149.

Exploration and evaluation expenditures by activity are as follows:

	2019	2018
Administration	\$ -	\$ 27,338
Camp and general	-	13,654
Field materials	-	72
Geological	(39,149)	38,515
Legal, license and taxes (i)	-	146,641
Travel and accommodation	-	1,177
	\$ (39,149)	\$ 227,397

- (i) Consists of the write-off of performance deposits of \$79,335 (€50,000) relating to the Covas project in March 2018, \$37,550 (€25,000) relating to the Bejanca project in September 2018, and \$29,756 (€20,000) relating to the Borralha project in October 2018.

Cash flows used in operations, before changes in non-cash working capital items, totalled \$64,703 (2018 - \$163,301) and include \$nil (2018 - \$80,756) in exploration and evaluation expenses and \$64,703 (2018 - \$82,545) in general and administrative expenses, excluding an unrealized foreign exchange translation gain of \$nil (2018 - \$3,647) relating to the performance deposits. The reduction in cash used for operations reflects the decreases in administrative and exploration expenses as detailed above.

Changes in non-cash working capital items used cash of \$7,225 resulting from the recovery of value-added-taxes receivable in Portugal and a reduction in prepaid expenses and accounts payable. In addition, the Company received \$1,000 from the sale of certain office equipment and \$25,000 in respect of a private placement completed in October 2019.

Summary of Quarterly Results

Quarterly Financial Data

The Company has no operating revenue. Selected financial information set out below is based on and derives from the unaudited condensed interim financial statements of the Company for each of the quarters listed:

Quarter Ended	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018	Sep 30 2018	Jun 30 2018	Mar 31 2018
Exploration and evaluation expenditures	\$ (39,149)	\$ -	\$ -	\$ -	\$ 7,709	\$ 26,556	\$ 25,244	\$ 21,247
Write-off of performance deposits	\$ -	\$ -	\$ -	\$ -	\$ 29,756	\$ 37,550	\$ -	\$ 79,335
Income (loss)/ comprehensive income (loss)	\$ 21,433	\$ (8,776)	\$ (20,156)	\$ (19,800)	\$ (65,424)	\$ (79,423)	\$ (54,135)	\$ (108,337)
Income (loss) per share - basic and diluted	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.01)

The most significant variations amongst the losses for these quarters are discussed below:

During the first quarter of 2018, the Company abandoned the Covas project and wrote off the Covas performance deposit of \$79,335. During the second and third quarters of 2018, the Company continued to keep all expenditures to a minimum due to the continuing unfavourable market conditions. During the quarter ended September 30, 2018, the Company abandoned the Bejanca project and wrote off \$37,550 for the related performance deposit. During the quarter ended December 31, 2018, the Company wrote off the Borralha performance deposit of \$29,756.

During the first and second quarters of 2019, the Company incurred legal and filing costs in respect of sustaining fees and costs associated with closing a private placement. During the fourth quarter of 2019, the Company incurred additional legal and filing costs in respect of closing a second private placement and completing a share consolidation. During this quarter, the Company also revised a prior-year estimate of geological fees resulting in a recovery of exploration and evaluation expenditures of \$39,149.

Discussion of Fourth Quarter

The Company had income and comprehensive income for the current quarter in the amount of \$21,433, which compares to a loss and comprehensive loss of \$65,424 for the comparative quarter ended December 31, 2018. The most significant item comprising the current income is a recovery of exploration and evaluation expenditures of \$39,149. During the comparative quarter of 2018, the Company incurred exploration and evaluation expenditures of \$7,709 and wrote-off of the Borralha performance deposit of \$29,756.

Cash used in operations, before changes in non-cash working capital items, was \$17,322. Changes in non-cash working capital items produced a source of cash of \$9,869, which resulted primarily from an increase in accounts payable. The Company had no investing activities or financing activities during the quarter although it closed a private placement for which a subscription of \$25,000 was received during the third quarter.

Financial Position and Liquidity

Blackheath has no history of profitable operations and the exploration of its Borralha mineral property is at an early stage. Therefore, it is subject to many risks common to comparable companies, including a lack of revenues, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. Without operating revenues, the Company is dependent upon meeting its future capital requirements through the issuance of capital stock. Accordingly, management has identified certain conditions that cast significant doubt upon the Company's ability to continue as a going concern, as discussed in Note 1 to the December 31, 2019 financial statements.

At December 31, 2019, the Company had cash on hand of \$19,134 (2018 - \$65,062). The decrease in cash during the year results from the cash used in operating activities (\$71,928) exceeding the cash provided by investing activities (\$1,000) and financing activities (\$25,000).

At December 31, 2019, the Company had a working capital deficiency of \$85,720 (2018 – \$86,166). The Company intends to increase its working capital position by raising additional equity financing, however, the success of any future financings is not assured.

During the year, the Company experienced administrative expenses, excluding non-cash items, of approximately \$65,000 and cash exploration and evaluation expenses of \$nil. Management considers the Company's working capital resources to be insufficient to meet its overhead requirements for the ensuing twelve months.

To continue in operation and to acquire new mineral prospects, the Company will need to raise additional equity funding. The administrative and exploration budgets are established depending on expected cash resources and such budgets are regularly adjusted according to actual cash resources. Given the current uncertainty in the capital markets, administrative and exploration expenditures will be tailored to available cash resources. In addition, the out-break of the COVID-19 pandemic has introduced further uncertainty in the capital markets, which may negatively affect the future financing prospects of the Company.

Capital Resources and Commitments

In October 2018, the Company optioned the Borralha project to a third party. The Company has retained a 1% NSR in the project, which does not require financial participation by the Company.

The Company has cash requirements to meet its ongoing overhead costs. Management believes that it will be able to raise equity capital as required to maintain operations in the short- and long-term, but recognizes the risks attached thereto. To date, the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2019 or as at the date hereof.

Proposed Transactions

The Company had no proposed transactions as at December 31, 2019 or as at the date hereof.

Related Party Transactions and Key Management Compensation

Key management includes executive and non-executive directors and executive officers. There was no compensation paid or payable to key management or parties related to key management during the years ended December 31, 2019 or 2018. Accounts payable includes fees due to key management, which were accrued, without terms, during 2016, as follows:

	2019	2018
A company controlled by the chairman/director	\$ 15,000	\$ 15,000
A company controlled by the president and CEO	24,750	24,750
The CFO/director	11,250	11,250
	<u>\$ 51,000</u>	<u>\$ 51,000</u>

Changes in Accounting Policies

On 1 January 2019, the Company adopted IFRS 16 – *Leases*, according to which all leases are presented in the balance sheet, except those that meet the limited exception criteria. The Company has no lease agreements and therefore the adoption of this new standard had no impact on the Company’s financial statements.

The Company's December 31, 2019 financial statements have been prepared in accordance with IFRS. A detailed listing of the Company’s significant accounting policies and recent pronouncements is provided in Note 2 to these statements.

Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of expenses during the period. Actual amounts could differ from these estimates.

The Company’s most significant accounting judgement relates to the determination of assumptions used to estimate share-based compensation. The Company uses the Black-Scholes Option-Pricing Model to estimate the fair value of stock options, which requires the input of subjective assumptions including the expected price volatility of the Company’s common shares, the expected life of the options, and the estimated forfeiture rate. Changes in these assumptions can materially affect the fair value estimate. Share-based compensation is a non-cash expense item that affects profit or loss and shareholders’ equity, and has no effect upon the Company’s assets or liabilities.

Financial Instruments

The Company’s financial instruments consist of the following:

	2019	2018
Cash		
Cash on deposit	\$ 19,134	\$ 65,062
Receivables		
Value-added taxes	\$ 1,977	\$ 8,409
Accounts payable and accrued liabilities		
Accounts payable	\$ 38,942	\$ 22,056
Accrued audit, legal, exploration, and other	67,889	138,436
	\$ 106,831	\$ 160,492

The Company’s financial instruments include cash, receivables, and accounts payable, all of which are carried at amortized cost. The carrying values of cash and receivables approximate their fair values due to the short-term nature of these instruments. The carrying value of accounts payable exceeds its fair value considering the current credit rating of the Company. Due to the size and nature of these instruments, it is management’s opinion that the Company is not exposed to significant credit or market risks in respect of these financial instruments.

The Company is subject to liquidity risk such that it may not be able to meet its obligations under its financial instruments as they fall due. The Company manages this risk by maintaining cash balances to ensure that it is able to meet its short- and long-term obligations as and when they fall due.

Disclosure for Companies without Significant Revenue

Consistent with other companies in the mineral exploration industry, Blackheath has no source of operating revenue. The statement of loss and comprehensive loss included in the Company's December 31, 2019 financial statements provides a breakdown of the general and administrative expenses for the year under review. Note 6 to these financial statements includes detailed listings of the exploration and evaluation costs incurred on its mineral properties.

Outstanding Share Data

Effective December 9, 2019, the Company consolidated its outstanding common shares on the basis of one post-consolidation share for every ten pre-consolidation shares. All information and per-share amounts in respect of issued and outstanding shares, incentive stock options, share purchase warrants, and loss per share have been retrospectively adjusted to reflect the consolidation.

Details of the Company's outstanding shares, options, and warrants is as follows:

	April 29 2020	December 31 2019	December 31 2018
Shares issued and outstanding	5,193,618	5,193,618	4,943,618
Outstanding stock options	347,000	347,000	347,000
Outstanding warrants	735,400	735,400	735,400
Diluted shares outstanding	6,276,018	6,276,018	6,026,018

In May 2019, the Company issued 2,000,000 pre-consolidation shares from treasury at a price of \$0.05 per share in respect of subscriptions of \$100,000 received during the year ended December 31, 2018 (200,000 post-consolidation shares). In September 2019, the Company received a share subscription of \$25,000 and subsequently issued 500,000 pre-consolidation shares at a price of \$0.05 per share in October 2019 (50,000 post-consolidation shares). Both issuances were made pursuant to the Borralha option agreement.

Notes 4 and 5 to the Company's December 31, 2019 financial statements provide additional details regarding share capital, stock option, and share purchase warrant activity for the year.

Management

Blackheath is dependent upon the personal efforts and commitments of its existing management, who are currently providing their services to the Company free of charge. To the extent that management's services would be unavailable for any reason, a disruption to the operations of Blackheath could result, and other persons would be required to manage and operate the Company.

Novel Coronavirus (COVID-19)

As at the date of this report, the Company's operations have not been materially affected by the Coronavirus. The Company has no staff and is currently being managed by the chief executive officer and chief financial officer, who work from home. The Company currently has no exploration projects or fieldwork underway.

The out-break of the COVID-19 pandemic has introduced significant uncertainty in the capital markets, which may affect the ability of junior exploration companies to raise equity to fund operations and exploration activities. The financing prospects of the Company may be negatively affected should the COVID-19 pandemic persist for an extended period of time, which would affect the Company's ability to raise capital to fund its administrative overhead and acquire new exploration projects. While the future impact of this outbreak is difficult to predict, the Company will continue to monitor and assess the associated risks to the Company's operations and remain prepared to respond appropriately.

Risk Factors

There are risks associated with the securities of the Company and such risks are described in documents filed on www.sedar.com under the Company's profile. The securities of the Company are highly speculative due to the nature of the Company's business and the present stage of its development. There is no assurance that the Company's exploration activities will result in the discovery of an economically viable mineral deposit. The Company's royalty interest in the Borralha mineral property is subject to various risks. There can be no assurance that there are not title defects affecting the interest of the Company or the Optionor in the Borralha property. There is no assurance that the Optionee will be capable of exercising its option to acquire an interest in the Borralha property. The Optionor's interest in the Borralha property cannot be assigned without the approval of the Portuguese Government. The Optionor would need to acquire such approval in order for legal title to the properties to be transferred to a third party. Should the ongoing minimum required expenditures not be maintained by the Optionor and/or Optionee, on the Borralha property, the Company could lose its royalty interest in the property. The Company has incurred losses to date and management considers the Company's current financial resources to be insufficient to cover general and corporate expenses for the next twelve months. The Company currently has insufficient funds to acquire additional mineral

properties and incur the exploration expenditures required to develop such properties. There is no assurance such additional funding will be available to the Company. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's common shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined, the rate of resource extraction, fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection. The Company may become subject to liability for hazards against which it is not insured. The Company's current and past mineral properties have been previously mined and it is possible that previous operations have resulted in pollution or other environmental hazards that the Company could become responsible for. The Company competes with other mining companies with greater financial and technical resources. Certain of the Company's directors and officers serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

Controls and procedures

The CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim condensed financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate for non-venture issuers under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note

This document contains "forward-looking information" which includes, but is not limited to, statements with respect to the future price of metals, historical estimates of mineralization, capital expenditures, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of regulatory approvals. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". In making statements containing forward looking information, the Company has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that the supply and demand for, deliveries of, and the level and volatility of prices of the Company's primary metals and minerals develop as expected; that the concession contracts for its current and future mineral properties are renewed and maintained in good standing; that the Company receives regulatory and governmental

approvals for its mineral properties on a timely basis; that the Company is able to obtain financing for the development of its mineral properties on reasonable terms; that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis; that exploration timetables and capital costs for the Company's exploration plans are not incorrectly estimated or affected by unforeseen circumstances; that any environmental and other proceedings or disputes are satisfactorily resolved; and that the Company maintain its ongoing relations with the other parties to the option agreements on the Borralha property. However, statements containing forward-looking information 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 future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, actual results of current exploration activities; future metal prices; accidents, labour disputes and other risks of the mining industry; the risk that the concession contract for the Borralha property is not renewed; delays in obtaining governmental or regulatory approvals or financing or in the completion of exploration activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. 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, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Approval

The Board of Directors of the Company has approved the disclosure contained in this Annual MD&A, a copy of which will be provided to any interested parties upon request.

Respectfully submitted

On Behalf of the Board of Directors

“Alex Langer”

Alex Langer, President & CEO