

# **E79 RESOURCES CORP.**

## **Management's Discussion and Analysis**

**For the year ended April 30, 2022**

### **General**

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and related notes thereto of E79 Resources Corp. (the "Company") for the years ended April 30, 2022 and 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board ("IASB"). All amounts in the financial statements and this discussion and analysis are presented in Canadian dollars, unless otherwise indicated. This MD&A is dated August 26, 2022 and discloses specified information up to that date.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the consolidated financial statements and MD&A, are complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company and its operations in future periods.

### **Description of Business and Operations**

The Company is a resource exploration company that is acquiring and exploring mineral properties with a focus on Australia. The Company was incorporated on September 27, 2018, under the laws of the Province of British Columbia, Canada. The Company is a reporting issuer in the province of British Columbia. The head office, principal address and records office of the Company are located at 907-1030 West Georgia Street, Vancouver BC. The Company is listed on the Canadian Securities Exchange under the stock symbol ESNR and on the OTCQB under the symbol ESVNF.

On November 30, 2020, the Company closed a purchase agreement with E79 Resources Pty Ltd., a private Australian company, pursuant to which the Company acquired all of the outstanding shares of E79 Resources Pty Ltd. and hereby acquired 100% of two gold projects, the Beaufort and Myrtleford projects located in Victoria, Australia. In consideration of acquisition of E79 Resources Pty Ltd., the Company issued 20,000,000 common shares of the Company to the shareholders of E79 Resources Pty Ltd. on a pro rata

basis (the “Acquisition Shares”). 14,000,000 of such shares were subject to contractually agreed restrictions on transfer. On December 9, 2020, the Company issued 14,000,000 of the Acquisition Shares and on January 29, 2021, the Company issued 6,000,000 of the Acquisition Shares.

On June 23, 2021, the Company closed a non-brokered private placement financing of 8,000,000 common shares at \$1.00 per share for gross proceeds of \$8,000,000. The Company issued 560,000 common shares with a fair value of \$560,000 to finders.

During the year ended April 30, 2022, the Company issued 37,500 and 721,030 common shares pursuant to option and warrant exercises, for gross proceeds of \$28,088 and \$324,464, respectively.

### **Selected Annual Information**

	<b>April 30, 2022</b>	<b>April 30, 2021</b>
Total revenue	\$ -	\$ -
Total assets	\$ 20,940,411	\$ 13,701,078
Working capital surplus	\$ 7,589,048	\$ 4,610,386
Total non-current financial liabilities	\$ -	\$ -
Net loss	\$ (3,276,509)	\$ (2,560,237)
Net loss per share	\$ (0.05)	\$ (0.09)

### **Mineral Property Interests**

#### ***Beaufort Property***

Beaufort is a granted exploration tenement located in the southwest of Victoria approximately 145km west of Melbourne, Australia. It is approximately 48km west of the regional town and historic gold mining center of Ballarat. The license consists of a single contiguous parcel covering 120km<sup>2</sup>. The Beaufort Goldfield has been extensively mined in the past almost exclusively for alluvial gold, with an estimated 1.16 Moz of historical production. Local primary sources for the alluvial gold have not yet been identified. At Beaufort, an opportunity exists to explore for a hard rock source of a major alluvial goldfield along a structure that is known to host gold in the region.

In January 2021, the Company completed the first round of in-fill soil sampling over the high priority target areas on the Beaufort Project. In-fill sampling was conducted on a 25m x 25m grid, designed to test both the north-northwest and east-west anomalous trends defined by the previously reported soil geochemistry program. The in-fill survey focused on the intersection of the two anomalous trends. This in-fill program will help guide E79's initial drilling campaign at Beaufort and determine optimal sample spacing to be employed on the extensions to the soil grid over the remainder of the 20km structural trend. Details of the sampling program are contained in the Company's news releases of January 12 and 18, 2021 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Results from the in-fill soil sampling were announced by the Company on April 13, 2021 and the Company subsequently received the requisite consents to commence drilling on the project. The Company plans to commence an initial 2000m air core drilling program to test high-priority soil geochemical targets.

#### ***Myrtleford Property***

Myrtleford is a granted exploration license and located in the north-east of Victoria, approximately 290 km northeast of the Victorian capital Melbourne and approximately 40 km south of the Victoria – New South Wales border cities of Albury – Wodonga, Australia. The license consists of a single contiguous parcel covering 418km<sup>2</sup>. The Exploration License lies within a northwest-trending belt of alluvial and hard rock

gold mines that collectively produced 6.3 Moz in the past, mostly from alluvial mining, but also from hard rock production.

In February 2021 the Company secured the services of a Victorian-based exploration drilling company to commence a maiden diamond drilling program at its high-priority Happy Valley gold target on the Myrtleford Property. The drill rig is contracted for initial 1,000m at Happy Valley to test for down-dip extensions of four previously mined high-grade reefs. Details are contained in the Company's news release of February 1, 2021 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Partial assay results were subsequently received from drill holes HVD006 and HVD007. Details are contained in the Company's news release of November 15, 2021 filed on SEDAR at [www.sedar.com](http://www.sedar.com). The Company announced that results previously reported for two drillholes have been significantly upgraded after identification of a laboratory issue with the initial fire assays noticed via internal QAQC procedures. The grade revision for the intercepts represent a two to three-fold increase from the previously reported results. The revised intersection grades are as follows:

- 2.3m @ 40.5g/t Au from 135.1m  
Previously 2.3m @ 14.4 g/t Au – (Porepunkah Reef, HVD006)
- 5.4m @ 70.0g/t from 149.80m  
Previously 5.4m @ 32g/t Au – (New Structure, HVD007)
- 1.7m @ 5.5g/t Au from 203.70 m  
Previously 2.6m @ 3.64g/t Au from 202.7m – (Porepunkah Reef, HVD007)

All other intersections associated with these holes and previously reported intercepts remain the same. Details are contained in the Company's news release of January 27, 2022 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

In February 2022 the Company announced that it has received priority assay results from diamond drill holes HVD009 and HVD010 on the Myrtleford Exploration License (EL) located in the Victorian Goldfields, Australia. Highlights of the new drillhole results include:

- 2.50m @ 12.92g/t Au from 306.50m including 0.50m @ 35.50g/t Au (HVD010),
- 2.65m @ 7.94g/t Au from 190.00m (HVD009).

Details are contained in the Company's news release of February 1, 2022 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

On March 28, 2022 the Company announced additional diamond drilling assay results for drill holes HVD011 to HVD015 from Happy Valley. Highlights of the new drillhole results include:

- 7.15m @ 10.4 g/t Au from 211.85m including 0.45m @ 54.6 g/t Au from 211.85m downhole and, 1.85m @ 26.5 g/t Au from 217.15m downhole (HVD015),
- 1m @ 27.7 g/t Au from 139.0m down hole, and, 3m @ 4.1g/t Au from 153.0m downhole including 1m @ 11.35 g/t Au from 153.0m downhole (HVD014).

Details are contained in the Company's news release of March 28, 2022 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

On June 8, 2022 the Company announced the remaining assay results drillhole HVD010 from the Happy Valley Gold Prospect.

Details are contained in the Company's news release of June 8, 2022 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company has engaged a second drill rig and has commenced a maiden drill program at its Twist Creek prospect. The initial 3,000m program will target up to 6 lines of reef over a 3km strike length that were historically mined with gold grades up to 2 ounces. For additional details, refer to the Company's news release of February 24, 2022 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Initial drilling assay results from the Scandinavian Prospect at Twist Creek were announced on July 13, 2022 and include:

- 1.6m @ 17 g/t gold (Au) from 73m (hole TWD006), including 0.6m @ 43 g/t Au, 25.5g/t silver, 1.3% lead, and 0.25% zinc from 74m, and 0.4m @ 6.77 g/t Au from 128m,
- 1.1m @ 15.3 g/t Au from 67.9m (hole TWD003), including 0.6m @ 27.4 g/t Au from 67.9m, and 1m @ 3.84 g/t Au from 111m0.75m @ 14.15 g/t Au from 75m (hole TWD004).

Subsequently the Company announced additional results from the Victoria Prospect at Twist Creek. Significant drill intersections include:

- 0.35m @ 40.1 g/t gold (Au) from 82m and 1m @ 3.26 g/t Au from 119m (hole TWD009).
- 
- 0.4m @ 25 g/t Au, 0.34% lead, 0.35% zinc from 134m within 1.2m @ 8.6 g/t Au from 133.8m (hole TWD007).0.3m @ 9.01 g/t Au from 60.4m (hole TWD008).

Details for these drilling results are contained in the Company's news releases of July 13, 2022, and August 3, 2022 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Golden Girl Property***

During the year ended April 30, 2021, the carrying cost of the project was reviewed and given the focus of the Company is currently on its Australian assets and it has no current plans to further explore the property, the project was written down to \$1. On October 19, 2021, the Company sold its 100% interest in the Golden Girl property to an arm's length party for consideration of \$1. The Company retains a 1% NSR on the Golden Girl property.

During the year ended April 30, 2022, the Company received a mineral tax credit of \$31,859, which was recorded as a recovery of exploration and evaluation assets on the consolidated statement of profit or loss.

A continuity of acquisition costs included in exploration and evaluation assets is as follows:

	Total for year ended				Total for year ended			
	CANADA		AUSTRALIA		CANADA		AUSTRALIA	
	Golden Girl	Beaufort	Myrtleford	April 30, 2022	Golden Girl	Beaufort	Myrtleford	April 30, 2021
<b>Property acquisition costs</b>								
Balance, beginning	\$ 1	\$ 1,612,675	\$ 6,450,700	\$ 8,063,376	\$ 88,682	\$ -	\$ -	\$ 88,682
Additions (sale)	(1)	-	-	(1)	-	1,612,675	6,450,700	8,063,375
<b>Balance, ending</b>	\$ -	\$ 1,612,675	\$ 6,450,700	\$ 8,063,375	\$ 88,682	\$ 1,612,675	\$ 6,450,700	\$ 8,152,057
<b>Exploration and evaluation costs</b>								
Balance, beginning	\$ -	\$ 326,954	\$ 214,493	\$ 541,447	\$ 1,332	\$ -	\$ -	\$ 1,332
Consulting, management fees and sub-contractors	-	249,157	855,326	1,104,483	-	126,162	104,868	231,030
Soil Sampling and mapping	-	106,506	223,976	330,482	106,197	136,296	-	242,493
Geophysics	-	19,517	25,350	44,867	-	11,505	5,012	16,517
Drilling, support and supplies	-	589,060	1,216,019	1,805,079	-	46,408	93,212	139,620
Other costs	-	65,111	218,843	283,954	900	6,583	11,401	18,884
<b>Balance, ending</b>	\$ -	\$ 1,356,305	\$ 2,754,007	\$ 4,110,312	\$ 108,429	\$ 326,954	\$ 214,493	\$ 649,876
<b>Impairment</b>	\$ -	\$ -	\$ -	\$ -	\$ (197,110)	\$ -	\$ -	\$ (197,110)
<b>Total</b>	\$ -	\$ 2,968,980	\$ 9,204,707	\$ 12,173,687	\$ 1	\$ 1,939,629	\$ 6,665,193	\$ 8,604,823

## Results of Operations

The net losses for the years ended April 30, 2022 and 2021 are summarized below:

	2022	2021
General and administrative services	\$ 310,209	\$ 97,598
Consulting fees	508,529	48,414
Foreign exchange	81,689	(2,172)
Marketing	511,782	411,026
Management fees	378,726	253,651
Professional fees	113,047	206,643
Transfer agent, regulatory and listing fees	41,743	82,357
Write down of mineral property (recovery)	(31,859)	197,111
Stock-based compensation	1,362,643	1,265,609
	\$ (3,276,509)	\$ (2,560,237)

The overall increase in expenditures is mainly due to increased general and administrative services, consulting fees, marketing costs and management fees incurred during the year due to increased activities. Stock based compensation represents the value of stock options granted to directors, officers and consultants which vested in the period. The recovery of the write down of the mineral property resulted from a mineral tax credit that was received.

The net losses for the three months ended April 30, 2022 and 2021 are summarized below:

	2022	2021
Administrative services	\$ 100,967	\$ 52,491
Consulting fees	118,071	30,914
Foreign exchange	13,140	(17,309)
Marketing	55,171	119,698
Management fees	56,554	116,180
Professional fees	7,535	98,533
Transfer agent, regulatory and listing fees	27,364	21,267
Write down of mineral property	(31,859)	197,110
Stock-based compensation	204,489	833,521
	\$ (551,432)	\$ (1,452,405)

The primary reason for the fluctuations between the comparative periods are similar to those for the year end changes discussed above, with the exception of marketing and management fees, which decreased in the current period due to management and contract changes.

## Selected Quarterly Information

The following table provides selected quarterly financial data for the most recently completed interim quarters:

Quarter Ended	Loss for the period \$	Loss per Share (Basic & Diluted) \$	Total Assets \$
April 30, 2022	551,432	0.01	20,940,411
January 31, 2022	881,137	0.01	20,405,193,
October 31, 2021	844,798	0.01	21,072,026
July 31, 2021	999,142	0.02	22,394,063
April 30, 2021	1,452,405	0.05	13,701,078
January 31, 2021	978,859	0.02	15,107,002
October 31, 2020	110,204	0.01	927,402
July 31, 2020	18,769	0.00	234,926

## Financial Condition, Liquidity and Capital Resources

As an exploration company, the Company has not generated any revenues from operations with the primary source of financing to date being from the issuance of equity securities and advancements received from related parties to continue the development of its mineral property.

As at April 30, 2022 the Company had a working capital of \$7,589,048 (April 30, 2020 - \$4,610,386) and cash of \$8,056,541 (April 30, 2021 - \$4,697,664).

There can be no assurance that financing will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

## Supplemental Cash Flow Information

### Operating Activities

During the year ended April 30, 2022, cash used in operating activities was \$2,300,463 (2021 - \$1,398,991). The increase in cash used is primarily a result of an advance paid by the Company for a marketing contract. The increase in cash used in operating activities was also due to an increase in the net loss for the year ended April 30, 2022, by \$716,272 in comparison to the year ended April 30, 2021.

### Investing Activities

During the year ended April 30, 2022, cash used in investing activities was \$2,693,212 (2021 - \$473,656) as a result of exploration activities on the Company's projects net of proceeds received from the sale of the Golden Girl property and a BCMETC refund.

### Financing Activities

During the year ended April 30, 2022, cash provided by financing activities was \$8,352,552 (2021 - \$6,379,694). The increase was due to the closing of the private placements as discussed above in the 2022 period.

## Off-Balance Sheet Arrangements

The Company has not entered into any off-balance-sheet arrangements.

## Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Key management compensation is as follows:

	Year ended April 30,	
	2022	2021
Management fees	\$ 378,726	\$ 253,651
Consulting fees	89,391	-
Stock based compensation	691,530	780,183
	<u>\$ 1,159,647</u>	<u>\$ 1,033,834</u>

As at April 30, 2022, \$Nil (April 30, 2021 - \$48,271) was due to directors of the Company and \$Nil (April 30, 2021 - \$5,622) due to former directors of the Company. The amounts are non-interest bearing, unsecured and due on demand and are included in accounts payable and accrued liabilities.

As at April 30, 2022, \$12,500 (2021 - \$Nil) was included in prepaid expenses to directors of the Company.

## Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing the audited financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

## Critical Accounting Estimates

The preparation of the Company's audited financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- i) Going concern:  
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involved significant judgments based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.
- ii) Economic recoverability and probability of future benefits of exploration and evaluation costs



Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

iii) Valuation of stock-based compensation

The Company uses the Black-Scholes option pricing model for valuation of stock-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iv) Income taxes

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

## **Financial Instruments and Capital Management**

Due to the short-term nature, the carrying amount of cash, other receivables and accounts payable and accrued liabilities approximates their fair value. Cash is measured at fair value while other receivables, accounts payables and accrued liabilities and amounts due to related parties are measure at amortized cost.

See Note 3 and 9 of the Company's April 30, 2022 audited consolidated financial statements for further details of the Company's use of financial instruments.

## **Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as at the date of this report.

## **Disclosure of Outstanding Share Data**

As at the date of this report, the Company had 65,111,145 (April 30, 2021 – 55,792,615) common shares outstanding, of which 1,273,250 shares were held in escrow, to be released as follows: 636,625 released on September 5, 2022 and 636,625 released on March 5, 2023.

As at the date of this report, the Company had 3,775,000 stock options outstanding with a weighted average exercise price of \$0.79.

## **Investor Relations**

The Company has engaged Venture Liquidity Providers Inc. to provide investor relations and other services.

## **Management's Responsibility for the Financial Statements**

The information provided in this report as referenced from the Company's consolidated financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein, management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

## **Other Information**

### **Risk Factors**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's proposed business and the present stage of exploration of the Myrtleford and Beaufort projects, the following risk factors, among others, will apply to the Company. Mineral exploration and development involves a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

#### ***Exploration and Development Risks***

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

#### ***Mineral Deposits and Production Costs; Metal Prices***

The economics of developing mineral deposits are affected by many factors including variations in the grade of ore mined, the cost of operations, and fluctuations in the sales price of mineral products. The value of the Company's mineral property interest is directly influenced by metal prices. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Company's property can be mined profitably.

#### ***Additional Financing***

Future exploration and development activities, including corporate costs will require additional financing. If such additional financing is not available, it would result the Company's operations being adversely affected, including a delay or indefinite postponement of exploration and development of the property interests of the Company. Although management believes that it has sufficient funds available to maintain its proposed project in the near term, it will require further funding to complete its program on the Myrtleford and Beaufort projects and continues its efforts to source equity and debt finance to fund its ongoing activities.

#### ***Title Matters***

Title to mineral properties cannot be guaranteed. Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

#### ***Permits and Licenses***

The operations of the Company require licenses and permits from various governmental and non-governmental authorities. There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

***Environmental and other Regulatory Requirements***

The operations of the Company require permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

***Competition***

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company's, in the search for and the acquisition of attractive mineral properties. There is no assurance that the Company will continue to be able to compete successfully with the competition in acquiring such properties or prospects.

***Dependence on Key Individuals***

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. The Company does not maintain key-person insurance on the lives of any of its key personnel. In addition, while certain of the Company's officers and directors have experience in the exploration of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of their exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

***Currency Risk***

Since most mineral commodities are sold in a world market in U.S. dollars, currency fluctuations may affect the cash flow which the Company may realize from its operations. The Company's costs are incurred primarily in Canadian dollars.

***Influence of Third-Party Stakeholders***

The lands in which the Company holds interests, or the exploration equipment and roads or other means of access which the Company intends to utilize in carrying out work programs or general exploration mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the work programs of the Company may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

***Fluctuation in Market Value of Shares***

Investing in the Company is of a highly speculative nature. The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity, including the market in which it is traded, the strength of the economy in general, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The future effect of these and other factors on the market price of the Company's shares on the TSXV cannot be predicted.

***Disclaimer***

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com) No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

**Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute “forward-looking statements”. Such 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 future results, performance, or achievements expressly stated or implied by such forward-looking statements.