



CBLT INC.
(the “Company”)
Management’s Discussion and Analysis
For the Nine Month Period Ended February 28, 2023

General

The following discussion and analysis should be read in conjunction with the Company's consolidated financial statements for the period ended February 28, 2023 (unaudited) and the year ended May 31, 2022 (audited) including all notes, risk factors and information contained therein. The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial condition. Certain statements herein contain forward-looking statements relating to the operations or to the environment in which we operate, which are based on our operations, forecasts, and projections.

Forward Looking Information

Certain information regarding the Company within Management's Discussion and Analysis ("MD&A") may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such thing as future business strategy, goals, expansion and growth of the Company's business, plans and other such matters are forward-looking statements. When used in this MD&A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements by their nature involve certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The reader should not rely solely on these forward-looking statements.

Date

This Management's Discussion and Analysis ("MD&A") is dated April 14, 2023 and is in respect of the nine months ended February 28, 2023.

Nature of Business

CBLT Inc. was incorporated under the Canada Business Corporations Act on April 28, 2008 and continued under the Ontario Business Corporations Act April 24, 2017. The Company's fiscal year end is May 31.

The Company is a public company engaged in the acquisition, directly and indirectly, sale, and exploration of mineral properties in Canada.

Overview of Activities

During the period, the Company carried out exploration and evaluation expenditures on its Shatford Lake property.

Financing

During the period the Company carried out no financing activities.

Results of Operations

Three months ended February 28, 2023

During the three-month period ended February 28, 2023, the Company recorded net loss and comprehensive loss of \$55,047 compared to income and comprehensive income of \$16,762 for the comparative period in 2022.

General and administrative expenses decreased to \$37,647 for 2023 compared to \$41,137 for 2022. The major components of this category are management fees of \$33,000 and insurance costs of \$3,164. The 2022 figure included investor communication costs of \$1,07 in addition to management fees and insurance expense. Professional fees for 2023 and 2022 include audit accrual for fiscal 2023 and fiscal 2022 respectively. The Company experienced an unrealized gain on investments of \$107,983 in 2023 related to the shares of Newpath Resources Inc. (formerly Ready Set Gold Corp.). compared to an unrealized gain of \$50,405 in 2022. The Company also recorded a provision for reimbursement of flow-through subscribers in the amount of \$147,000 resulting from the Company having not expended flow-through funds by December 31, 2022 as required by provisions of the Income Tax Act. An amount of \$23,000 was recorded for Part XII.6 tax in connection with the same issue See Note 14 to the condensed interim unaudited consolidated financial statements for the period ended February 28, 2023. During Q3 of fiscal 2022, the Company had revenue from consulting fees in the amount of \$20,354 with no comparable amount for fiscal 2023.

Liquidity and Capital Resources

As at February 28, 2023, the Company had cash in the amount of \$71,288 (May 31, 2022 - \$247,313). The Company has working capital of \$461,430 (May 31, 2022 – \$ 688,680).

The Company needs equity capital and financing for its working capital and for the costs of exploration and development of its properties. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company will continue to seek additional financing as required to fund exploration activities with respect to its mineral properties and to fund general administrative costs.

A potential source of cash for the Company is the monetization of some of its investments. Subsequent to the period end, the Company sold 3,251,284 shares of Ciscom Corporation for cash proceeds of \$400,000.

Selected Financial Information

	Three Months Ended February 28, 2023	Three Months Ended February 28, 2022	Three Months Ended February 28, 2021
Total Revenue	-	-	-

Net (Loss) Income	\$ (55,047)	\$ 16,762	\$ (543,846)
Net (Loss) Income per Share	\$ (0.00)	\$ 0.00	\$ (0.01)
Total Assets	\$ 1,363,189	\$ 1,633,192	\$ 863,073
Total Liabilities	\$ 901,759	\$ 833,925	\$ 540,534

Quarterly Information (unaudited)

	Three Months Ended			
	November 30, 2022	November 30, 2022	August 31, 2022	May 31, 2022
	\$			
Net Income (Loss)	(55,047)	\$ (98,537)	\$ (71,132)	\$ (202,235)
Weighted average number of shares outstanding, basic and diluted	76,177,073	76,177,073	76,177,073	76,177,073
Net (Loss) Income per Share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total Assets	\$ 1,363,189	\$ 1,284,306	\$ 1,419,283	\$ 1,502,839
Total Liabilities	\$ 901,759	\$ 766,572	\$ 801,735	\$ 841,159
	Three Months Ended			
	February 28, 2022	November 30, 2021	August 31, 2021	May 31, 2021
Net Income (Loss)	\$ 16,762	\$ 875,112	\$ (106,686)	\$ (304,439)
Weighted average number of shares outstanding, basic and diluted	76,177,073	76,177,073	76,177,073	73,235,359
Net Income (Loss) per Share	\$ 0.00	\$ 0.01	\$ (0.00)	\$ (0.00)
Total Assets	\$ 1,633,192	\$ 1,610,531	\$ 637,236	\$ 741,598
Total Liabilities	\$ 833,925	\$ 828,034	\$ 564,737	\$ 561,823

Fluctuations in quarterly income/loss during the past eight quarters result from timing of sale of mineral property (February 2023) and the timing of realized and unrealized gains and losses in connection with investments. Fluctuations in operating results also result in the timing of granting of share-based compensation (February 2022).

Exploration and evaluation expenditures during the past eight quarters have been constrained by a combination of health related (Covid 19), environmental (forest fires), personnel, and regulatory issues (permitting).

Mineral Property Interests

Ontario and Quebec Properties

Geneva Lake

On November 12, 2012, the Corporation acquired a 100% interest in the Geneva Lake property. As consideration, the Corporation issued 200,000 common shares at a deemed price of \$0.10 per common share and 200,000 share purchase warrants exercisable at \$0.20 per common share in favour of the vendor.

The property is subject to a 2.0% net smelter return royalty of which the Corporation can purchase a 50% interest at any time for \$500,000.

A Phase 1 diamond drilling program was completed during the 2013 fiscal year to make an initial assessment of the claims, and in particular, of volcanogenic massive sulphide-style, base metal mineralization remaining underground in proximity to the historic underground workings, and to help locate such workings relative to surface. Results were reported on February 4, 2013 and showed low grade, but anomalous, base metal mineralization over widths between 2.00 and 9.00 m.

During fiscal 2023 to date, the Company carried out no exploration and evaluation activities on the property.

Copper Prince

On June 14, 2016, the Company acquired a 100% interest in the Copper Prince property. As consideration the Company made a cash payment of \$10,000 and issued 200,000 common shares at \$0.08 per common share in favour of the vendor. The property consists of eleven patented claims located near Sudbury, Ontario.

The property is subject to a 2% net smelter return royalty.

During fiscal 2023 to date, the Company carried out no exploration and evaluation activities on the property.

Chilton Cobalt

On February 27, 2017, the Corporation acquired a 100% interest in the Chilton Cobalt property located in the Laurentian Region of Quebec. As consideration the Corporation issued 150,000 common shares at \$0.07 per common share and 150,000 share purchase warrants exercisable at \$0.10 per common share in favour of the vendor. The property consists of 9 mineral claims covering 497 hectares and is located in the Laurentian region of Quebec.

During the period, the Company entered into an option agreement with PowerStone Metals Corp. ("PowerStone"), a private company, whereby PowerStone can earn a 100% interest in the Chilton Property. In order for PowerStone to earn a 100% interest in the Chilton Property, it must carry out \$250,000 of exploration and evaluation expenditures of which \$100,000 must be incurred prior to September 30, 2023 and an additional \$150,000 of expenditures by December 31, 2024. In addition, PowerStone must issue 1,000,000 common shares to the Company and if the shares of PowerStone are not listed on a recognized Canadian stock exchange by September 23, 2023, PowerStone must issue an additional 500,000 common shares to the Company.

PowerStone listed its shares on the Canadian Securities Exchange on March 22, 2023.

Big Duck Lake

On March 12, 2019, the Corporation acquired a 100% interest in the Big Duck Lake property, by the and issued shares and warrants as consideration. The acquisition was part of a purchase of several properties, and the amount allocated to the Big Duck property was \$194,345.

The Big Duck Lake property, located in Northern Ontario, is subject to a 2% net smelter return royalty in favour of previous owners of the claims. The Corporation may purchase one-half of the royalty for an aggregate amount of \$1,000,000 at any time.

During Q3 of fiscal 2023 the Company carried out \$526 of exploration and evaluation activities on the property.

Burnt Pond

On March 12, 2019, the Corporation acquired a 100% interest in the Burnt Pond property. The acquisition was part of a purchase of several properties, and the amount allocated to the Burnt Pond property was \$38,8695.

The Burnt Pond Zinc-Copper Property in central Newfoundland is located in the Tally Pond volcanic belt which hosts Teck Resources Ltd's Duck Pond Mine and a number of other Copper-Zinc-Silver-Gold massive sulphide deposits.

During fiscal 2023 to date, the Company carried out no exploration and evaluation activities on the property.

British Columbia Properties

Ryliejack

On January 31, 2012, the Company acquired a 100% interest in the Peggy, Ryliejack and SK West property. Pursuant to the purchase agreement, the Company made a cash payment of \$7,500 and issued 500,000 common shares and 100,000 share purchase warrants of the Company in favour of the vendor.

The property is subject to a 2.5% net smelter return royalty of which the Company can purchase a 50% interest at any time for \$1,000,000.

During fiscal 2023 to date, the Company carried out no exploration and evaluation activities on the property.

Mikayla

On March 2, 2012, the Company acquired a 100% interest in the Mikayla, Tat and Chess properties. Pursuant to the purchase agreement, the Company made a cash payment in the amount of \$9,294 and issued 150,000 common shares at a deemed price of \$0.20 per common share.

The properties are subject to a 2.5% net smelter return royalty of which the Company can purchase a 50% interest at any time for \$1,000,000.

During fiscal 2023 to date, the Company carried out no exploration and evaluation activities on the property.

Manitoba Properties

During the 2021 fiscal year, the Company purchased the Shatford Lake property. The Shatford Lake property consists of two mining claims located in the Bird River Greenstone Belt in Manitoba.

Consideration for the acquisition include a cash payment in the amount of \$25,000 and the granting of a 2% NSR 50% of which can be acquired by the Company for \$1 million.

During Q1, Q2, and Q3 of fiscal 2023, the Company carried out \$8,971, \$11,197, and \$3,010 respectively of exploration and evaluation activities on the Shatford Lake property.

Qualified Person and QA/QC

Jessica Daniel M.Sc., P.Geo, a qualified person as defined by NI 43-101, has reviewed the scientific and technical information that forms the basis for the disclosure regarding the Company's properties in this MD&A and has approved the disclosure herein. Ms. Daniel is not independent of the Company, as she is a director and holds incentive stock options.

Investments

The investment in Ionic Brands Corp., Global Health Clinics Ltd., and Speakeasy Cannabis Club Ltd. represent 133, 960, and 4,000 common shares respectively.

The common shares of Ionic Brands Corp., Speakeasy Cannabis Club Ltd. and Global Health Clinics Ltd. are listed on the Canadian Securities Exchange.

The investment in Newpath Resources Inc. (formerly Ready Set Gold Corp.) consists of 366,667 common shares less 18,333 common shares to be distributed as finders' fees. The fair value of the shares reflects the consideration received on the sale of a mineral property to an unrelated entity. Newpath Resources Inc. is listed on the Canadian Securities Exchange. During the period, Newpath Resources Inc. effected a share consolidation on 1:5 basis. During the period the carrying value of the investment was adjusted to the market value of the shares resulting in an unrealized gain of \$107,983 for Q3 and \$41,683 cumulatively for the 2023 fiscal period.

The investment in Ciscom Corporation consists of 4,151,316 shares and represents an 9.3% interest in the common shares of the corporation. Ciscom Corporation is a private company whose business model is the acquisition of operating entities. Ciscom Corporation has filed a preliminary prospectus with the intent of becoming a reporting issuer and listing its shares on the Canadian Securities Exchange. During the 2022 fiscal year, the carrying value of the shares

of Ciscom Corporation has been adjusted to reflect the price at which shares were issued to unrelated third parties, resulting in an unrealized gain of \$1,053,771.

During the Q1 of fiscal 2023, the Company disposed of 63,800 shares of Ciscom to extinguish debt of \$12,760.

On November 9, 2021, a dividend was declared payable to the Company's shareholders in the form of shares of Ciscom with a Record Date of November 17, 2021 and a payable date to be determined. As a result, approximately 900,000 shares of Ciscom have been reserved for distribution.

Subsequent to the period end, 3,251,284 shares of Ciscom were sold for cash consideration of \$400,000, resulting in a loss in the amount of \$412,821 for accounting. The Company realized an economic gain on the sale of Ciscom shares in the amount of \$399,994.

The investment in PowerStone Metals Corp. consists of 1,000,000 special warrants convertible to 1,000,000 common shares. The special warrants were received as consideration pursuant to an option agreement in connection with a mineral property. PowerStone Metal Corp. is a private company whose business model is the acquisition and development of mineral properties in Quebec. PowerStone Metals Corp. has filed a preliminary prospectus with the intent of becoming a reporting issuer and listing its shares on the Canadian Securities Exchange. The carrying value of the special warrants have been valued initially at face value of the special warrants subsequently adjusted to reflect the price at which securities were issued to unrelated third parties by PowerStone Metals Corp. The adjustment resulted in an unrealized gain of \$80,000 recognized during Q2 of fiscal 2023 with no change in the carrying value for Q3.

Subsequent to the period end, PowerStone Metals Corp. became a reporting issuer at which time the 1,000,000 special warrants converted to 1,000,000 common shares.

On March 6, 2023, the Company declared a dividend with a Record Date of March 8, 2023 with payment in the form of 750,000 common shares of PowerStone Metals Corp. on March 10, 2023.

The Company has retained 250,000 common shares of PowerStone Metals Corp. as an ongoing investment.

Provision for Indemnification of Flow-Through Subscribers

As at December 31, 2017, the Company was committed to incur \$ 471,000 in qualifying Canadian exploration expenditures prior to January 1, 2019, pursuant to two 2017 private placements for which flow-through share proceeds had been received by the Company and then renounced to Ontario and Quebec subscribers effective December 31, 2017.

The Company incurred actual qualifying expenditures of \$13,276 in 2017 and \$126,549 in 2018, leaving a shortfall of \$331,175 as at December 31, 2018. Accordingly, effective December 31, 2018 the Company recorded (in other expenses and current liabilities) a \$240,000 provision for the estimated cost to indemnify flow-through share subscribers for their expected personal income tax reassessments by Canada Revenue Agency and Revenu Quebec, attributable to each subscriber's proportionate share of the shortfall. The indemnifications are provided for in the underlying subscription agreements for the private placements. The governmental audit/reassessment process may be lengthy; therefore, it may be several months or longer before the Company's final liability is exigible.

The Company has made the following assumptions in estimating the subscriber indemnification provision:

- Ontario subscribers have a combined personal income tax rate of 46.16% and are eligible for both the federal 15% and the provincial 5% investment tax credits;
- Quebec subscribers have a combined personal income tax rate of 58.75% and are eligible for the federal 15% investment tax credit and the 120% CEE “super-allowance”.
- Of the \$331,175 shortfall, \$160,303 applies to Ontario subscribers and \$170,872 applies to Quebec subscribers; and
- Subscribers will be assessed two year’s interest on reassessed amounts.

As at May 31, 2022 and February 28, 2023, the Company has also accrued in accounts payable and accrued liabilities, the estimated Federal Part XII.6 tax and similar Quebec tax for the 2018 and prior years.

As at December 31, 2018, the Company had a \$66,235 flow-through share premium liability which was transferred to the deferred tax provision effective December 31, 2018, in recognition of the Company’s indemnification accrual

Flow-through

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures. During the year ended May 31, 2021, the Company received \$232,830 from the issuance of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. The Company renounced \$232,830 to the subscribers. A flow-through premium of \$69,000 was recognized initially, with \$68,416 remaining as at May 31, 2022. As at December 31, 2022, Company did not fulfill its obligations of approximately \$205,000. An amount totaling approximately \$170,000 has been accrued for the indemnification of the shareholders for taxes and penalties related to the unspent portion of the commitment including Part XII.6 taxes and related interest penalties

Outstanding Share Data

As at the date of this MD&A, the Company has 76,177,073 common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 3,600,000 common shares expiring at various date between August 2025 and April 2027 and exercisable at prices between \$0.05 and \$0.06 per common share. For additional details of share data, please refer to Notes 8, 9 and 10 of the February 28, 2023 condensed interim consolidated financial statements.

Debt Instrument

During the 2021 fiscal year, the Company received a non-interest bearing loan of \$60,000 from the Government of Canada through the Canada Emergency Business Account (CEBA) program. The loan is due on December 31, 2023 and payment by the due date will result in \$20,000 forgiveness of the loan. The Company intends to repay the loan by December 31, 2023.

Promissory Notes

The Company has issued two promissory notes with face value of \$50,000 and \$10,000 respectively. The notes are unsecured, bear interest at 10% per annum and mature December 31, 2022.

During Q1 of fiscal 2023, repayment of the \$10,000 promissory note plus accrued interest of \$2,760 was effected by the transfer of 63,800 Cisco Corporation shares.

Capital Management

The Company's objectives when managing capital are as follows:

- i) To safeguard the Company's ability to continue as a going concern;
- ii) To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties;
- iii) To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short-term working capital requirements, and its planned exploration and development program expenditure requirements. The capital structure of the Company is comprised of working capital and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the period.

Contractual Obligations and Off-Balance Sheet Arrangements

The Company is not party to any industry contracts or arrangements. There are no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the inputs used in accounting for share-based payment transactions included in financial assets at fair value through profit or loss; and
- the inputs used in accounting for investments included in available-for-sale financial assets.

Financial Instruments and Risk Management

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2023, as follows:

	Fair Value Measurements Using			Balance, February 28, 2023 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	71,288	-	-	71,288
Marketable securities	135,975	-	1,137,830	1,273,805
	207,263	-	1,053,780	1,345,093

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with a Canadian Schedule A bank, from which management believes the risk of loss to be minimal.

Management believes that the credit risk with respect to financial instruments included in amounts receivable is minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 28, 2023, the Company had cash of \$71,288 (May 31, 2022 - \$247,313) to settle current liabilities of \$901,759 (May 31, 2022 - \$814,159). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to

normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

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

(a) Interest rate risk

Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported net income (loss) and comprehensive income (loss) for the three months ended February 28, 2023.

(b) Foreign currency risk

Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency rates. The Company is not currently exposed to any significant foreign currency risk.

(c) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to precious and base metals and other minerals, and the stock market to determine the appropriate course of action to be taken by the Company.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. As of November 30, 2022, the Company was not a precious mineral, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Transactions with Related Parties

During the three months ended February 28, 2023, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment charges in connection therewith:

Name	Relationship	Purpose of Transaction	Three Months Ended
Maplegrow Capital Inc.	Company controlled by the CEO of the Company	Consulting	\$ 16,500
Brant Capital Partners Inc.	Company controlled by the CFO of the Company	Consulting	\$ 16,500

Risks and Uncertainties

Liquidity and Additional Financing

The Company has limited financial resources and no current revenues. There can be no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could cause the Resulting Issuer to reduce or terminate its operations.

Regulatory Requirements

Even if the Company's properties are proven to host economic reserves of gold or other precious or non-precious metals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, if any, which may be affected by a number of factors beyond the Company's control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of diamond, precious and non-precious metals, any of which could result in work stoppages, damage to the property, and possible environmental damage. Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fires, power outages, labor disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labor are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the financial position of the Company.

The Company will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to determine if mineralization reserves exist through drilling, to develop processes to extract the precious and non-precious metals from the mineralization and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for

development can be obtained on a timely basis or at all. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of mineralization mined, fluctuations in markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access to any properties in which the Company has or may have an interest may have an adverse effect on profitability in that infrastructure costs will be higher.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and cause insolvency and/or a decline in the value of the securities of the Company.

No Assurance of Title to Properties

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. The company believes that it presently holds all necessary licences and permits to carry on with activities which it is currently conducting under applicable laws and regulations and the Company believes it is currently complying in all material respects with the terms of such laws and regulations. However, such laws and regulations are subject to change. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Competition

The mineral exploitation industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

Environmental Regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Unusual or infrequent weather, phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of any copper, nickel, gold, platinum or any other minerals discovered. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, consumption patterns, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of gold, base and precious metals and therefore the economic viability of any of the Company's projects cannot be accurately predicted.

Reliance on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. The Company does not carry any key man insurance.

Global Uncertainty

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. Government has reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Company in future periods.

Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com.