WESTERN PACIFIC
RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended February 28, 2018

General

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the audited annual consolidated financial statements of Western Pacific Resources Corp, (the "Company") for the year ended February 28, 2018. The following information, prepared as of June 27, 2018, should be read in conjunction with the Company's audited annual consolidated financial statements for year ended February 28, 2018 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise indicated.

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

Forward Looking Information

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "will", "may", "should", "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

Forward-looking statements are statements that are not historical facts, and include but are not limited to:

a) Estimates and their underlying assumptions;
b) Statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, the impact of regulatory initiatives on the Company's operations, and market opportunities;
c) General industry and macroeconomic growth rates;
d) Expectations related to possible joint or strategic ventures; and
e) Statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law.

Business of the Company

The Company is a Vancouver-based resource company seeking to acquire mineral properties in the Americas. The Company's principal focus is the acquisition of precious or base metal properties that are either producing assets or can be advanced to production relatively quickly.

The Company's shares trade on the TSX Venture Exchange (the "TSXV") under the symbol "WRP".

The company evaluated several opportunities during the current period and continues to pursue opportunities consistent with its strategy, but due to its financial position is also carrying out a review of its business strategy.

Property Review

Rock Springs Property, Nevada

The Rock Springs Property consisted of 120 claims located in Elko County, Nevada. During the year ended February 28, 2018, the Company reduced the number of claims held to 10. The property lies 45 miles north of Newmont's Long Canyon property, along the northwest edge of the Bald Mountain/Pequop Trend which includes the Long Canyon project and the Mineral Gulch property.

The Company is continuing to assess its future plans for the Rock Springs Property.

Net Smelter Returns ("NSR") Royalty - Mineral Gulch Property, Idaho

The Mineral Gulch Property consisted of 345 claims in southeastern Cassia County in southern Idaho. In June 2016, the Company sold 100% of its interest in the Mineral Gulch Property to Liberty Gold Corp. ("Liberty"). Part of the consideration received was 0.5% NSR royalty on all future gold produced from the Mineral Gulch claims acquired. In conjunction with the sale of the Mineral Gulch Property, the Company assigned a 50% interest in the NSR royalty (0.25%) up to a maximum of US$2,300,000 to the Deer Trail Mining Company LLC ("DTMC"). Subsequent to February 28, 2018, the Company sold its remaining NSR of 0.25% to DTMC for proceeds of $20,579 (US$16,000).

Selected Annual Information

The following table provides information for each of the three most recently completed financial years:

	2018 ($)	2017 ($)	2016 ($)
Interest income	183	14	14
Exploration expenditures	47,071	30,525	413,562
Loss from operations	(456,398)	(611,782)	(4,421,457)
Net income (loss)	(487,677)	6,712,898	(3,498,511)
Income (loss) per share	(0.01)	0.12	(0.07)
Share capital	11,112,697	11,112,697	10,779,889
Common shares issued	63,023,315	63,023,315	52,960,769
Weighted average shares outstanding	63,023,315	58,116,101	52,620,619
Total assets	52,011	366,217	6,671,222
Total current liabilities	458,546	322,897	12,435,241
Total non-current liabilities	-	-	1,238,367
Shareholders' equity (deficiency)	(406,535)	43,320	(7,002,386)
Cash dividends declared per common shares	-	-	-

Exploration expenditures and net loss were higher in the 2016 fiscal year due to an exploration program on the DTM Property that was funded by the Quintana WRP financing arrangement entered into in 2014. The financing arrangement consisted of convertible note debt which mostly contributed to the current liabilities in fiscal 2016. During the 2016 fiscal year, the convertible note debt was reclassified as a current liability due to the demand for payment issued by Quintana WRP as a result from the Company defaulting in its payments in the convertible note debt. Total assets and total liabilities were significantly reduced in the 2017 fiscal year due to the foreclosure of the formerly held Deer Trail Mine Property ("DTM Property") and debt settlement with DTMC, the former DTM Property owners.

Selected Quarterly Information

The following table provides information for the eight fiscal quarters ended February 28, 2018:

	Feb. 28, 2018 ($)	**Nov 30, 2017 ($)**	**Aug 31, 2017 ($)**	**May 31, 2017 ($)**	**Feb. 28, 2017 ($)**	**Nov 30, 2016 ($)**	**Aug 31, 2016 ($)**	**May 31, 2016 ($)**
Exploration expenditures	-	19,214	19,632	8,225	-	-	28,732	1,793
General and administrative expenses	161,996	76,069	85,394	85,868	(27,943)	72,718	174,424	362,058
Net income (loss)	(176,793)	(103,652)	(89,581)	(117,651)	(157,474)	(77,898)	4,978,374	1,969,896
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.09	0.04
Total assets	52,011	101,397	209,593	241,490	366,217	441,429	610,621	361,662
Total liabilities	458,546	356,952	359,084	308,011	322,897	291,635	316,929	5,394,152
Shareholders' equity (deficiency)	(406,535)	(255,555)	(149,491)	(66,521)	43,320	149,794	293,692	(5,032,490)

Exploration costs for the three quarters ended November 30, 2017 relate mostly to the investigation of new property opportunities while the costs for the other periods presented are largely care and maintenance activities on properties currently and previously held. General and administrative expenses for the two oldest quarters presented include interest accretion associated with the convertible notes issued and other long-term liabilities associated with the acquisition of the formerly held DTM Property. Total assets and total liabilities both decreased significantly during the quarter ended May 31, 2016 due to the foreclosure of the DTM Property. Total liabilities decreased significantly again in the quarter ended August 31, 2016 due to the debt settlement agreement with DTMC.

Results of Operations

Quarter Ended February 28, 2018

For the quarter ended February 28, 2018, the Company recorded a net loss of $176,793 compared to a net loss $157,474 for the quarter ended February 28, 2017, an increase of $19,319. The net loss for the comparative year included an impairment charge of $42,000 relating to the Liberty shares held as an available-for-sale investment. There was no such impairment charge recorded in the current quarter as the Liberty shares were sold in the prior quarter. There were no exploration costs for the current or comparative quarters.

General and administrative expenses for the current quarter totaled $161,996 compared to a net recovery of $27,943 for the comparative quarter, a difference of $189,939. The comparative quarter resulted in a net recovery due to an adjustment of $143,450 relating to interest accretion on convertible notes. Excluding this adjustment, general and administrative expenses for the comparative quarter totalled $115,507. Notable cost increases in the current quarter were $18,474 in office and administration and $12,291 in professional fees which was mostly due to corporate tax filing and services for the Company's US subsidiary. The current quarter also recorded a share-based payment expense of $37,822 relating to the granting of stock options to a director whereas there was no such expense in the comparative quarter. A notable cost decrease was $7,363 in travel costs which was due in part to less business activity and more of the costs relating to exploration expenditures instead of general and administrative.

Year Ended February 28, 2018

For the year ended February 28, 2018, the Company recorded a net loss of $487,677 compared to a net income of $6,712,898 for the year ended February 28, 2017. The comparative year recorded a net income instead of a net loss due to gain on debt settlement of $4,129,140 and a gain on the sale of the formerly held Mineral Gulch Property of $1,090,036 in addition to a gain of $2,065,115 upon the foreclosure of the DTM Property. The current year net loss includes an impairment charge of $21,000 relating to Liberty shares previously held as an available-for-sale investment compared to an impairment charge of $42,000 in the comparative year.

Exploration costs for the current year totaled $47,071 compared to $30,525 for the comparative year. Exploration costs for the current period were primarily investigation of new property opportunities whereas the costs for the comparative period were mostly for care and maintenance of its current and formerly held properties.

General and administrative expenses for the current year totalled $409,327 compared to $581,257 for the comparative year, a decrease of $171,930. The decrease is primarily due to the comparative year having recorded interest accretion on convertible notes of $34,727 and interest accretion of $113,054 whereas there were no such expenses for the current year. A notable cost reduction in the current year was a decrease of $76,661 in management fees. This cost was less due to a reduction in management compensation that took effect part way through the prior fiscal year. The current year recorded a share-based payment expense of $37,822 relating to the granting of stock options to a director whereas there was no such expense in the comparative year. As with the quarterly comparison, office and administration costs and professional fees were higher in the current year due to corporate tax filing and preparation services.

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no cash flow from operations. During the previous fiscal year, the Company received $1,040,000 (US$800,000) in cash from the sale of the Mineral Gulch Property. Prior to that, the principal source of funds since incorporation has been from the sale of equity capital and the issuance of convertible notes pursuant to a 2013 investment agreement with Quintana WRP Holding Company LLC. The foreclosure on the DTM Property that was completed in March 2016 extinguished all convertible note debt relating to this investment agreement. The amounts extinguished were $7,215,793 (US$5,425,000) in principal and $1,266,505 (US$952,188) in accrued interest. The debt settlement agreement with former DTM Property owners further eliminated a combination of current and long-term debt totaling $4,753,000.

As at February 28, 2018, current assets were $32,104 of which $22,171 was cash. During the year ended February 28, 2018, the Company sold its available-for-sale investment for net proceeds of $138,179. The available-for-sale investment consisted of 300,000 publicly traded common shares of Liberty that were received as part of the consideration for the sale of the Mineral Gulch Property. Current liabilities totalled $458,546 as of February 28, resulting in a working capital deficiency of $426,442. Included in current liabilities is a due to related parties amount of $393,038 owing to current directors and a former director of the Company. During the previous fiscal year and continuing on for the current year, these related parties agreed to defer payment on a portion of their fees for services and directors' fees in response to the Company's liquidity position.

The Company does not expect its current capital resources to be sufficient to cover its operating costs through the next twelve months and as such, will need to obtain additional capital resources. Actual funding requirements may vary from those previously planned due to a number of factors, including the progress of the Company's business activities and economic conditions. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary capital to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The property in which the Company currently has an interest is in the exploration and development stage; as such, the Company is dependent on external financing to fund its activities. In order to pay for limited property care and maintenance and general administrative costs, the Company will spend its existing working capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

Financial Instruments and Risk Management

The Company is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

General Objectives, Policies and Processes

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

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

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

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. All of the Company's other short-term financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

c) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other market prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

i) Currency Risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and the United States. A substantial portion of the Company's expenses are incurred in US dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at February 28, 2018, the Company had the Canadian dollar equivalent of cash totalling $1,554 (2017: $154,602) held in US dollars and liabilities totalling $393,038 (2017: $289,628) owed in US dollars.

Based on the above net exposure as at February 28, 2018, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $39,100 (2017: $13,500) in the Company's net income (loss) and comprehensive income (loss) for the year ended February 28, 2018.

ii) Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's former available-for-sale investment was exposed to significant equity price risk due to the potentially volatile and speculative nature of the business in which the investment is held. The Company did not hold any available-for-sale investments as at February 28, 2018.

iii) Interest Rate Risk

Interest rate risk consists of two components:

A. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

B. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As at February 28, 2018, the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with Canadian financial institutions. The Company considers this risk to be immaterial.

iv) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, currency risk, or equity price risk. The Company is not exposed to any other price risk.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for accounts payable and accrued liabilities and due to related parties approximate fair values due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

Related Party Transactions

The Company's related parties with transactions during the years ended February 28, 2018 and 2017 consist of directors, officers and the following company with common directors:

Related party	Nature of transactions
Octavian Capital Corp.	Director fees
Quintana WRP	Interest expense on issuance of convertible debentures

Balances and transactions with related parties not disclosed elsewhere in this MD&A are as follows:

i) During the years ended February 28, 2018 and 2017, the Company paid its independent directors US$1,000 per month each, for acting in such capacity.

ii) During the year ended February 28, 2017, the Company accrued interest accretion expense of $34,727 relating to the convertible notes to Quintana WRP, a company with two common directors up to September 16, 2015. During the year ended February 28, 2018, there were no convertible notes outstanding to Quintana WRP and no interest accretion expense recorded.

iii) Amounts due to related parties as of February 28, 2018 consisted of $35,699 to a former officer of the Company for accrued fees (2017: $36,922), $292,045 in accrued management fees to two directors of the Company (2017: $223,560) and $65,294 in accrued directors fees (2017: $29,146) to three independent directors of the Company.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include certain of its directors and officers. Key management compensation, including amounts discussed above, comprises:

	Three months ended February 28,		Year ended February 28,	
	2018	**2017**	**2018**	**2017**
Management and professional fees	$ 50,870	$ 53,040	$ 207,575	$ 284,336
Salaries and benefits	4,500	4,500	18,000	18,000
Directors' fees	11,330	11,890	46,290	50,870
Share-based payments (fair value of granted share purchase options)	25,813	-	37,822	-
	$ 92,513	**$ 69,430**	**$ 309,687**	**$ 353,206**

During the year ended February 28, 2018, the Company issued 1,100,000 share purchase options with an exercise price of $0.05 per share to a director, with 366,667 options immediately vested, 366,667 options vested in September 2017 and the remaining 366,666 options to become vested in September 2018.

There were no share-based payments to directors during the year ended February 28, 2017.

Other Data

Additional information related to the Company is available for viewing at www.sedar.com and on the Company's website at www.westernpacificresources.com

Share Position and Outstanding Options

The Company's outstanding share position as at June 27, 2018 is 63,023,315 common shares and the following incentive stock options are currently outstanding:

STOCK OPTIONS

No. of options	Exercise price	Expiry date
1,030,000	$0.135	June 16, 2019
300,000	$0.35	January 27, 2020
200,000	$0.38	July 25, 2020
285,000	$0.57	July 12, 2021
1,100,000	$0.05	March 21, 2022
2,915,000		

Accounting Standards, Amendments and Interpretations Not Yet Effective

The following new standards and interpretations have been issued by the IASB, but are not yet effective:

IFRS 9 Financial Instruments

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

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

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Effective for the Company's annual period beginning March 1, 2018. The Company does not expect the adoption of IFRS 9 to have a material impact on its consolidated financial statements.

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 *Leases* which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 *Leases*. IFRS 16 is effective for the annual period beginning March 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 *Revenue from Contracts with Customers*, has been applied, or is applied at the same date as IFRS 16. The Company does not expect the adoption of IFRS 16 to have a material impact on its consolidated financial statements.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 Share-based Payment)

The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for the Company's annual period beginning March 1, 2018. Earlier application is permitted. The Company does not expect these amendments to have a material impact on its consolidated financial statements.

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company's property does not have a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Title to Mineral Property Risks

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to properties it acquired will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mineral properties.

Commodity Price Risk

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

Financing and Share Price Fluctuation Risks

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

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

Political, Regulatory and Currency Risks

The Company is currently operating in a country that has a stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates. While the Company's convertible debt financings were sourced in US dollars, past equity financings have been sourced in Canadian dollars. A significant portion of the Company's expenditures are incurred in US dollars. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the US dollar could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

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

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

Environmental and Social Risks

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

Competition

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