MANADO GOLD CORP.

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2016

The following discussion and analysis should be read in conjunction with the condensed interim financial statements of Manado Gold Corp. (the "Company") for the period ended March 31, 2016 and related notes thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise noted.

Forward-Looking Information

This management discussion and analysis contains "forward-looking information" which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; changes in project parameters as plans continue to be refined; changes in labour costs; future mineral prices; failure of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. See "Risk Factors".

Forward looking information is based on a number of material factors and assumptions, including the determination of mineral reserves or resources, if any, the results of exploration and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While the Company considers these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties discussed above.

The Company intends to discuss in its quarterly and annual reports any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this management discussion and analysis. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Date

This management discussion and analysis is dated May 30, 2015 and is in respect of the three and nine months ended March 31, 2016.

Company Overview

The Company is engaged in the acquisition, exploration and development of mineral properties.

The Company currently owns a seventy-five percent (75%) interest in the "Clisbako Property" and the Company has an option to acquire a one hundred percent (100%) interest in the "Takla Property". During the fiscal quarter ended September 30, 2015, the Company decided to write down the values of the Takla Property and the Clisbako Property to a $1 book value each. The Company wrote down the properties as a result of the current difficulties associated with financing mineral exploration projects.

On April 8, 2016 the Company announced that it has received notice Amalgamation Agreement dated effective September 8, 2015, as amended (the "Amalgamation Agreement"), between the Company and RewardStream Solutions Inc. ("RewardStream"). The agreement was terminated because the Company was unable to complete the $1.5 million brokered private placement financing which was a condition of closing.

On April 21, 2016 the Company announced that it has entered into a Loan Debt Assignment and Extension Agreement with RewardStream and an individual at arms-length to the Company and RewardStream. *See "Overall Performance – Loan Debt and Assignment".*

On May 17, 2016, the Company announced a proposed share consolidation to be approved at its annual and special meeting of shareholders on June 20, 2016. *See "Overall Performance – Share Consolidation".*

At the meeting, the shareholders of the Company will be asked to approve a share consolidation, subject to the acceptance of the TSX Venture Exchange, of the Company's issued and outstanding shares at a ratio of ten (10) pre-consolidation shares to one (1) post-consolidation shares. The number of currently outstanding securities is 72,185,201 and the number which would be outstanding after the proposed consolidation is 7,218,520. In addition, shareholders will be asked to approve an amendment to the Company's Articles permitting the board of directors to implement future share consolidations without shareholder approval.

Overall Performance

During the three and nine months ended March 31, 2016, the Company recorded a loss and net comprehensive loss of $62,951 and $1,367,121 (2015 - $65,392 and $162,065) and capitalized mineral exploration and acquisition costs of $Nil and $15,000 (2015 - $100,135 and $100,135) respectively.

In the three and nine months ended March 31, 2016 the Company's activities related to:

- The Company completed a private placement financing to comply with the terms and conditions of the Amalgamation Agreement.
- Filing of the necessary documentation with regulators and holding a shareholder meeting to approve the Amalgamation Agreement
- Efforts related to the financing of the brokered private placement in connection with the Amalgamation Agreement.

During the three and nine months ended March 31, 2015, the Company completed a field work program of sampling and mapping on the Takla property to assist in identifying future drill hole sites.

<u>Loan Debt and Assignment Agreement</u>

On April 21, 2016 the Company announced that it has entered into a Loan Debt Assignment and Extension Agreement (the "Agreement") with RewardStream and an individual at arms-length to the Company and RewardStream (the "Optionor"). The Agreement related to the $500,000 loan, which was advanced to RewardStream in connection with the proposed amalgamation between the Company and RewardStream. The loan was evidenced by a promissory note issued on September 25, 2015 in the principal amount of $200,000 ("Promissory Note #1") and a promissory note issued on November 12, 2015 in the principal amount of $300,000 ("Promissory Note #2"), collectively, the "Promissory Notes".

Under the terms of the Agreement, the Company extended the maturity dates of both of the Promissory Notes to October 31, 2016. In addition, the Optionor purchased Promissory Note #2 from the Company for an immediate payment of $150,000.

The Company also granted the Optionor the option to purchase Promissory Note #1 and any interest accrued in exchange for 400,000 common shares (the "Musgrove Shares") of the resulting issuer following the proposed business combination of Musgrove Minerals Corp. ("Musgrove") and RewardStream (the "Acquisition") (see news release of Musgrove dated April 21, 2016). The option is exercisable until the earlier of seven business days following completion of the Acquisition, and October 31, 2016. The number of Musgrove Shares required to exercise the option may increase in proportion to any changes made to the pricing terms or share consolidation/split ratios by Musgrove or RewardStream in connection with completion of the Acquisition.

In addition, both the Company and RewardStream mutually released each other from any and all liabilities arising from the Amalgamation Agreement.

Share Consolidation

On May 17, 2016, the Company announced a proposed share consolidation to be approved at its annual and special meeting of shareholders on June 20, 2016.

At the meeting, the shareholders of the Company will be asked to approve a share consolidation, subject to the acceptance of the TSX Venture Exchange, of the Company's issued and outstanding shares at a ratio of ten (10) pre-consolidation shares to one (1) post-consolidation shares. The number of currently outstanding securities is 72,185,201 and the number which would be outstanding after the proposed consolidation is 7,218,520. In addition, shareholders will be asked to approve an amendment to the Company's Articles permitting the board of directors to implement future share consolidations without shareholder approval.

Discussion of Operations

<u>Quarter Ended March 31, 2016</u>

During the quarter ended March 31, 2016, the Company recorded a net loss and comprehensive loss of $62,951 as compared to a net loss of $65,392, for the quarter March 31, 2015. The slight decrease in net loss was primarily due to a reduction in office and general expenses and the recording of interest income. This decrease was partially offset by increases in professional fees.

Professional fees increased from $9,083, during the quarter ended March 31, 2015, to $25,117 during the quarter ended March 31, 2016. Professional fees related to legal, accounting and audit fees in connection with meeting ongoing reporting obligations and legal fees related to the proposed RewardStream acquisition.

The Company incurred directors' fees of $15,000 for the quarter ended March 31, 2016 (2015- $15,000) and management fees of $18,000 for the quarter ended March 31, 2016 (2015 - $18,000). *See "Transactions Between Related Parties".*

Office and administrative expenses decreased to $17,162, during the quarter ended March 31, 2016, from $23,309, during the quarter ended March 31, 2015.

<u>Nine months ended March 31, 2016</u>

During the nine months ended March 31, 2016, the Company recorded a net comprehensive loss of $1,367,121 as compared to a net loss $162,065. The increase in net loss was primarily due to the write off of the resource properties in the current period, the fact that the Company recorded income on the settlement of flow through shares in the previous period and increases in office and general and professional fees. The increase was offset slightly by an increase in interest income and a decrease in directors fees.

The Company incurred professional fees of $186,489 during the nine months ended March 31, 2016 as compared with $21,099 for the nine months ended March 31, 2015. This increase was due to expenses incurred relating to the proposed RewardStream acquisition.

Office and administrative expenses increased from $59,179 during the nine months ended March 31, 2015 to $168,156 for the nine months ended March 31, 2016.

The Company incurred directors' fees of $45,000 for the nine months ended March 31, 2016 (2015-$48,000) and management fees of $54,000 for the nine months ended March 31, 2016 (2015 - $54,000). See "Transactions Between Related Parties".

Summary of Quarterly Results

The following sets out a summary of the Company's quarterly results for the eight most recently completed quarters. All periods listed below were prepared in accordance with International Financial Reporting Standards (IAS 34) and are expressed in Canadian dollars.

	31 Mar 2016	31 Dec 2015	30 Sept 2015	30 June 2015	31 March 2015	31 Dec 2014	30 Sept 2014	30 June 2014
Total Revenue								
Interest income	12,328	11,466		433		537		325
Expenses	(75,279)	(275,457)	(102,909)	(91,553)	(65,392)	(67,422)	(48,927)	(99,717)
Income on Settlement of Flow Through Shares						15,809		
Write Off of Mineral Property			(937,270)					
Net Loss	(62,951)	(263,991)	(1,040,179)	(91,120)	(65,392)	(51,613)	(48,927)	(99,392)
Basic and Diluted Loss	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Additional annual information.

	30 June 2015	30 June 2014	30 June 2013
Total Revenue			
Expenses	(273,294)	(301,136)	(247,734)
Interest income	433	2,071	467
Income on Settlement of Flow Through Shares	15,809	74,451	16,339
Write Off of Mineral Property		(7,559)	(62,796)
Net Loss	(257,052)	(232,173)	(293,724)
Basic and Diluted Loss	(0.01)	(0.01)	(0.02)

Liquidity and Capital Resources

As at March 31, 2016, the Company had cash of $14,122 and a working capital surplus of $381,567, compared with cash of $40,357 and a working capital deficit of $185,823 as at March 31, 2015 (June 30, 2015, cash of $173,121 and working capital surplus of $19,674). The decrease in cash relates to operating expenditures, and the proposed RewardStream acquisition. The Company had no revenues (other than interest income) during the nine month period ended March 31, 2016.

The Company had net cash used in operating activities of $444,699 the nine months ended March 31, 2016 compared with net cashed used in operating activities of $53,859 for the nine months ended March 31, 2015. The Company's net cash used in investing activities increased from $101,134 for the nine months ended March 31, 2015 to $515,000 for the nine months ended March 31, 2016. The Company's net cash provided by financing activities increased from $153,002 for the nine months ended March 31, 2015 to $800,700 for the nine months ended March 31, 2016.

During the nine months ended March 31, 2016 the Company,

a) closed a private placement and issued 13,050,000 units at a price of $0.05 per unit for gross proceeds of $652,500. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of $0.075 per share until September 28, 2017 for 4,500,000 units and November 10, 2017 for 8,550,000 units.

b) had a total of 2,360,000 warrants were exercised for total proceeds of $124,200

c) had a total of 400,000 stock options were exercised for total proceeds of $24,000.

The Company's future capital requirements will depend upon many factors including, without limitation, the results of its exploration programs and commodity prices for precious metals. The Company has limited capital resources and has to rely upon the sale of equity securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity and debt securities to raise capital, which would result in further dilution to the shareholders. There is no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company has a working capital surplus; however, there is no assurance that the Company will have sufficient financial resources to meet its financial obligations and will need to raise additional funds to do so in the future.

Off Balance Sheet Arrangements

The Company has not engaged in off-balance sheet arrangements.

Transactions Between Related Parties

During the nine months ended March 31, 2016, the Company entered into the following related party transactions:

(a) incurred $45,000 for management fees to a company controlled by L. B. Anderson, President and director of the Company, and $9,000 for director fees to Mr. L .B. Anderson;

(b) incurred $9,000 for management fees to D. Archibald, Chief Financial Officer, Secretary and director of the Company, and $9,000 for director fees to Mr. D. Archibald;

(c) incurred $9,000 for investor relations fees to D. K. Ryan, Vice President Corporate Communications and director of the Company, and $9,000 for director fees to Mr. Ryan;

(d) incurred $9,000 for director fees to S. O'Neill, a director of the Company;

(e) incurred $9,000 for director fees to Shawn Clarkin, a director of the Company;

(f) included in accounts payable is $127,000 due to directors of the Company.

The Company has entered into arrangements to pay its executive officers and directors the following compensations: (i) Logan B. Anderson $6,000 per month for serving as CEO, President and director; (ii) Don Archibald $2,000 per month for serving as CFO, Secretary and director; (iii) David K. Ryan $2,000 per month for serving as Vice-President Corporate Communications and as a director; and (iv) $1,000 per month to each of Sean O'Neill and Shawn Clarkin for serving as a director.

Changes in Accounting Policies including Initial Adoption

Future Accounting Pronouncements

During the year ended June 30, 2015, the Company adopted certain new accounting standards and pronouncements, none of which had a material impact on the these interim financial statements.

The following standard has been issued but is not yet effective:

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

There are no other standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Financial Instruments

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, and currency risk. The carrying value of the Company's financial instruments approximates their fair value due to their short term nature.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

The Company's cash is held with a major Canadian based financial institution. Receivables mainly consist of harmonized sales tax due from the government of Canada.

Liquidity risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company achieves this by maintaining sufficient cash reserves. As at March 31, 2016, the Company was holding cash of $14,122 to settle its accounts payable and accrued liabilities of $177,311. The Company is currently attempting to complete a private placement to improve its negative working capital situation. 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.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and is not exposed to currency risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices to determine appropriate actions to be undertaken.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

Additional Disclosure for Venture Issuers

Mineral Properties – Exploration and Evaluation

The following table sets out the total deferred exploration costs recorded by the Company for the Clisbako , Takla and Yellowstone Properties for the year ended June 30, 2015 and the nine months ended March 31, 2016 and for the year ended June 30, 2014 and the nine months ended March 31, 2015.

	Clisbako Claims	Takla Claims	Total
Balance June 30, 2014	$ 521,229	$ 296,999	$ 818,228
Acquisition costs	-	25,000	25,000
Core disposal	-	-	-
Field sampling and assay program	263	64,622	64,885
Geological reports	-	10,250	10,250
Balance March 31, 2015	$ 521,479	$ 396,871	$ 918,363
Acquisition costs		15,000	15,000
Write-down of mineral properties	(521,478)	(415,792)	(937,270)
Balance March 31, 2016	$ 1	$ 1	$ 2

Disclosure of Outstanding Share Data

As of the date of this Management Discussion and Analysis, the following securities are outstanding:

Type of Security	**Number of Shares or Underlying Shares**
Issued and outstanding common shares	72,185,201
Warrants[2]	47,170,500
Stock options exercisable at $0.15 per Share[1]	1,000,000
	120,355,701

Notes:

(1) Each option is exercisable at $0.15 per share until April 12, 2017.

(2) 2,600,000 exercisable at $0.05 per share until November 13, 2016, 1,300,000 exercisable at $0.06 per share exercisable until April 22, 2017 1,060,000 exercisable at $0.06 per share exercisable until May 23, 2017, 400,000 exercisable at $0.06 exercisable until September 3, 2017, 28,760,500 at $0.05 exercisable until June 16, 2018, 4,500,000 at $0.075 exercisable until September 28, 2017 and 8,550,000 at $0.075 exercisable until November 5, 2017.

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, have evaluated or caused to be evaluated the design and operating effectiveness of the Company's disclosure controls and procedures as defined by National Instrument 52-109. Based upon the result of that evaluation, the Company's management, Chief Executive Officer and Chief Financial Officer have concluded that the design and operation of the Company's disclosure controls and procedures were effective as of May 30, 2016 to provide reasonable assurance that the information required to be disclosed by the Company in reports its files is recorded, processed, summarized and reported, with the appropriate time periods and forms.

Management's Responsibility for Financial Statements

Information provided in the report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and facilitate the preparation of relevant and timely information.

Risk Factors

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, financial condition and results of operations, or the trading price of the common shares. An investment in the securities of the Company is highly speculative and involves numerous and significant risks. The primary risk factors affecting the Company are set forth below and the risks discussed below should not be considered as all inclusive.

Going Concern

The financial statements have been prepared assuming the Company will continue on a going-concern basis. At March 31, 2016, the Company had not yet achieved profitable operations, has an accumulated deficit of $2,653,659 and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors, which involve uncertainties including the Company's ability to raise adequate equity financing for continuing operations. Realization values may be substantially different from carrying values as shown and accordingly these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

Limited Operating History

The Company has no properties producing positive cash flow. The Company's ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Company will be able to raise the required funds to continue these activities.

Exploration, Mining and Operational Risks

The business of exploring for and mining minerals involves a high degree of risk. Few properties that are explored are ultimately developed into mines. At present, the Company's properties do not have any known mineral deposits and the proposed exploration and drilling programs are an exploratory search for such a deposit.

The Company's operations are subject to all the hazards and risks normally associated with the exploration, development and mining of minerals, any of which could result in risk to life, to property, or to the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures and labour disputes, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment, machinery, labour or adverse weather conditions. The availability of insurance for such hazards and risks is extremely limited or uneconomical at this time.

In the event the Company is fortunate enough to discover a mineral deposit, the economics of commercial production depend on many factors, including: the cost of operations, the size and quality of the mineral deposit, proximity to infrastructure, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial mineral production.

Mining Claims

The Company's prospecting activities are dependent upon the grant of appropriate mineral tenures and regulatory comments which may be withdrawn or made subject to limitations. Mineral claims are renewable subject to certain expenditure requirements. Although the Company believes that it will obtain the necessary prospecting licenses and permits, including but not limited to drill permits, there can be no assurance that they will be granted or as to the terms of any such grant. Furthermore, the Company is required to expend required amounts on its mineral claims in order to maintain them in good standing. If the Company is unable to expend these amounts, the Company may lose its title thereto on the expiry date(s) of the relevant mineral claims. There is no assurance that, in the event of losing its title to a mineral claim, the Company will be able to register the mineral claim in its name without a third party registering its interest first.

Land Claims

Aboriginal rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any other aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the lands that are covered by the Company mineral properties.

The legal basis of a land claim is a matter of considerable legal complexity and the impact of a land claim settlement and self-government agreements cannot be predicted with certainty. In addition, no assurance can be given that a broad recognition of aboriginal rights by way of a negotiated settlement or judicial pronouncement would not have an adverse effect on the Company's activities. Such impact could be marked and, in certain circumstances, could delay or even prevent the Company's exploration or mining activities.

Assurance of Title

The Company has taken all reasonable steps to attempt to ensure that proper title to the Takla and Clisbako Property have been obtained and that all grants of such rights thereunder, if any, have been registered with the appropriate public offices. Despite the due diligence conducted by the Company with respect to the Clisbako Property and the Takla Option Property, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects.

Competition

The Company competes with numerous other companies and individuals possessing greater financial resources and technical facilities than itself in the search for, and acquisition of, mineral claims, leases and other mineral interests, as well as the recruitment and retention of suitably qualified individuals.

Personnel

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its exploration programs on its mineral properties. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

Volatility of Commodity Prices

The market prices of commodities, including copper and gold, are volatile and are affected by numerous factors which are beyond the Company's control. These factors include: international supply and demand, consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, inflation, global or regional political events, and a range of other market forces. Sustained downward movements in commodity prices, including copper or gold, could render less economic, or uneconomic, some or all of the exploration activities to be undertaken by the Company.

Environmental Risks

Inherent with mining operations is an environmental risk. The legal framework governing this area is constantly developing, therefore the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company within the Province of British Columbia.

Uninsured Risks

The Company, as a participant in exploration and mining programs, may become subject to liability for hazards such as unusual geological or unexpected operating conditions that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company is currently uninsured against all such risks as such insurance is either unavailable or uneconomic at this time. The Company also currently has no keyman insurance or property insurance as such insurance is uneconomical at this time. The Company will obtain such insurance once it is available and, in the opinion of the directors, economical to do so. The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

Health and Safety Risks

A violation of health and safety laws, or the failure to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on the Company's mineral properties or any part thereof, a loss of the right to prospect for minerals, or the imposition of costly compliance procedures. This could have a material adverse effect on the Company's operations and/or financial condition.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in pursuing its ultimate strategy. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Commodity prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in its mineral properties, incur financial penalties, or reduce or terminate its operations.

Smaller Companies

The share price of publicly traded smaller companies can be highly volatile. The value of the Company's common shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Company's common shares.

TSX Venture Exchange and the Liquidity of the Common Shares

Even though the common shares of the Company are listed on the Exchange, this should not be taken as implying that there will be a liquid market for the common shares. Thus an investment in the common shares may be difficult to realise. Investors should be aware that the value of the common shares may be volatile. Investors may, on disposing of common shares, realise less than their original investment, or may lose their entire investment. The common shares, therefore, may not be suitable as a short-term investment.

The market price of the common shares may not reflect the underlying value of the Company's net assets. The price at which the common shares will be traded, and the price at which investors may realise their common shares, will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the sectors in which the Company operates. Such factors could include the performance of the Company's operations, large purchases or sales of the common shares, liquidity or the absence of liquidity in the common shares, legislative or regulatory changes relating to the business of the Company, and general market and economic conditions.

The risks noted above do not necessarily comprise all those potentially faced by the Company and are not intended to be presented in any assumed order of priority.

Further Information

Additional Information relating to the Company can be found on SEDAR at www.sedar.com.