RACKLA METALS INC

(the "Company")

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Six Months Ended June 30, 2023

General

This interim Management's Discussion and Analysis ("Interim MD&A") supplements, but does not form part of, the unaudited condensed interim financial statements of the Company for the six months ended June 30, 2023. The following information, prepared as of August 24, 2023, should be read in conjunction with the Company's unaudited condensed interim financial statements for six months ended June 30, 2023 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"). In addition, the following should be read in conjunction with the financial statements of the Company for the year ended December 31, 2022 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The June 30, 2023 financial statements have not been reviewed by the Company's auditors.

Additional information relevant to the Company's activities can be found on SEDAR+ at www.sedarplus.ca.

Forward-looking Information

This Interim MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation ("Forward-looking Statements"). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this Interim MD&A include, without limitation, statements relating to the Company's plans for exploration of its properties; the sufficiency of the Company's cash position; and its ability to raise equity capital or access debt facilities. Often, but not always, these Forward-looking Statements can be identified by the use of words such as "anticipates", "believes", "plans", "estimates", "expects", "forecasts", "scheduled", "targets", "possible", "strategy", "potential", "intends", "advance", "goal", "objective", "projects", "budget", "calculates" or statements that events, "will", "may", "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration and development activities;
- due diligence investigations on potential investments not identifying all relevant facts;
- fluctuations in commodity prices, foreign exchange rates, and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters and local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- dilution from further equity financing;
- competition;
- uncertainties relating to general economic conditions; and
- risks relating to pandemics, epidemics and public health crises, and the impact they might have on the Company's business, operations, financial condition and share price;

as well as those factors referred to in the "Risks and Uncertainties" section in this Interim MD&A.

Forward-looking Statements contained in this Interim MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- due diligence investigations on potential investments will reveal all relevant facts;
- there being no significant disruptions affecting operations, whether relating to labour, supply, power, damage to equipment or other matters;
- permitting, exploration and/or development activities proceeding on a basis consistent with the Company's current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

Business of the Company

The Company is a Vancouver-based junior gold exploration company with projects in the Northwest Territories ("NWT") and Yukon, Canada. In 2022, the Company consolidated an extensive land position in the eastern Tombstone Gold Belt, part of the Tintina Gold Province, that extends through the southeast Yukon and into the NWT.

Properties

Following the significant intrusive-related gold discovery made by Snowline Gold Corp. at the Rogue project within the Tombstone Gold Belt, Yukon, the Company's team has used their historic experience in the district to identify similar geological settings 75 kilometres southeast at the Yukon-NWT border. As a result of this work, the Company has acquired interests in several gold properties located in the Tombstone Gold Belt which lies within the Selwyn

Basin and is prospective for Reduced Intrusion-related Gold Systems ("RIRGS"). The Company is currently conducting exploration work, including a drill program, on its properties (see "*Current Exploration and Drilling*" below).

The Company's current property holdings are described below, and more detailed information is available on the Company's website.

Tombstone Gold Belt Projects – Eastern Yukon and Western NWT

Astro Project, NWT

In September 2022, the Company entered into a property option agreement with Orogen Royalties Inc. (TSXV-OGN) ("Orogen") to purchase a 100% interest in the Astro gold project in the NWT. The deadline for exercising the option is September 30, 2023, and if exercised, Orogen will retain a 2.5% net smelter returns royalty on the Astro Project.

The Astro Project is a 288 square-kilometre exploration property located in the NWT along the Yukon border, close to the Canol Road. The Project was generated from a two-year US$1.8 million regional alliance between Orogen and Newmont Mining Corporation that identified gold mineralization associated with an intrusive stock during a regional stream sampling survey. Work on the property identified outcropping gold mineralization in a ten-kilometre-long structural corridor in the hornfelsed aureole flanking the Border Pluton, a Tombstone Suite quartz-monzonite intrusion. Gold mineralization consists of gold-arsenic-antimony bearing quartz veins, gold-bismuth skarn and gold associated with disseminated sulphides in siltstone.

In February 2023, the Company staked a claim adjacent to Orogen's Astro claim block. This additional claim is deemed to form part of and be subject to the Company's option on the Astro Project.

Hit Project, Yukon

In September 2022, the Company entered into a property option agreement with Aben Resources Ltd. (TSXV-ABN) ("Aben") to purchase a 100% interest in the Hit Project located in the Mayo Mining District, Yukon, close to the Canol Road. The deadline for exercising the option is October 17, 2023, and if exercised, Aben will retain a 0.5% NSR royalty and the Company will assume from Aben the obligation to pay a 2.0% NSR royalty to a former project owner.

The Hit Project is strategically located adjacent to the Astro Project but on the Yukon side of the border and surrounds a quartz monzonite intrusive with anomalous stream sediment geochemistry and a magnetic low anomaly making the ground prospective for RIRGS. The Hit claims have seen minimal historic work and the Company intends to test this ground for gold mineralization.

SER Project, Yukon

Also in September 2022, the Company entered into a property option agreement with Sabre Gold Mines Corp. (TSX-SGLD) ("Sabre") to purchase a 100% interest in the 376-claim SER gold project located in the Mayo Mining District, Yukon, along the NWT border. The deadline for exercising the option is October 17, 2023, and if exercised, Sabre will retain a 2.5% NSR royalty on the SER project.

The SER Project is adjacent to the Astro Project and surrounds the Hit Project on three sides and extends 16 kilometres to the southwest and 18 kilometres to the northwest. The SER Project surrounds a series of small to medium size intrusive centres with highly anomalous stream sediment geochemistry (up to 0.510 ppm Au) and associated geophysical anomalies, indicating good potential for RIRGS. Very limited follow-up work was done at the time; of the few float rock samples that were taken, one returned 27 g/t Au and 35 ppm Bi.

RAK Main, Jos and Cinnabar Projects, NWT

In August 2022, the Company announced the staking of three claim groups targeting gold mineralization within the extension of the Tombstone Gold Belt in the Northwest Territories (RAK Main, Jos, and Cinnabar claims). The staking includes 14 claims covering approximately 11,500 hectares and are located 11 to 26 kilometres east of the Canol Road and Macmillan Pass airstrip, providing access to the properties.

Multiple intrusive bodies belonging to the Cretaceous-age Tombstone, Tungsten and Mayo plutonic suites have intruded the Selwyn basin sediments within the Company's claims. Several large, polyphase plutons to 10 kilometres in diameter are accompanied by smaller stocks with surface exposures less than a kilometre. Conspicuous zones of contact metasomatism surround most of the intrusions within the area of the claims.

Previous work by operators in the Yukon side of the divide has recorded significant stream sediment gold anomalism that appears to be draining several of the intrusive bodies within the NWT. Recent mapping has identified stockwork veining within these intrusive bodies, especially so in the recessive valleys.

The intrusive bodies and gossanous contacts within the Company's claims are relatively unexplored.

Excite Project, Yukon

In April 2023, the Company announced that it had staked 146 quartz claims, an area approximately 30.5 square kilometres or 3,050 hectares, in the Tombstone Gold Belt, Yukon. These claims are known as the Excite Project and are located 40 kilometres west of Snowline Gold's Valley discovery and 115 kilometres west of the Company's Astro project.

The prospect was identified by researching government regional geochemical survey data (RGS), the Yukon Geological Survey Enhanced Interpretation of the RGS Weighted Sums Model for Intrusion-related Gold Deposits, regional airborne magnetic survey data and historic assessment reports. The Excite Project stood out as highly prospective for its potential to host a RIRGS based on numerous criteria. The Weighted Sums Model for Intrusion-related Gold Deposits identified the streams draining the property as within the 95-98th percentile for this deposit type. Heavy mineral concentrate sampling conducted in 2013 on 4 streams draining the western side of the property returned highly anomalous values of 461, 1,740, 10,700 and 11,000 ppb gold. Finally, the airborne magnetic survey identified a circular magnetic low feature with magnetic high "shoulders" measuring 1.8 kilometres in diameter in the centre of the property.

The Company is planning a summer program to evaluate the property which will consist of stream sediment sampling, soil sampling, geological mapping, prospecting and an airborne geophysical survey to define the source of the gold anomalies and locate drill targets.

Black and Flat Claims, NWT

In July 2023, the Company announced the staking of two claim blocks known as the Black Claims and Flat Claims which cover a total of approximately 9,500 hectares in the Tungsten District of the Tombstone Gold Belt, NWT. The Company has identified this area as prospective for RIRGS deposits in the vicinity of the Cantung Mine.

The Company has commenced the permitting process to explore the properties from a road-accessible base of operations by the Flat River. An initial program of ground proofing with geological mapping, prospecting, stream sediment sampling, and geophysical surveys is planned to assess the full potential of these mineral claims.

Other Yukon Project

Gossan Property, Yukon

In February 2023, the Company staked 36 quartz claims, an area approximately 7.5 square kilometres or 752 hectares, in the Dawson Range Belt, Yukon. These claims are known as the Gossan Property and are located 100 kilometres west of Carmacks or 235 kilometres northwest of Whitehorse.

The Dawson Range Belt hosts the world class Casino porphyry copper-gold-molybdenum deposit, the Freegold Mountain porphyry-epithermal deposits, the Klaza epithermal deposit and numerous other porphyry-epithermal mineral occurrences. These deposits are associated with late-Cretaceous intrusions of the Casino Suite.

The Gossan property covers a large (1.8 x 1.0 km) orange-red, gossanous, colour anomaly. Regional geochemical sample data from government sources have returned moderately anomalous values for copper, molybdenum and gold from streams draining the southern edge of the gossan. Enhanced interpretation of the Weighted Sums Model for Porphyry Copper Deposits indicates that these samples are within the 90-95th percentile for the porphyry copper-molybdenum deposit type.

Surprisingly, there is no record of any assessment work having been undertaken on the property. Preliminary observations on the ground have identified intense silica-pyrite alteration of the underlying volcanic rocks with disseminated pyrite content greater than 5%. The Company believes the intense orange-red gossan and silica-pyrite alteration is indicative of a porphyry-related hydrothermal alteration system at depth.

The Company completed an early summer program on the property which consisted of stream sediment sampling, soil sampling and prospecting to evaluate the target for porphyry and/or epithermal copper-gold potential. Results from the program are pending.

Current Exploration and Drilling

In July 2023, the Company commenced a planned 3,000 metre diamond drill program at the Astro Project, and to date has completed 1,687 metres of drilling in 10 holes. The drill program is targeting RIRGS in the intrusive bodies at the Astro Plutonic Complex which includes the Astro, Hit and SER projects and covers approximately 22,500 hectares in the Tombstone Gold Belt. Drilling to date has focused on the Radio-UV targets where previous operators identified a strong gold anomaly in talus and soil samples across a broad valley underlain by a Tombstone suite intrusive stock. Broad spaced drilling across the valley has identified sheeted quartz veining with minor amounts of sulphide minerals in the intrusive. In many instances, there is a significant alteration halo containing disseminated sulphide minerals bordering the veins. Follow-up drilling will continue upon receipt of the first phase analytical results.

The Company has also completed airborne geophysical surveys on a number of its properties. The surveys were conducted by Precision GeoSurveys Inc., utilizing their triple boom, gradient magnetic, radiometric and VLF-EM system. On the Astro, Hit and SER projects, the Company expanded on a previously flown airborne magnetic survey to cover the western portion of the Astro and capture the Hit and SER mapped intrusive bodies. This survey further defined the extent and geophysical contrast within the Astro Plutonic Complex and identified a number of potential buried or unmapped intrusive centres associated with strong gold in stream sediment anomalies.

On the Hit Project, the survey has defined the intrusion to be a magnetic low and the hornfelsed country rock to be magnetic highs surrounding and overlying the intrusion. The Hit intrusion measures two kilometres in diameter. Numerous contact metasomatic skarn mineral occurrences, identified by previous operators, are shown to occur in the hornfels margins of the intrusion. The Company has focused efforts on the intrusive body and has identified several areas at Hit where a strong system of sheeted veins appears to be the feeder system and cause of the hornfelsing and gold skarn mineralization. Soil and rock sample results are pending, and work is ongoing to define drill targets at the Hit property.

Similar to the Hit, the magnetic survey on the SER Project has clearly defined the intrusion to be a magnetic low and the hornfelsed country rock to be magnetic highs surrounding and overlying the intrusion. The intrusion measures 2 kilometres in diameter and has been only slightly unroofed leaving much of the cupola intact. The Company has digitized historic work by previous operators and identified very significant gold anomalies from rock samples collected along the exposed margins of the intrusion. The Company is following up on these anomalous areas with plans to define drill targets this season.

On the Excite Project, located immediately west of Snowline Gold's Rogue property, the magnetic survey returned the characteristic response of an RIRGS intrusion: a magnetic low with surrounding magnetic highs. The low might represent the centre of a buried intrusion, while the high would be a typical response of hornfelsed sedimentary or volcanic rocks. Interestingly, the circular magnetic anomaly is surrounded by anomalous gold values from heavy mineral concentrate sampling containing up to 11 ppm gold. The Company has followed-up these results with prospecting and a soil sample survey completed this season – results are pending.

Technical Information

Qualified Person: Scott Casselman, B.Sc., P.Geo., Vice-President Exploration of the Company, is a member of the Association of Professional Engineers and Geoscientists of British Columbia and is the Company's Qualified Person as defined by National Instrument 43-101. Mr. Casselman is responsible for the accuracy of and has approved the technical information in this Interim MD&A.

Quarterly Information

The following table provides quarterly information for the eight fiscal quarters ended June 30, 2023:

Quarter Ended	Jun. 30, 2023 ($)	Mar. 31, 2023 ($)	Dec. 31, 2022 ($)	Sep. 30, 2022 ($)	Jun. 30, 2022 ($)	Mar. 31, 2022 ($)	Dec. 31, 2021 ($)	Sep. 30, 2021 ($)
Exploration expenditures	544,589	104,231	15,075	65,775	13,612	160	-	-
General and administrative expenses	154,421	1,009,764	137,016	51,627	41,405	71,117	87,131	36,031
Net loss	(505,154)	(1,052,759)	(163,350)	(116,859)	(55,017)	(1,343,161)	(87,131)	(36,031)
Basic and diluted loss per share	(0.01)	(0.02)	(0.00)	(0.00)	(0.00)	(0.03)	(0.00)	(0.00)

Exploration expenditures from the quarter ended September 30, 2022 to the most recently completed quarter are related to activity on property holdings in the Yukon and NWT that were acquired since the latter part of the 2022 fiscal year. Exploration expenditures for the quarter ended June 30, 2022 consisted primarily of property investigations in other jurisdictions. General and administrative expenses started increasing during the quarter ended December 31, 2022, due to additional corporate activity that included an increase in personnel requirements. The general and administrative expense and net loss for the quarter ended March 31, 2023 and the net loss for the quarter ended March 31, 2022 were significantly higher than all other quarterly periods presented due to a share-based payments expense of $806,319 and a write-off of deferred acquisition costs of $1,271,884, respectively, that are described in more detail in the Results of Operations section below.

Results of Operations

Quarter ended June 30, 2023

The quarter ended June 30, 2023 had a net loss of $505,154, compared to $55,017 for the quarter ended June 30, 2022, an increase of $450,137. The current quarter net loss was also reduced by interest income totalling $28,698 whereas there was no interest income for the comparative quarter.

Exploration expenditures during the current quarter totaled $544,589 compared to $13,612 during the comparative quarter, an increase of $530,977. The current quarter exploration costs were incurred on mineral properties acquired since the latter part of the 2022 fiscal year while there was just administrative maintenance of a formerly held property and other property investigation costs during the comparative quarter.

General and administrative expenses for the current quarter totaled $154,421 compared to $41,405 in the comparative quarter, an increase of $113,016. This increase was due to a higher level of corporate activity since the comparative quarter. The most notable cost increases resulting from increased corporate activity were $60,660 in shareholder communications, $30,809 in salaries and benefits, and $14,502 in office and administration costs. The only cost decrease for the current quarter was in management fees which was due to the resignation of a current Director from his additional role as President of the Company in March 2023.

Six months ended June 30, 2023

The six-month period ended June 30, 2023 recorded a net loss of $1,557,913, compared to $1,398,178 for the six-month period ended June 30, 2022, an increase of $159,735. The current period recorded interest income of $60,078 whereas there was no such income for the comparative period. The net loss for the comparative period was significantly impacted by a write-off of deferred mineral property acquisition costs of $1,271,884 relating to a gold project in the Democratic Republic of the Congo which the Company had considered acquiring during the 2021 fiscal year. There were no such write-offs during the current period.

Exploration expenditures during the current period totalled $648,820 compared to $13,772 during the comparative period, an increase of $635,048. As in the quarterly comparison, the current period exploration costs were incurred on mineral properties acquired since the latter part of the 2022 fiscal year while there was just administrative maintenance of a formerly held property and other property investigation costs during the comparative period.

General and administrative expenses for the current period totalled $1,164,185 compared to $112,522 in the comparative period, an increase of $1,051,663. This increase was primarily due to a share-based payment expense of $806,319 being recorded in the current period whereas there was no such expense for the comparative period. The share-based payments expense relates to the fair value of stock options that were granted and became fully vested during the current period to directors, officers, employees, and consultants. Also similar to the quarterly comparison, an increase in corporate activity during the current period resulted in increases to all other general and administrative expenses, with the exception of management fees which was less for the same reason as in the quarterly comparison. The most notable cost increases for the current period were $131,230 in shareholder communications, $62,561 in salaries and benefits, and $38,107 in office and administration which were due to an increase in administrative and personnel requirements and promotional activities.

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no cash flow from operations. With the termination of the Rivier Property advance royalty agreement during the period ended June 30, 2023, the Company no longer has a commitment to make annual advance royalty payments of $10,000 to the former property owner.

In December 2022, the Company received proceeds of $3,239,025 from a flow-through equity financing. These flow-through funds are to be incurred on eligible flow-through activities during the 2023 fiscal year. As of June 30, 2023, the Company has incurred $936,226 of its flow-through commitment. If the Company does not spend the remaining funds in compliance with the Government of Canada flow-through regulations, it may be subject to indemnification or other claims by the flow-through subscribers.

During the 2022 fiscal year, the Company also raised $250,000 from the HD Offering and received total proceeds of $1,587,000 from the exercise of 10,580,000 share purchase warrants. These funds have been used for mineral property acquisitions and general working capital purposes.

As at June 30, 2023, current assets were $3,460,931 and current liabilities were $1,180,533, resulting in working capital of $2,280,398. Current assets include cash of $3,104,022, of which $2,302,799 is reserved for flow-through eligible exploration activities.

The Company expects its current capital resources to be sufficient to cover its existing flow-through expenditure commitment but not corporate operating costs and other potential non-flow-through eligible exploration and/or mineral property acquisition costs through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including the level of exploration activity and possible property acquisition opportunities.

Related Party Transactions

See Note 13 of the condensed interim financial statements for the six months ended June 30, 2023 for details of related party transactions which occurred in the normal course of business.

Other Data

Additional information related to the Company is available for viewing at SEDAR+ at www.sedarplus.ca.

Share Position and Outstanding Warrants and Options

As at the date of this Interim MD&A, the Company had 58,201,308 common shares issued and outstanding and the following share purchase warrants and incentive stock options are currently outstanding:

SHARE PURCHASE WARRANTS

No. of warrants	Exercise price	Expiry date
6,307,500	$0.35	December 22, 2024

STOCK OPTIONS

No. of options	Exercise price	Expiry date
200,000	$0.365	January 9,2025
405,000	$0.10	May 2, 2029
25,000	$0.14	May 27, 2030
2,280,000	$0.365	January 9,2033
2,910,000		

Accounting Policies and Basis of Presentation

The Company's significant accounting policies are presented in the audited financial statements for the year ended December 31, 2022.

Future Accounting Changes

The Company has reviewed upcoming policies and determined that none are expected to have an impact on the Company's condensed interim 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, none of the Company's properties has 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.

Joint Venture Funding Risk

The Company's strategy includes seeking partners when appropriate through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of precious and base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties 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 one or more of the Company's projects 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 projects which could result in the loss of one or more of its property interests.

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.

Political and Regulatory Risks

The Company is currently operating in Canada which has a stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates, and no assurances can be given that the Company's plans and operations will not be adversely affected by future developments. Any property interests held and any proposed exploration or development activities by the Company may be subject to political, economic, and other uncertainties, including the risk of expropriation, nationalization, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, and changes in laws or taxation policies.

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. The activities of the Company may be subject to negotiations with local landowners or First Nations communities for access to conduct exploration and development work programs. The Company's operations could be significantly disrupted or suspended by activities such as protests or blockades that may be undertaken by individuals or groups within the community.

Competition

The Company will compete 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.