GEOLOGICA RESOURCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three and Nine Months Ended September 30, 2025

Overview

This MD&A has been prepared as of April 24, 2026, and the following information should be read in conjunction with the Geologica Resource Corp. **("Geologica"** or the **"Company")** un-audited financial statements for the three months and Nine months ended September 30, 2025 and the audited consolidated financial statement and accompanying notes for the year ended December 31, 2024, together with the notes thereto. The Company's financial statements for the nine (6) month period ended September 30, 2025 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

This discussion contains forward-looking statements that involve certain risks and uncertainties. Statements regarding future events, expectations and beliefs of management and other statements that do not express historical facts are forward-looking statements. In this discussion, the words "believe", "may", "will", "estimate", "continue", "anticipate", "intend", "expect", "plan", "predict", "potential" and similar expressions, as they relate to the Company, its business and management, are intended to identify forward looking statements. Geologica Resource Corp. has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting the financial condition of the business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Except as may be required by applicable law or regulation, the Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If the Company updates one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Additional information relating to the Company, is available by accessing the SEDAR website at www.sedar.com.

Business Overview and Strategy

Geologica Resource Corp. was incorporated in British Columbia as a wholly owned subsidiary of Tower One Wireless Corp. ("**Tower One**") in order to facilitate a plan of arrangement with Tower One, a public Company whose common shares trade on the CSE. The plan of arrangement closed on October 13, 2016. As a result of the plan of arrangement, the Company became a reporting issuer in British Columbia.

The Company is a mineral exploration and resource development company engaged in the business of acquiring, exploring and evaluating natural resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is complete. As at the date of this MD&A, the Company has not earned any production revenue and is considered to be an exploration stage company.

Topley Property

Geologica Resource Corp. is a mineral explorer, building shareholder value through the acquisition of projects with significant technical merit. The Topley Copper Property consists of the Topley Claims, Rooster Claims and the TAC Claim.

Topley Claims

On October 19, 2020 the Company signed an option agreement for 100% of the mineral claims known as the Topley Claims. The property includes 6 claims totaling 2,669ha. and is located on trend with the Granisle and Bell mine in the Babine Porphyry Belt north west of Prince George British Columbia. The option agreement was amended on October 28, 2020 to add an additional claim to the optioned claims. In order to earn an interest in the property, the Company must make the following:

Cash payments:
- $5,000 on signing the agreement (paid)
- $50,000 by December 31, 2027 ($30,000 paid)

Share issuances:
- 500,000 on listing of the Company's shares (issued)
- 250,000 by December 31, 2022 (issued on June 27, 2023)
- 250,000 by December 31, 2023 (outstanding)

Exploration expenditures:
- $15,000 by November 7, 2020 (incurred)
- $25,000 by December 31, 2020 (incurred)
- $110,000 by May 30, 2027 ($67,394 incurred)

The option is subject to a 2% Net Smelter Return royalty, of which 1% can be repurchased by the Company for $1,000,000.

TAC Claim Purchase and Sale Agreement

On April 14, 2021, the Company entered into an agreement to purchase a 100% interest in a mineral property in British Columbia known as the TAC Claims. The property is strategically located within the Topley Claims and adds 37.4 hectares to the Company's land position. In order to earn an interest in the property, the Company must make the following:

Cash payment:

- $2,500 on signing the agreement (paid)

Share issuances:
- Shares valued at $5,000 by December 31, 2021 (issued)
- Shares valued at $10,000 by December 31, 2022 (issued)
- Shares valued at $15,000 by December 31, 2023
- Shares valued at $20,000 by December 31, 2024.

The number of shares to be issued is calculated based on the 10-day average closing price of the Company's shares immediately preceding delivery of notice of the share issuance to the vendor.

Rooster Property Purchase and Sale Agreement

On February 21, 2023, the Company entered into an agreement with Atkinson Resource Corp. to purchase a 100% interest in a mineral property in British Columbia known as the Rooster Claims. The claims are strategically located continuous with the western side of the Topley Claims and adds 709 hectares to the Company's land position. In order to purchase the claims, the Company must make the following:

Exploration Expenditure:

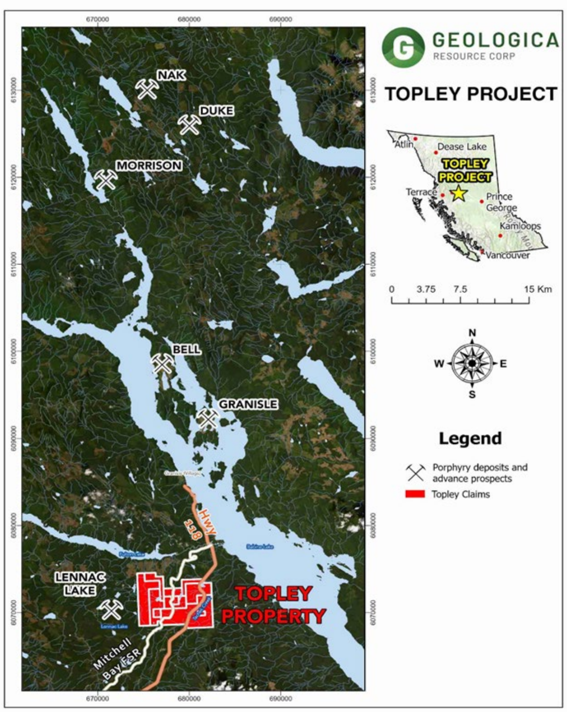
- Pay the Vendor $20,000. Vendor to spend $20,000 in exploration expenditures during the year ended December 31, 2023

Share issuances:

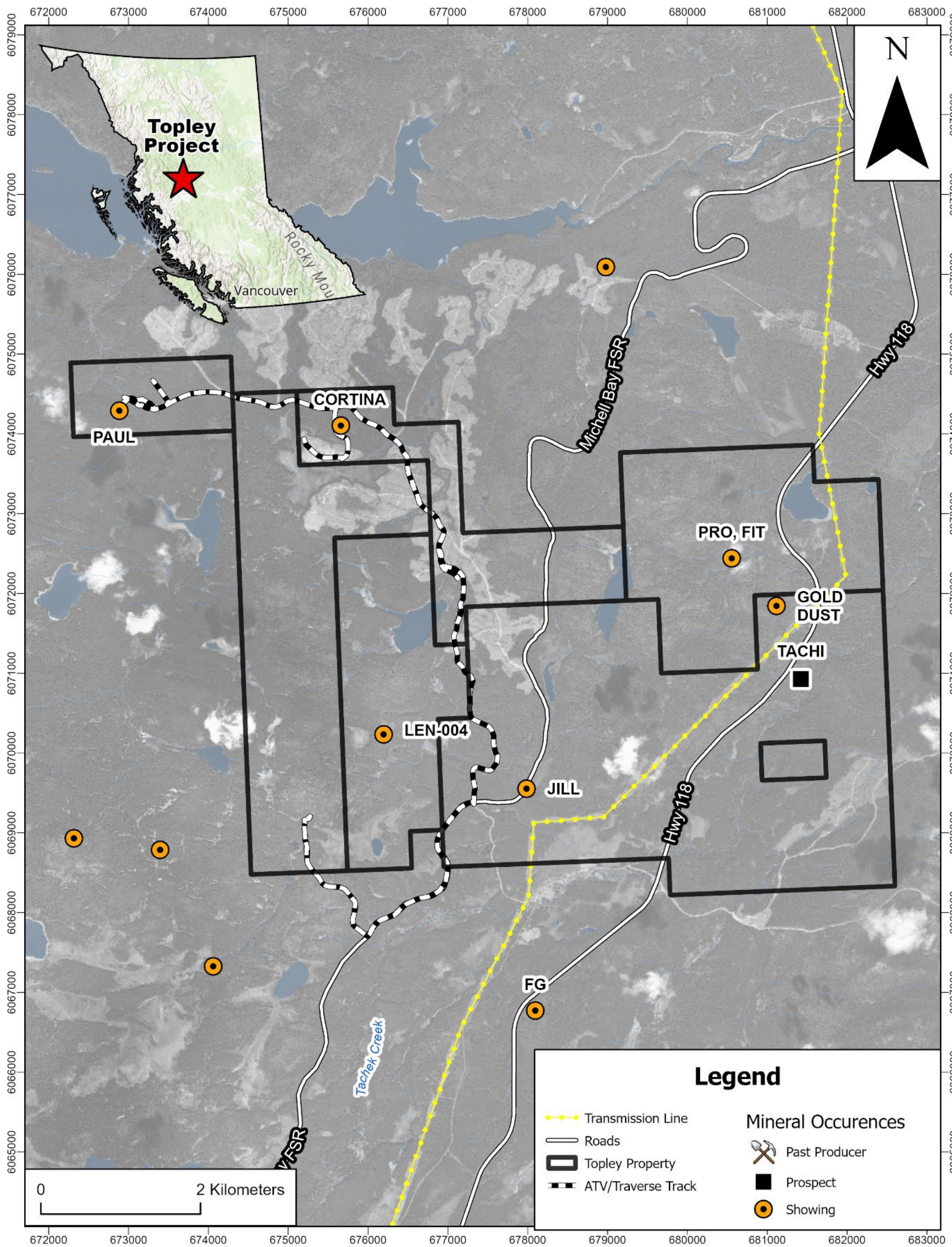
- 1,800,000 Shares to be issued to Atkinson Resource Corp.

Topley West Staking

On March 25,2024, the Company approved an agreement to purchase a 100% interest in a mineral property in British Columbia known as the Topley West Claims. The property is strategically located contiguous with the Topley Copper-Gold project and adds 802.48 hectares to the Company's land position. The Company issued 2,000,000 shares as a total purchase price.



Claims Map



Topley Project
Rocky Mou
Vancouver
N
PAUL
CORTINA
Michell Bay FSR
Hwy 118
PRO, FIT
GOLD DUST
TACHI
LEN-004
JILL
FG
Tachek Creek
FSR
0
2 Kilometers
Legend
Transmission Line
Roads
Topley Property
ATV/Traverse Track
Mineral Occurences
Past Producer
Prospect
Showing
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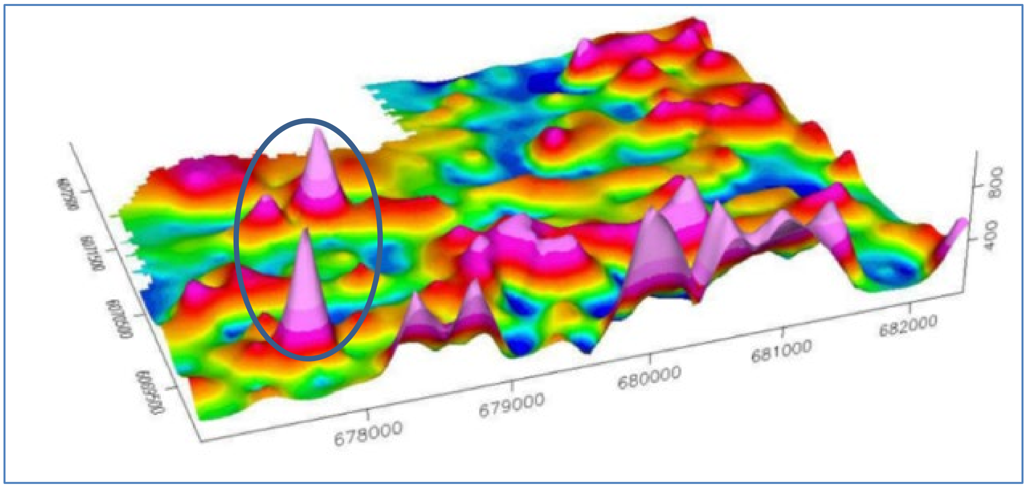
Topley Property

Geologica has decided to focus its exploration on the western side of the Topley Landing property and the Rooster Claims and Topley West claims for the following reasons:

- Ruby Showing - Historic exploration located and sampled copper staining (malachite and azurite) within a ravine 1.3 km to the west of the Topley claims. Assays were also anomalous in silver, lead, and zinc with results ranging up to 756 g/t Ag, 0.665% Cu, 10.2% Pb, and 0.103% Zn. During the fall exploration program at Topley the team discovered this outcrop with a 2 to 3 metre zone with abundant malachite staining. This out crop is located in an area northwest of the Cortina showing. Assay results of rock samples collected at this site this fall ranged from 0.40% to 0.60% copper.
- Antimony targets delineated by comprehensive till sample surveys across the Babine Porphyry Belt ("BPB"), (Levenson, 2002). The success of Geologica's exploration program is highlighted by till samples containing multiple >98th and >95th percentile Antimony samples within the Topley Claims ("Topley or Claims"). The Cortina, Pro, Gold Dust, Chris and Jill showings on the Claims are included in a large area with elevated Antimony south of Fulton Lake (Levenson 2002).
- Copper bearing float has been reported in the western region of the claims;
- Magnetics from previous area wide surveys suggest that this area is structurally complex with multiple circular magnetic features and a large magnetic high;
- The 2020 geochemistry survey identified a large redox center with corresponding gold and copper values;
- Drill results from holes just west of the claims when exploring the Fulton Lake area for VMS intersected intense epithermal alteration with Ag, Pb, and Zn mineralization;
- Potential epithermal/VMS system
- 3 percussion holes to test the top of bedrock (ie. 2- 3m beneath the till) within the current claims was drilled by previous owners, LLRC-13-001 intersected maroon xlithic tuff at 24m depth. LLRC-13-007 intersected pink intrusive rock at 19.5m depth. LLRC-13-008 assayed 200-300 ppm Cu in volcanics at 36m depth (*note: these values are similar to percussion top of bedrock holes drilled in the same program at the Lennac Lake copper porphyry deposit 6 km west)*.
- Sporadic regional till samples in the area are in the 90th+ percentile for As, Sb, Pb, and Zn; and
- A small lake on the claims contains the highest regional lake sediment samples for molybdenum.

The 2020 geochemistry survey identified a rabbit ear copper anomaly in the western area of the Topley claims within the redox zone. The same geochemistry identified the Mount Milligan copper rich MBX zone rabbit ear anomaly. In addition the 2020 survey identified an apical gold anomaly in the same area.

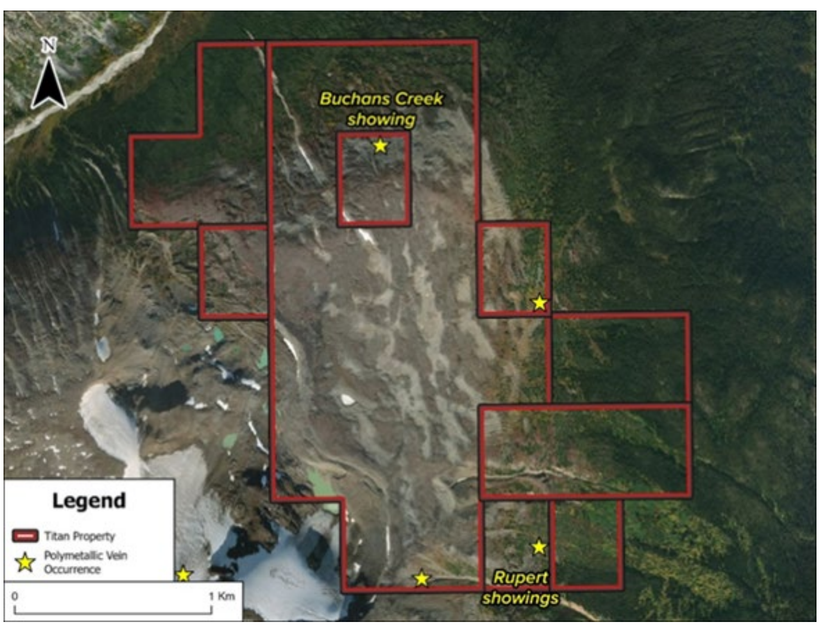
Figure 1 Copper Geochemistry, Rabbit Ear Anomaly



Titan Polymetalic, Antimony Property

On June 17, 2024 the Company signed a purchase agreement for 100% of the mineral claims known as the Titan Claims. The property includes 9 claims totaling 493ha. and is located near Atlin BC. The Company has acquired 100% of the Titan Claims on payment of $3,000. Geologica has also agreed to hire Decoors, Petram Exploration, or a contractor approved by the vendors to complete any exploration work programs on the Property.

Titan Claims 35km southwest of Atlin BC



Geologica acknowledges that on commencement of commercial production, the Property will be subject to a Net Smelter Royalty (NSR) of 2%. Commercial production includes bulk sampling. The Purchaser may purchase 1% of the NSR for $1,000,000 up to 6 months prior to the beginning of commercial production and the remaining 1% on terms to be decided.

Lincoln Lode Gold claims

On August 26, 2024 the Company signed an option agreement for 100% of the mineral claims known as the Lincoln Claims. The property includes 1 claim totaling 601ha. and is located in the Atlin mining district of BC. Geologica has also agreed to hire Decoors, Petram Exploration, or a contractor approved by the vendors to complete any exploration work programs on the Property. In order to exercise the option for 100% of the Lincoln claim, the Company shall complete expenditures, as well as make cash and share payments in accordance with the following schedule:

Due Date	Cash Payments	Shares	Expenditures	Earn In
On Signing of Option Agreement	$Nil	Nil	$7,500	0%
October 30, 2025	$5,000	Nil	$6,000	0%
December 30, 2025	$5,000	Nil	$50,000	50.1%
December 30, 2026	$35,000	200,000	$50,000	75%
December 30, 2027	$30,000	300,000	$50,000	100%
September 30, 2028	$40,000	500,000	$50,000	100%
Total:	**$115,000**	**1,000,000**	**$213,500**	**100%**

Geologica acknowledges that on commencement of commercial production, the property will be subject to a Net Smelter Royalty (NSR) of 2%. Commercial production includes bulk sampling. The Company may purchase 1% of the NSR for $1,000,000 up to 6 months prior to the beginning of commercial production and the remaining 1% on terms to be decided.

At Lincoln Creek, northeast of Otter Creek, a single SGH survey line completed in 2019 identified **a potential gold target spanning 750 meters in length.** The target area is located east and uphill of Lincoln Creek. Act Labs rated its gold signature at 4.0 out of 6.0, comparable to values obtained over known gold mineralization at Otter Creek.

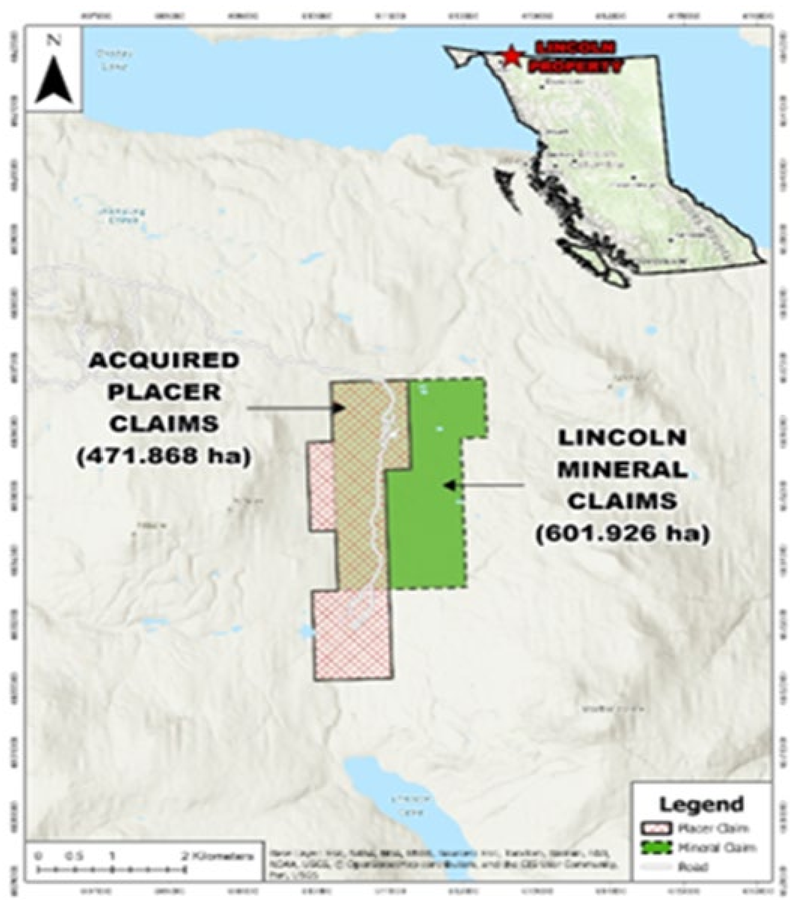
Results from the sampling program show a north-northeast trending (020°) gold-pathfinder anomaly overlying the SGH anomaly. Gold values along this trend range from 0.3 to 296 ppb Au. **The gold value of 296 ppb in soils is unexpectedly high and requires further investigation.** The anomalous zone also shows consistently elevated levels of silver, arsenic, bismuth, mercury, and thallium. The anomaly remains open along trend to both the southwest and northeast.

Lincoln Placer Placer Property

On March 9, 2025 the company staked the Lincoln Placer Property. The property is one claim of 471.87 Ha. and is located in the Atlin Mining District of BC. These placer claims overlap some of the Lincoln lodes gold claims.

1) Historical records indicate the potential of Lincoln Creek to be approximately 20,000,000 cubic yards ("CY") of possible pay with an estimated 400,000 ounces of gold
2) Historical placer drilling suggests near surface volume of 3,000,000 CY with grades up to 0.06 oz/CY
3) The Gierkie shaft, sunk in 1912, reportedly found gravels averaging approximately 0.048 oz/CY
4) Reports indicate mining of rich gravels may be possible directly from surface in upstream areas

Lincoln Property



Overall Performance

The Company has focused during the period ended September 30, 2025 on the Company's mineral exploration business and business development.

January 30,2025 – Geologica Resource Corp. announced the discovery of the Ruby copper showing at the Topley property in the Babine Porphery Belt ('**BPB**"). The Cortina, Pro, Gold Dust, Chris and Jill showings on the Topley Claims are included in a large area with elevated Antimony south of Fulton Lake (Levenson 2002).

March 11, 2025 – Geologica Resource Corp. announced Results from the sampling program show a north-northeast trending (020°) gold-pathfinder anomaly overlying the SGH anomaly. Gold values along this trend range from 0.3 to 296 ppb Au. **The gold value of 296 ppb in soils is unexpectedly high and requires further investigation.** The anomalous zone also shows consistently elevated levels of silver, arsenic, bismuth, mercury, and thallium. The anomaly remains open along trend to both the southwest and northeast.

March 18, 2025 – Geologica Resource Corp. announced the staking of 472 Ha of placer gold claims contiguous with the Company's Lincoln Creek Property in northwestern British Columbia. The property lies within the Atlin Gold Camp, northeast of Surprise Lake. The placer claims cover past producing claims on Lincoln Creek.

Selected Financial Information

The financial information reported here has been prepared in accordance with IFRS. The Company uses the Canadian dollar (CDN) as its reporting currency. Selected un-audited financial data for interim operations of the Company for the six months ended June 30, 2024 and June 30, 2023 are presented:

Selected Statement of Operations Data

Period ended	**Three Months Ended September 30, 2025**	**Three Months Ended September 30, 2024**	**Nine Months Ended September 30, 2025**	**Nine Months Ended September 30, 2024**
Total revenues	$Nil	$Nil	$Nil	$Nil
Net Income / (Loss)	$54,859	$57,087	$162,330	176,136
Basic Income/(loss) per share	$(0.00)	$(0.00)	$(0.00)	$(0.01)
Diluted loss per share (Unaudited)	$(0.00)	$(0.00)	$(0.00)	$(0.01)
Weighted average shares	32,934,653	30,532,653	30,934,653	28,882,569

Selected Balance Sheet Data**As At**	**September 30, 2025**	**December 31, 2024**
Cash & Equivalents	$93	$6,875
Current Assets	$36,345	$37,779
Exploration and Evaluation Assets	$393,042	$387,564
Total Assets	$429,387	$425,343
Current liabilities	$643,038	$482,664
Non-Current liabilities	$Nil	$Nil

Total liabilities	$643,038	$482,664
Working Capital / (deficit)	$(606,693)	($444,885)

Comparison of the three months and nine months periods ending September 30, 2025 and September 30, 2024

Revenues

The Company had no revenues for the quarter ended September 30, 2025, or for the quarter ended September 30, 2024. The Company does not expect any revenues during the current fiscal year.

Mineral Property Exploration and Evaluation

During the 9 month period ended September 30, 2024 the Company spent $70,000 on exploration and evaluation of mineral properties. During the 9 month period ended September 30, 2025 the Company spent $2,360 in exploration and evaluation of the exploration properties.

A continuity of the Company's exploration and evaluation assets is as follows:

		Topley Property
Balance December 31, 2023	**$**	**285,052**
Acquisition costs – Topley - shares		73,750
Acquisition costs - Titan		3,000
Acquisition costs – Lincoln		3,750
Exploration costs – Topley		131
Exploration costs – Tac		374
Exploration costs – Titan		13,586
Exploration costs – Lincoln		7,922
Balance December 31, 2024		**387,564**
Exploration Costs - Topley		2,360
Balance June 30, 2025		**389,924**

General and Administrative Expenses

General and administrative costs consist primarily of accounting costs and other professional and administrative costs associated with general corporate activities.

The general and administrative costs for the 9 month period ended September 30, 2025 was $162,330 (September 30, 2024 - $176,136). The decrease in general and administrative costs between the period ended September 30, 2025 compared to the period ended September 30, 2024 was mainly due a decrease in share based compensation of $13,000.

Interest Expense/(Income)

The interest expense in the 9 month period ended September 30, 2025 was $22,349. The interest expense in the 9 month period ended September 30, 2024 was $16,401

Profits

At this time, the Company is not anticipating profit from operations. The Company will report an annual deficit and quarterly deficit and will rely on its ability to obtain equity/or debt financing to fund on-going operations. For information concerning the business of the Company, please see "*Business Overview and Strategy*".

Stock Based Compensation

For the 9 month period ended September 30, 2025 stock based compensation was $Nil (September 30, 2024 -Nil).

Selected Quarterly Information

	Three Months Ended September 30, 2025	**Three Months Ended June 30, 2025**	**Three Months Ended March 31, 2025**	**Three Months Ended December 31, 2024**	**Three Months Ended September 30, 2024**	**Three Months Ended June 30, 2024**	**Three Months Ended March 31, 2024**	**Three Months Ended December 31, 2023**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total Revenues	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Net Income (Loss)	**(54,859)**	**(50,416)**	**(57,055)**	**(160,314)**	**(57,087)**	**(60,038)**	**(56,440)**	**(110,845)**
Income (Loss) per Share basic and diluted	**(0.00)**	**(0.00)**	**(0.00)**	**(0.01)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**
Cash	**93**	**90**	**2,903**	**6,875**	**14,230**	**47,094**	**37,939**	**7,175**
Exploration and Evaluation Assets	**393,042**	**389,924**	**389,924**	**387,564**	**358,802**	**355,052**	**285,052**	**285,052**
Total Assets	**429,387**	**424,318**	**425,431**	**425,343**	**435,677**	**476,731**	**342,512**	**309,858**
Non- Current Liabilities	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

Liquidity and Capital Resources

At September 30, 2025, the Company had cash and cash equivalents of $93 (December 31, 2024, $6,875) and a working capital deficit of $606,693 (December 31, 2024, $444,885). Working capital decreased by

$161,808 in the nine month period ended September 30, 2025 when compared to the period ended December 31, 2024..

The Company's Cash flows from financing activities for the nine months ended September 30, 2025 and September 30, 2024 were as below.

Financing Activities		
Payment of loans payable		(12,900)
Subscription receivable	6,000	136,876
Change in due to related parties	120,312	90,439
Cash provided by financing activities	126,312	214,415
Increase (decrease) in cash during the year	(6,782)	7,055
Cash, beginning of the period	6,875	7,175
Cash, end of the period	$ **93**	**$ 14,230**

Cash utilized in operating activities during the nine months ended September 30, 2025 was $127,616 (September 30, 2024 - $203,610). The majority of the decrease in the period ended September 30, 2025 compared to the period ended September 30, 2024 was due to a decrease in Prepaid Expenses and share based compensation for the period ended September 30, 2025.

At September 30, 2025 share capital was $2,742,195 (December 31, 2024 - $2,742,195) comprised of June 30, 2025 - 32,934,653, (December 31, 2024 - 32,934,653) issued and outstanding Common Shares.

Warrant and Option Reserves at September 30, 2025 was $668,180 (December 31, 2024 - $668,180). No Options or Warrants were issued during the nine month ended September 30, 2025.

As a result of the net loss for the nine months ended September 30, 2025 of $162,330 (September 30, 2024 - $176,136) the deficit at June 30, 2025 increased to $3,694,418 from $3,532,088 for the year ended December 31, 2024.

At present, the Company's operations do not generate cash inflows and its financial success after September 30, 2024 is dependent on the development of its mineral exploration operations which will not generate revenues for the foreseeable future.

In order to finance the Company's future administrative, development and overhead expenses in the coming years the Company may raise money through equity sales. Many factors influence the Company's ability to raise funds, including the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. Should those risks fully materialize, it may not be able to raise adequate funds to continue its operations.

Off Balance Sheet Arrangements

There are currently no off-balance sheet arrangements which could have an effect on current or future results or operations or the financial condition of the Company.

Transactions with Related Parties

		2025		2024
Accounting fees to the accountant related to the CFO and director	$	10,500	$	10,500
Consulting fees to the CFO and director		13,500		13,500
Management fees to the CEO and director		76,500		76,500
	$	**100,500**	**$**	**100,500**

Additional Disclosure for Venture Issuers Without Significant Revenue

The following table sets forth material cost for the Company, which has been derived from the Company's unaudited financial statements for the three month and nine month period ended September 30, 2025 and September 30, 2024. This summary should be read in conjunction with the Company's unaudited financial statements for the periods ended September 30, 2025 and September 30, 2024:

Material Costs	Quarter ended September 30, 2025	Quarter ended September 30, 2024
Consulting fees	$4,500	$4,500
Legal fees	$Nil	$Nil
Management fees	$25,500	$25,500
Share-based compensation	$Nil	$Nil
Total Expenses	$54,859	$57,087
Accounting & Audit	$10,250	$3,000
Net loss and comprehensive loss for the Quarter	$(54,859)	$(57,087)

Subsequent Events

There are no subsequent events to the date of this Management Discussion and Analysis, other than:

On March 5, 2026 the Company and Decors Exploration Ltd. amended the Topley option agreement dated October 30, 2020 to amend the cash payment schedule to the following:

- Cash payments:
  - $5,000 on signing the agreement (paid)
  - $50,000 by December 31, 2027 ($30,000 paid)
- Exploration expenditures:
  - $15,000 by November 7, 2020 (incurred)
  - $25,000 by December 31, 2020 (incurred)
  - $110,000 by May 30, 2027 ($67,394 incurred)

Proposed Transactions

The Company is continuously searching for new opportunities in the mining and mineral exploration sectors, especially but not exclusively in areas in which Geologica currently holds properties.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and amounts due to shareholders. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

Disclosure of Outstanding Share Data

As at June 30, 2025, the Company had an unlimited number of authorized common shares with 32,934,653 common shares issued and outstanding.

As at June 30, 2025 the Company had 2,225,000 options outstanding.

As at June 30, 2025 the Company had 7,141,995 warrants outstanding.

The following table shows the details for the outstanding warrants and options as of the date of this MD&A:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Warrants 1 whole warrant exercisable at $0.125 up until March 29, 2026	661,300	661,300
Warrants 1 whole warrant exercisable at $0.08 up until December 31, 2025	400,000	430,000
Warrants 1 whole warrant exercisable at $0.05 up until June 5, 2026	4,578,695	4,578,695
Warrants 1 whole warrant exercisable at $0.05 up until December 28, 2029	1,252,000	1,252,000
Warrants 1 whole warrant exercisable at $0.05 up until December 28, 2025	250,000	250,000
Options exercisable at $0.075 up until November 2, 2027	725,000	625,000
Options exercisable at $0.125 up until March 2, 2025	200,000	200,000
Options exercisable at $0.05 up	1,300,000	300,000

until February 21, 2029		
Options exercisable at $0.05 up until March 14, 2029	100,000	100,000
Options exercisable at $0.05 up until June 6, 2029	100,000	100,000

RISK FACTORS

The common shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in the Company's Prospectus, the following risk factors.

These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the Company's common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment. There is currently no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the Prospectus.

The possible sale of common shares released from escrow on each release date could negatively affect the market price of the Company's common shares and also result in an excess of sellers of common shares to buyers of common shares and seriously affect the liquidity of the common shares.

No Ongoing Operations and No Production History

The Company is a mineral exploration company and has no operations or revenue.

Limited Operating History

The Company has no history of earnings. There are no known commercial quantities of mineral reserves on the Company's properties. There is no assurance that the Company will ever discover any economic quantities of mineral reserves.

Negative Operating Cash Flow

Since inception, the Company has had negative operating cash flow. The Company has incurred losses since its founding. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the exploration programs on the properties and administrative costs. The Company cannot predict when it will reach positive operating cash flow.

Requirement for Further Financing

The Company has limited financial resources and may need to raise additional funds to carry out exploration of its properties. There is no assurance the Company will be able to raise additional funds or will be able to raise additional funds on terms acceptable to the Company. If the Company's exploration programs are successful and favourable exploration results are obtained, the properties may be developed into commercial production. The Company may require additional funds to place the properties into production. The only sources of future funds presently available to the Company are the sale of equity capital, debt, or offering of interests in its properties to be earned by another party or parties by carrying out development work. There is no assurance that any such funds will be available to the Company or be available on terms acceptable to the Company. If funds are available, there is no assurance that such funds will be sufficient to bring the Company's properties to commercial production. Failure to obtain additional financing on a timely basis could have a material adverse effect on the Company, and could cause the Company to forfeit its interest in its properties and reduce or terminate its operations.

Exploration

At present, there are no bodies of ore, known or inferred, on the properties and there are no known bodies of commercially recoverable ore on the properties. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore on the properties.

Development

The business of exploration for precious metals involves a high degree of risk. Few exploration properties are ultimately developed into producing properties. The Company's properties are at the early exploration stage.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated its title to the properties, for which it holds exploration licenses or exploration license applications, and the Company is satisfied with its review of the title to the properties, the Company cannot give an assurance that title to the properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law often are complex. The Company does not carry title insurance on the properties.

A successful claim that the Company does not have title could cause the Company to lose its rights to the properties, perhaps without compensation for its prior expenditures relating to the properties.

Management

The success of the Company is largely dependent upon the performance of its management. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. There is no assurance that the Company can maintain the service of its management or other qualified personnel required to operate its business.

Requirement for Permits and Licenses

The Company has obtained certain licenses and permits from applicable authorities and is pending receipt of approval of certain licenses and permits. Further, the Company will be applying for all necessary licenses and permits under applicable laws and regulations to carry on the exploration activities which it is currently planning in respect of the properties, and the Company believes it will comply in all material respects with the terms of such licenses and permits.

However, such licenses and permits are subject to changes in regulations and in various operational circumstances. A substantial number of additional permits and licenses will be required should the Company proceed beyond exploration. There can be no guarantee that the Company will be able to obtain such licenses and permits.

Environmental Risks and other Regulatory Requirements

The current or future operations of the Company, including the exploration activities and commencement of production on the properties, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. There can be no assurance that all permits which the Company may require for its facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulations would not have a material adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the operations and activities of mineral companies, or more stringent enforcement thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditure or exploration and development costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Uninsurable Risks

Exploration of mineral properties involves numerous risks, including unexpected or unusual geological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against environmental risks.

Currency Risks

As the Company raises its capital in Canadian dollars and uses Canadian dollars as the presentation currency in its financial statements, and as the Company currently incurs exploration expenditures in Australian dollars and has obligations in Australian dollars, currency fluctuations could have a material effect on its operations. The Company may incur realized foreign exchange losses as a result of currency exchange fluctuations.

Competition

Significant and increasing competition exists for mineral opportunities in the State of Western Australia. There are a number of large established mineral exploration companies with substantial capabilities and greater financial and technical resources than the Company.

The Company may be unable to acquire additional mineral properties or acquire such properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company's exploration programs will yield any reserves or result in any commercial mineral operations.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Conflicts of Interest

Directors of the Company may, from time to time, serve as directors of, or participate in ventures with other companies involved in natural resource development. As a result, there may be situations that involve a conflict of interest for such directors. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the *Business Corporations Act* (British Columbia) and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. The Company does not know of any such pending or actual material legal proceedings as of the date of this MD&A.

No Cash Dividends

The Company has not declared any cash dividends to date. The Company intends to retain any future earnings to finance its business operations and any future growth. Therefore, the Company does not anticipate declaring any cash dividends in the foreseeable future.

Ore Reserves and Reserve Estimates

The Company's business relies upon the ability to determine whether a given property has commercial quantities of recoverable minerals. No assurance can be given that any discovered mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience.

Fluctuating Mineral Prices

The mining industry is heavily dependent upon the market price of the metals or minerals being mined or explored for. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond the Company's control may affect the marketability of any minerals discovered. The prices of base and precious metals have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the Company's control. The market price of metals and minerals is volatile and cannot be controlled by the Company. Metal prices have fluctuated widely, particularly in recent years.

Factors beyond the control of the Company may affect the marketability of minerals or concentrates produced, including quality issues, impurities, deleterious elements, government regulations, royalties, allowable production and regulations regarding the importing and exporting of minerals, the effect of which cannot be accurately predicted.