

The following Management's Discussion and Analysis ("MD&A") is prepared as at March 28, 2025 in accordance with National Instrument 51-102F1, and should be read together with the audited financial statements for the year ended December 31, 2024, and related notes, which are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information regarding the Company will be available through the SEDAR+ website at www.sedarplus.ca.

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, the assumption that the Company will become fully compliant with regulatory filing and continued listing requirements, in addition uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of the date of the MD&A and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

All dollar figures are stated in Canadian dollars unless otherwise indicated.

The Company's Business

Hardcore Discoveries Ltd. (formerly Makara Mining Corp.) (the "Company") is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange ("CSE"). On April 28, 2020, the Company received a receipt from the British Columbia Securities Commission for its long-form prospectus dated April 27, 2020 and commenced trading on the CSE on May 4, 2020 under the trading symbol "MAKA". On December 5, 2023, the Company changed the name to "Hardcore Discoveries Ltd." The Company commenced trading on CSE under the new trading symbol "HARD" on December 7, 2023.

On November 23, 2023, the Company completed a share consolidation on the basis of one-post consolidation common share for every ten pre-consolidation common shares (the "Share Consolidation").

The exercise price of the outstanding stock options, warrants and restricted share units ("RSU") and the number of options, warrants and RSUs were proportionately adjusted upon the Share Consolidation. All historical information presented in the financial statements have been adjusted to reflect the Share Consolidation.

The Company was incorporated on September 17, 2019 in British Columbia. The head office of the Company is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 1T2 and its registered and records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

On December 13, 2024, the Company entered into a letter of intent ("LOI") with Citizen Uranium Corp. (formerly Citizen Mining Corp) ("Citizen") a company incorporated in the province of British Columbia, whereby the Company will acquire all of the issued and outstanding shares of Citizen. Citizen has an option agreement to acquire 100% ownership of mineral claims located in Saskatchewan. The Company, prior to closing, will consolidate its issued and outstanding common shares on a 2.5:1 basis; will issue one post consolidated common share in exchange for each issued and outstanding Citizen share; and on or around the execution date of the definitive agreement, will arrange for a loan of \$300,000 to Citizen to be secured against all past, present and future acquired property. Citizen will complete a non-brokered private placement for gross proceeds of up to \$4 million through the issuance of subscription receipts of Citizen at an issuance price of \$0.40 per subscription receipt and two directors will be nominated by the Company and three by Citizen. This transaction constitutes a Reverse-Take-Over ("RTO") by Citizen. Completion of this RTO will be subject to the satisfaction of various conditions, including all necessary regulatory approvals, shareholder approvals by the Company and Citizen.

Citizen is a forward-focused exploration company dedicated to acquiring, exploring and advancing uranium projects in the Athabasca basin in Northern Saskatchewan, one of the world's richest uranium regions. At the core of its portfolio is the flagship Bishop property, which serves as a foundation for the Citizen's strategic ambition to build a pre-eminent land position in the basin.

Change in Management and Board of Directors

The Company announced the resignations of Mark Luchinski and Abbey Olaiya as directors, effective December 17, 2024.

Mineral properties

Win Property

On September 21, 2020, the Company staked 127 claims (Win Claims) which is contiguous with the southern boundary to the Rude Creek Property for a total of \$36,000. On September 30, 2021, the Company staked an additional 13 claims for a total of \$1,950. During the year ended December 31, 2022, the Company staked additional claims for a total of \$24,567.

During the year ended December 31, 2023, the Company recorded an impairment charge of \$60,567 as the mineral claims expired.

Idaho Property

By a property option agreement dated August 19, 2020 and as amended on October 13, 2021 and March 21, 2023, the Company may earn a 100% interest in the Idaho property. The property consists of 58 mineral tenures located in the Whitehorse Mining District in the Yukon Territory. As consideration, the Company will pay \$150,000 (\$35,000 paid), issue 75,000 (750,000 pre-consolidated) common shares of the Company (42,500 common shares issued) and incur aggregate expenditures of \$2,000,000 (\$95,440 incurred).

Should the Company acquire 100% of the property, the optionor will retain a 2% net smelter returns royalty, 1% of which may be purchased by the Company for \$1,000,000.

The Company has agreed that if it does not incur the \$725,000 in exploration expenditures on or before December 1, 2023, the Company will pay the optionor the difference (the "Obligation") on or before December 15, 2023.

In August 2023, the Company gave notice to the optionor to terminate the agreement and recorded an impairment charge of \$106,750.

On September 28, 2023, the Company entered into an agreement to settle the Obligation with the Optionor as follows: (i) make a cash payment of \$4,200 to keep certain of the mineral claims in good standing, (ii) issue 600,000 (6,000,000 pre-consolidated) common shares which are subject to resale restrictions of 150,000 (1,500,000 pre-consolidated) common shares (25%) that may be sold after the four month hold period and an additional 25% may be sold every four months thereafter with the last 25% 16 months from the date of issuance; and (iii) issue to the optionor additional common shares of the Company equal to 9.9% of any common shares the Company issues for non-cash consideration within a period of twelve months from October 12, 2023 (the "Contingent Shares").

During the year ended December 31, 2023, the Company recognized the Obligation as a termination fee. The Company estimated the fair value of the 600,000 (6,000,000 pre-consolidated) common shares issued to the optionor at \$77,000 based on the trading price of the shares on the date of issuance of \$0.30 (\$0.03 pre-consolidated) per share (October 19, 2023), discounted by the put option, calculated using the Black-Scholes option-pricing valuation model with the following assumptions – Share price on date of grant of \$0.30 (\$0.03 pre-consolidated), Risk-free interest rate of 4.77%, Dividend yield of 0%, forfeiture rate of 0% and Expected volatility of 254% to 312%, for the length of the hold period. Accordingly, there is a remaining termination liability of \$648,000. The Company determined that the Contingent Shares did not meet the criteria for equity under IAS 32 Financial Instruments: presentation and were recognized as a non-derivative liability. On October 12, 2024 upon the expiry of the twelve month period to issue the contingent shares, the termination liability of \$648,000 was derecognized to other income.

Summary of exploration expenditures for the year ended December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
<u>Rude Creek and Win Properties</u>		
Exploration expenditures		
Field and miscellaneous	\$ -	\$ 16,240
	-	16,240
<u>Idaho Property</u>		
Exploration expenditure		
Claim Maintenance	-	4,200
	-	4,200
Total	\$ -	\$ 20,440

Selected Annual Financial Information

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes.

	For the year ended December 31, 2024	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue	\$ -	\$ -	\$ -
Net income (loss) and comprehensive income (loss)	\$ 147,818	\$ (965,501)	\$ (1,621,537)
Income (loss) per share – Basic and Diluted	\$ 0.02	\$ (0.18)	\$ (0.36)
Total assets	\$ 399,032	\$ 22,123	\$ 210,326

During the year ended December 31, 2022, the Company recorded a net loss of \$1,621,537 which is mainly comprised of \$432,042 in consulting fees, \$80,663 in exploration expenditures, \$189,647 in professional fees, \$168,970 in share-based payments, \$100,415 in write off of accounts payable and \$690,709 in impairment of exploration and evaluation assets. The Company's total assets as at ended December 31, 2022 were \$210,326, which mainly comprised of cash of \$21,027 and exploration and evaluation assets of \$161,067.

During the year ended December 31, 2023, the Company recorded a net loss of \$965,501 which is mainly comprised of \$185,846 in consulting fees, \$167,317 in impairment of exploration and evaluation assets, \$158,634 in gain on debt settlement and \$725,000 in termination fees for terminating the Idaho property agreement. The Company's total assets as at December 31, 2023 were \$22,123, which comprised of cash of \$6,258 and amount receivable of \$15,865.

During the year ended December 31, 2024, the Company recorded a net income of \$147,818 which is mainly the result of the extinguishment of the termination liability.

The Company has not declared any dividends since its incorporation and does not anticipate paying cash dividends in the foreseeable future on its common shares and intends to retain any future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deems relevant.

Selected Quarterly Financial Information

A summary of results for the eight quarter is follows:

	Dec 31, 2024 Qtr 4	Sep 30, 2024 Qtr 3	Jun 30, 2024 Qtr 2	Mar 31, 2024 Qtr 1
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss)	\$ 535,032	\$ (134,855)	\$ (177,740)	\$ (74,619)
Comprehensive income (loss)	\$ 535,032	\$ (134,855)	\$ (177,740)	\$ (74,619)
Income (loss) per share – Basic	\$ 0.08	\$ (0.02)	\$ (0.03)	\$ (0.01)
Income (loss) per share – Diluted	\$ 0.05	\$ (0.02)	\$ (0.03)	\$ (0.01)

	Dec 31, 2023 Qtr 4	Sep 30, 2023 Qtr 3	Jun 30, 2023 Qtr 2	Mar 31, 2023 Qtr 1
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss)	\$ (794,514)	\$ (136,909)	\$ 79,537	\$ (113,615)
Comprehensive income (loss)	\$ (794,514)	\$ (136,909)	\$ 79,537	\$ (113,615)
Income (loss) per share – Basic	\$ (0.13)	\$ (0.03)	\$ 0.02	\$ (0.02)
Income (loss) per share –Diluted	\$ (0.13)	\$ (0.03)	\$ 0.01	\$ (0.02)

During the three months ended March 31, 2023, the Company recorded a net loss of \$113,615 as compared to \$908,847 for the previous quarter. As noted earlier, the prior quarter included the recording of an impairment on Rude Creek. During the three months ended June 30, 2023, the Company recorded a net income of \$79,537 as compared to the net loss of \$113,615 for the previous quarter. The income can be attributed to the recording of gain on debt settlement for \$151,710. During the three months ended September 30, 2023, the Company recorded a net loss of \$136,909 as compared to the net income of \$79,537 for the previous quarter. The loss can be attributed to the recording of write-off exploration and evaluation asset for \$106,750 and the recording of \$725,000 of the termination fees for the Idaho property. During the three months ended December 31, 2023, the Company recorded a net loss of \$794,514 as compared to \$136,909 for the previous quarter. The increase can be attributed to the recording of year-end adjustments. During the three months ended March 31, 2024, the Company recorded a net loss of \$74,619 as compared to the net loss of \$794,514 for the previous quarter. The decrease can be attributed to year-end adjustments. During the three months ended June 30, 2024, the Company recorded a net loss of \$177,740 as compared to the net loss of \$74,619 for the previous quarter. The increase can be attributed to the increase in share-based payments. During the three months ended September 30, 2024, the Company recorded a net loss of \$134,855 as compared to a net loss of \$ 177,740 for the previous quarter. In the prior quarter, the Company recorded a larger share-based payment. During the three months ended December 31, 2024, the Company recorded a net income of \$535,032 as compared to a net loss of \$134,855 for the previous quarter. The income is due to the extinguishment of the termination liability of \$648,000.

Results of Operations

The Company recorded a net income of \$147,818 for the year ended December 31, 2024, as compared to the net loss of \$965,501 for the comparable year ended December 31, 2023. In the current year, the Company recognized an extinguishment of the termination liability. Whereas in the prior year the Company terminated the Idaho property and recorded a write-off of exploration and evaluation asset and recognized a termination fee. The Company also recognized a gain on debt settlement in the prior period.

Total expenses for the current year were \$500,182 as compared to \$392,336 for the comparable year, an increase of approximately \$108,000. During the current year, consulting fees have increased to \$270,000 as compared to \$185,846 for the comparable year. Included in consulting fees are fees mainly paid to a company controlled by the CEO and to a consultant providing corporate strategy services. The Company also granted RSUs in the current year and recognized \$165,200 in share-based payments as compared to the reversal of \$70,710 in share-based payments in the comparable period due to unvested stock options that were forfeited by the option holders. In the current year, the Company did not incur any exploration cost whereas in the prior year the Company incurred \$20,440 and recognized an impairment charge of \$167,317.

All other costs are consistent with maintaining the Company as a reporting issuer. Due to the cash flow constraints, the Company's operations were limited. The Company intends to rely upon the issuance of securities to finance its future activities.

Fourth Quarter

During the fourth quarter ended December 31, 2024, the Company recorded a net income of \$535,032 as compared to a net loss of \$794,514 for the comparable quarter ended December 31, 2023. The net income in the current fourth quarter is mainly due to the extinguishment of the termination liability whereas in the comparable fourth quarter the net loss is mainly due to the adjustment to recognize the termination liability and the write-off of the Win property.

Liquidity and Capital Resources

The Company's cash position as at December 31, 2024 was \$130,995 (December 31, 2023 – \$6,258) with a working capital deficiency of \$781,684 (December 31, 2023 working capital deficiency –\$1,309,443). Total assets as at December 31, 2024 were \$399,032 (December 31, 2023 – \$22,123).

The Company's budget is its working capital and believes that the current capital resources is not sufficient to pay overhead expenses and exploration program for the next twelve months and continues to raise additional funding to fund its future exploration program, marketing and general working capital and towards potential mineral projects, if such opportunities arise. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company may not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. Management considers the items included in shareholders' equity (deficit) and working capital as capital. The Company manages the capital structure and makes adjustments in response to changes in economic conditions, including the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

There were no changes to the Company's approach to capital management from the year ended December 31, 2024.

Going Concern

The annual financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At December 31, 2024, the Company has not achieved profitable operations, has accumulated losses of \$9,510,994 since inception and expects to incur further losses in the development of its business.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the

Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at December 31, 2024 the Company had a working capital deficiency of \$781,684 (December 31, 2023 – working capital deficiency of \$1,309,443). The Company plans to raise financing from private placements to meet its current and future obligations.

Market risk

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

Interest rate risk

The Company is not exposed to significant interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit risk

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key Management Compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. Key management compensation consisted of the following:

	2024	2023
Consulting fees (reversal)		
Enermetal Ventures Inc., controlled by Patrick Morris, CEO and Director	\$ 120,000	\$ 30,000
Grant Hendrickson, Former Director	-	35,000
Hugh Maddin, Former Director	-	36,000
Uranbileg Yondon, Former Director	-	(8,450)
	120,000	92,550
General exploration costs		
Uranbileg Yondon, Former Director	-	16,240
	-	16,240
Share-based payments (Reversal)		
Patrick Morris, CEO and Director	70,000	-
Abbey Olaiya, former Director	8,400	-
Jasmine Cherian, CFO	8,400	-
Mark Luchinski, former Director	8,400	-
Hugh Maddin, Former Director	-	(19,995)
	95,200	(19,995)
	\$ 215,200	\$ 88,795

Included in accounts payable and accrued liabilities at December 31, 2024 is \$161,200 (2023 – \$132,325) owed to a company controlled by the CEO, and to former directors of the Company for unpaid consulting fees and expense reimbursements. These amounts are non-interest bearing, unsecured and payable on demand.

Due to related parties

As at December 31, 2024, due to related parties included \$149,813 (2023 – \$149,813) owing to a former director of the Company for advances on working capital. This amount is non-interest bearing, unsecured and payable on demand.

As at December 31, 2024, due to related parties included \$6,743 (2023 - \$3,227) due to Earthwise Minerals Corp., a company that was related by way of former common directors and officers. These amounts are non-interest bearing, unsecured and payable on demand.

As at December 31, 2024, due to related parties included \$Nil (2023 – \$200) due to the CEO in unpaid expense reimbursement. These amounts are non-interest bearing, unsecured and payable on demand.

Proposed Transaction

On December 13, 2024, the Company entered into a letter of intent ("LOI") with Citizen Uranium Corp. (formerly Citizen Mining Corp) ("Citizen") a company incorporated in the province of British Columbia, whereby the Company will acquire all of the issued and outstanding shares of Citizen. Citizen has an option agreement to acquire 100% ownership of mineral claims located in Saskatchewan. The Company, prior to closing, will consolidate its issued and outstanding common shares on a 2.5:1 basis; will issue one post consolidated common share in exchange for each issued and outstanding Citizen share; and on or around the execution date of the definitive agreement, will arrange for a loan of \$300,000 to Citizen to be secured against all past, present and future acquired property. Citizen will complete a non-brokered private placement for gross proceeds of up to \$4 million through the issuance of subscription receipts of Citizen at an issuance price of \$0.40 per subscription receipt and two directors will be nominated by the Company and three by Citizen. This transaction constitutes a Reverse-Take-Over ("RTO") by Citizen. Completion of this RTO will be subject to the satisfaction of various conditions, including all necessary regulatory approvals, shareholder approvals by the Company and Citizen.

Subsequent Events

On January 15, 2025, the Company issued 590,000 common shares to settle its RSUs.

On March 16, 2025, 9,500 stock options expired unexercised.

Outstanding Share Data

Below is the summary of the Company's share capital as at December 31, 2024 and as of the date of this report:

Security description	As at	
	December 31, 2024	MD&A date
Common shares – issued and outstanding	13,221,123	13,811,123
Share purchase options	9,500	-
RSU Awards	590,000	-
Common shares – fully diluted	13,820,623	13,811,123

Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed in note 4 to the financial statements.

Business and Industry Risks

There are a number of risk factors that could cause future results to differ materially from those described herein. The following sets out the principal risks faced by the Company. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely impact the Company's business and results of operations.

Limited Operating History

The Company has no history of earnings. There are no known commercial quantities of mineral reserves on any properties in which the Company has an interest. There is no guarantee that economic quantities of mineral reserves will be discovered on any properties in which the Company has an interest in the near future or at all. If the Company does not generate revenue or is unable to raise further funds, it may be unable to sustain its operations in which case it may become insolvent and investors may lose their investment.

Speculative Nature of Mineral Exploration

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Financing Risks

The Company has no history of earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its securities. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on the properties owned by the Company.

While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of the Property, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to existing shareholders. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Global Conflicts

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, tariffs, changes in laws, and national and international circumstances. These factors may create further uncertainty and risk with respect to the prospects of the Company's business.

Property Interests

If the Company loses or abandons its interest in the Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties. Unless the Company acquires additional property interests, any adverse developments affecting the Property could have a material adverse effect upon the Company and would materially and adversely affect any profitability, financial performance and results of operations of the Company.

Commercial Ore Deposits

The Property is in the exploration stage only and is without a known body of commercial ore. Development of the Property would follow only if favorable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

Uninsurable Risks

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