# CLARITY METALS CORP.

**FORM 51-102F1**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2025**

## OVERVIEW

The following management's discussion and analysis ("MD&A") takes into account information available up to and including April 28, 2026 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2025. All amounts are stated in Canadian dollars unless otherwise indicated. These consolidated financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of Clarity Metals Corp. (the "Company") including its subsidiaries.

## FORWARD LOOKING STATEMENTS

Information contained in this MD&A that is not historical fact may be considered "forward looking statements". These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or plans are forward-looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information, changes in demand for commodity prices, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward-looking information.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

## DESCRIPTION OF BUSINESS

Clarity Metals Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 11, 2019. The Company's head office and registered office are located at Suite 1212 - 1030 West Georgia St, Vancouver, BC, V6E 2Y3.

The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the symbol "CMET" and on the OTC Pink Sheets Market under the trading symbol "CLGCF".

The Company is a Canadian mineral exploration company focused on the acquisition, exploration and development of mineral projects in Canada. The Company's principal focus is the exploration and evaluation of the Fecteau Project located in the province of Quebec. Please refer to the "*Exploration and Evaluation Assets*" section below for the acquisition and project details.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

## SUMMARY OF BUSINESS ACTIVITIES

The following financial and operational highlights occurred during the year ended and subsequent to December 31, 2025:

- On February 26, 2025, the Company extended the expiry date of 5,977,033 warrants from March 27, 2025 to March 27, 2026.

- On September 19, 2025, the Company closed a non-brokered private placement financing pursuant to which it has issued 10,155,000 units at a price of $0.03 per unit for aggregate gross proceeds of $304,650.

  Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.05 per warrant share for a period of two years following the closing date.

  The gross proceeds from the private placement will be used for general working capital purposes and mineral exploration.

- On September 26, 2025, the Company entered into a consulting services agreement with Euroswiss Capital Partners Inc., pursuant to which Euroswiss has agreed to become a strategic and financial consultant to the Company, and to provide such advice, consultation, information and services to the company regarding general business development, financial consulting and Internet strategy.

- On October 7, 2025, the Company announced the receipt of all permits required to conduct drilling on its Fecteau Project.

- On October 14, 2025, the Company provided an update on target areas within the Fecteau Project and started designing a drill program to test several mineral showings throughout the project.

- On October 16, 2025, the Company announced that it intends to execute 5,000 metres of high-priority drill targets (approximately 25 holes) identified, with planned optionality to expand based on in-field outcomes. This campaign aims to test a number of targets favourable for both gold and base metal mineralization. In particular, this proposed program would take substantial step-outs on mineralized trends, testing both known trends as well as investigate geologic targets not previously drill tested.

- On November 21, 2025, the Company closed the first tranche of its non-brokered private placement financing as previously announced on October 23, 2025. The Company issued 1,234,000 non flow through units (“NFT Unit”) at a price of $0.075 per NFT Unit for gross proceeds of $92,550 and 11,190,667 flow through units (“FT Unit”) at a price of $0.09 per FT Unit for gross proceeds of $1,007,160.

  Each NFT Unit and FT Unit consist of one common share and one half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share of the Company at an exercise price of $0.12 per warrant share for a period of three years.

  In connection with the closing of the first tranche, the Company paid an aggregate cash finders’ fees of $84,773 and issued 951,252 finders’ warrants. Each finders’ warrant entitles the holder thereof to acquire one common share at a price of $0.12 per finder warrant for a period of three years.

- On December 31, 2025, the Company closed the second tranche of its non-brokered private placement financing as previously announced on October 23, 2025. The Company issued 280,000 flow-through units in the capital of the company at a price of $0.09 per FT unit for gross proceeds of $25,200. The company received aggregate proceeds of $1,124,910 from the first and second tranche of the offering. The non-flow-through and flow-through private placement is closed.

  Each FT unit will consist of one critical flow-through common share of the company and one-half of one share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the company at an exercise price of $0.12 per warrant share for a period of three years from the date of closing of the offering.

- On February 3, 2026, the Company announced the resignation of James Rogers as director and CEO, and has appointed Timothy Ko as director and CEO. Mr. Ko is an entrepreneur who has successfully founded and operated businesses in technology and biotech.

- On February 5, 2026, the Company granted an aggregate of 2,500,000 incentive stock options to officers, directors and consultants of the company. The options are exercisable at $0.08 per share for a period of five years from the date of grant and vest immediately on the date of grant.

- On February 17, 2026, the Company secured Services Technominex Inc. as the drilling contractor and project manager for the Company's upcoming drill program at its Fecteau gold project, located in the Abitibi region of the province of Quebec.

- On March 10, 2026, the Company has successfully mobilized the drill rig at the Fecteau gold project, located in the Abitibi region of the province of Quebec, and drilling is currently ongoing.

## EXPLORATION AND EVALUATION ASSETS

### Fecteau Project

*Acquisition*

On November 21, 2022, and subsequently amended on February 1, 2023, the Company entered in an assignment and assumption agreement (the "Fecteau Agreement") among Opus One Resources Corp. ("Opus") and the two original optionors (the "Optionors"), to acquire a 100% interest in the Fecteau property (the "Fecteau Project") located in the Province of Québec.

The Fecteau Project consists of one claim block containing 90 claims for a total of 5,078.19 hectares in the Urban-Barry Windfall mining district.

As consideration for this acquisition, the Company paid $60,000 as cash to Opus, $35,000 as cash to the Optionors and issued 185,185 common shares to the Optionors with a fair value of $46,296.

In addition, the Company has entered into a royalty agreement with the Optionors pursuant to which the Company granted:

(a) a 2.0% net smelter return royalty (the "Full Royalty") to the Optionors with respect to production of all precious metals from the mineral claims comprising the Fecteau Project, other than from certain excluded claims (the "Excluded Claims"); and

(b) a 1.0% net smelter return royalty to the Optionors with respect to production of all precious metals from the Excluded Claims. At any time and at the sole discretion of the Company, the Company may reduce the Full Royalty from 2.0% to 1.0% by paying the Optionors or their permitted assign(s) a cash payment of $1,500,000.

In connection with the execution of the Fecteau Agreement, the Company issued an arm's length finder an aggregate of 250,000 common shares as finder's fee with a fair value of $41,250 during the year ended December 31, 2022.

*Geology*

The Fecteau Project extends in an east-west direction for approximately 12km and in a north-south direction for ±4km. It comprises a thick east-west striking felsic-intermediate volcanic sequence within a sea of mafic volcanics. The sub-vertically dipping volcanics are folded at both ends of the sequence. The structural fabric of the region is characterized by a series of late NE striking faults related to the Grenville Front, itself located a short distance to the east of the Fecteau Project.

The Fecteau Project hosts two types of mineralization:

- mesothermal gold veins related to fold axis at both ends of the volcanic sequence and

- VMS type mineralization observed near the (presumed) summit of the felsic-intermediate volcanic sequence. This mineralization is almost continuous over the entire length of the sequence and gives a strong geophysical signature (Input, IP, EM). The main mineral in this environment is pyrrhotite.

**EXPLORATION AND EVALUATION ASSETS** (continued)

*2025 Fecteau Outlook and Forecasting*

During the last period the Company has designed a drill program to further test the mineral potential of Fecteau. The company has received all necessary permits and is planning to conduct 5,000m of diamond drilling on the property. This campaign aims to test a number of targets favourable for both gold and base metal mineralization. In particular, this proposed program would take substantial step outs on mineralized trends, testing both known trends as well as investigate geologic targets not previously drill tested. Currently planned drilling will target the Fecteau Est, SW Target, North Central (EM), The main Fecteau Anticline, and the Buteux-Marceau areas. The Company is anticipating commencement of drilling in Q1 of 2026.

*2022 Exploration:*

On January 19, 2023 the Company announced results from a triaxial magnetometer survey over the Fecteau Project.

On December 4, 2023 the Company announced final results for the 2022 drill program. A total of 15 drill holes, totaling 5,833 m, were completed using two drill rigs. All targets were tested except the Marceau showings. Target 6 and the "Porphyre" showing in particular intersected prospective mineralization, including:

- FEC-22-05 from 149.4 m 14.91 g/t Au over 1.0 m
- FEC-22-13 from 168.8 m 5.98 g/t Au over 0.6 m

| Hole ID | Target | From (m) | To (m) | Length (m) | Au (ppm) | Cu (ppm) | Zn (ppm) |
|---|---|---|---|---|---|---|---|
| FEC-22-01 | IP Target B | 252.2 | 253.5 | 1.3 | 0.07 | 651 | 2945 |
| FEC-22-01 | | 253.5 | 254.8 | 1.3 | 0.02 | 384 | 487 |
| FEC-22-02 | IP Target B | 359.4 | 360.2 | 0.8 | 0.03 | 307 | 330 |
| FEC-22-03 | Lac Fecteau Est | 21.7 | 23.2 | 1.5 | 0.03 | 148 | 85 |
| FEC-22-03 | | 23.2 | 24.6 | 1.4 | 0.04 | 178 | 106 |
| FEC-22-03 | | 24.6 | 25.6 | 1.0 | 0.04 | 104 | 86 |
| FEC-22-04 | IP Target D | 265 | 265.8 | 0.8 | 0.04 | 461 | 266 |
| FEC-22-04 | | 265.8 | 267 | 1.2 | 0.07 | 684 | 1975 |
| FEC-22-04 | | 267 | 268 | 1.0 | 0.12 | 1018 | 8202 |
| FEC-22-05 | Lac Fecteau Est | 85.7 | 86.7 | 1.0 | 0.15 | 45 | 35 |
| FEC-22-05 | | 86.7 | 87.7 | 1.0 | 1.66 | 30 | 28 |
| FEC-22-05 | | 87.7 | 88.7 | 1.0 | 0.03 | 29 | 72 |
| FEC-22-05 | | 88.7 | 90 | 1.3 | 1.14 | 39 | 70 |
| FEC-22-05 | | 90 | 91.5 | 1.5 | 0.06 | 27 | 46 |
| FEC-22-05 | | 149.4 | 150.4 | 1.0 | 14.91 | 658 | 58 |
| FEC-22-06 | Plunge | 70 | 71.5 | 1.5 | 0.01 | 342 | 103 |
| FEC-22-06 | | 71.5 | 73 | 1.5 | 0.01 | 144 | 82 |
| FEC-22-06 | | 73 | 74.5 | 1.5 | 0.01 | 268 | 79 |
| FEC-22-07 | Lac Fecteau Est | 254.7 | 256.2 | 1.5 | 0.13 | 26 | 219 |
| FEC-22-07 | | 256.2 | 257.7 | 1.5 | 0.29 | 54 | 220 |
| FEC-22-08 | IP Target A | 253.7 | 255 | 1.3 | 0.11 | 219 | 55 |
| FEC-22-08 | | 255 | 256 | 1.0 | 0.71 | 254 | 74 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| FEC-22-08 | | 256 | 257 | 1.0 | 0.19 | 404 | 62 |
| FEC-22-09 | Lac Fecteau NE | 197.4 | 198.8 | 1.4 | 0.04 | 1745 | 1805 |
| FEC-22-09 | | 198.8 | 199.6 | 0.8 | 0.02 | 1182 | 224 |
| FEC-22-09 | | 199.6 | 200.7 | 1.1 | 0.02 | 1108 | 18 |
| FEC-22-09 | | 200.7 | 201.8 | 1.1 | 0.01 | 862 | 5767 |
| FEC-22-09 | | 201.8 | 202.9 | 1.1 | 0.02 | 1246 | 345 |
| FEC-22-10 | IP Target A | No significant results | | | | | |
| FEC-22-11 | Lac Fecteau NE | No significant results | | | | | |
| FEC-22-12 | Porphyre | No significant results | | | | | |
| FEC-22-13 | Lac Fecteau Est | 168.8 | 169.4 | 0.6 | 5.98 | 8683 | 801 |
| FEC-22-13 | | 169.4 | 170.8 | 1.4 | 0.17 | 43 | 373 |
| FEC-22-14 | Porphyre | 262 | 262.8 | 0.8 | 1.08 | 35 | 662 |
| FEC-22-14 | | 262.8 | 263.7 | 0.9 | 0.34 | 41 | 285 |
| FEC-22-14 | | 263.7 | 265.1 | 1.4 | 0.19 | 123 | 62 |
| FEC-22-15 | Lac Fecteau Est | 84.1 | 85.4 | 1.3 | 0.13 | 45 | 49 |
| FEC-22-15 | | 85.4 | 86 | 0.6 | 0.1 | 276 | 7518 |

The 2022 drill campaign also confirmed the prospectivity of VMS stratigraphy and targets on the Fecteau Project. The table below shows the results for the drilling conducted in the other target areas, summarized here:

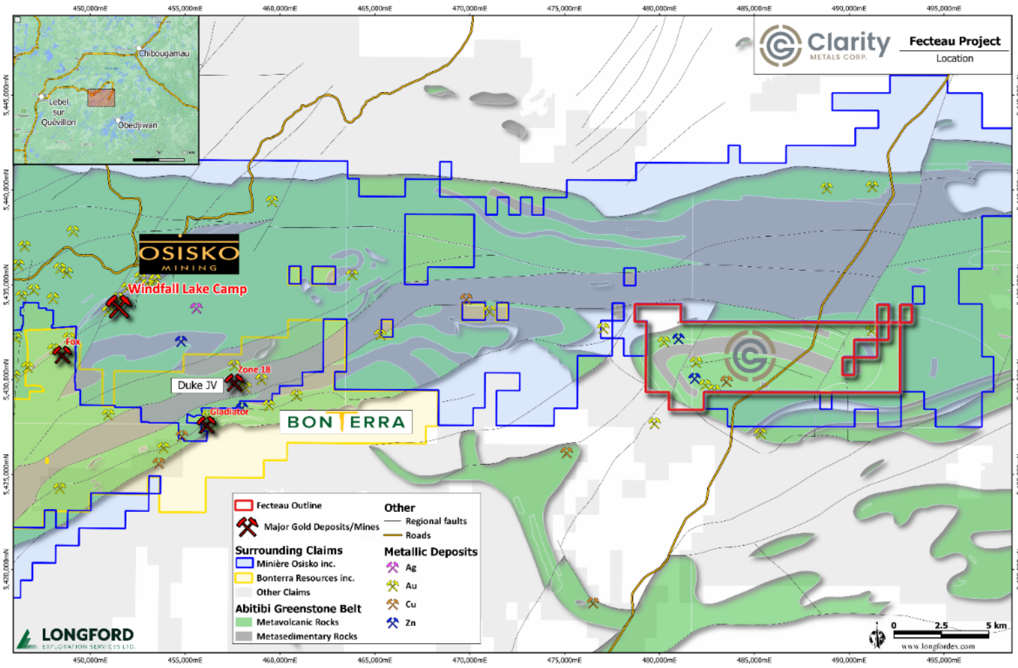
- FEC-22-01 and 02 tested Target 1B (Au and base metals)
- FEC-22-03, 05, 07, 13, and 15 tested Target 6 (Fecteau East or Soquem gold showing)
- FEC-22-04 tested Target 1D (Au and base metals)
- FEC-22-06 tested the Plunge base metal showing
- FEC-22-08 and 10 tested Target area 1A (Au and base metals)
- FEC-22-09 and 11 tested Fecteau Nord or Noranda base metal showing
- FEC-22-12 and 14 tested the “Porphyre” gold showing

*2022 Fecteau Drill Intercepts*

During the year ended December 31, 2024, the Company undertook a desktop compilation and targeting exercise to incorporate the 2022 drilling and further integrate the geophysical data into the Fecteau Project’s geologic picture. Several previously untested, some previously identified, targets, like Marceau, continue to be prospective for drilling. Lithological boundaries and structures associated with regional folding remain high priority targets and based on the greater Abitibi Greenstone belt and the drilling to date on the Fecteau Project, represent several of the current drill targets. The Company intends to execute a 3,500 metre drill program on high-priority drill targets. This program aims to test a number of targets favourable for both gold and base metal mineralization. In particular, the proposed program intends to take substantial steps out on mineralized trends and test at least two known trends and look to investigate two new areas not previously drill tested. Execution of the drill program is currently on hold until such time that sufficient funds are available to the Company to complete this program.

During the year ended December 31, 2025, the Company revisited the desktop compilation and targeting findings of 2024 for Fecteau Project’s geologic picture and started coordination and logistics for execution of the proposed program. The Company is currently drilling and aims to complete 3,500 metres of drilling at Fecteau. This program aims to test a number of targets favourable for both gold and base metal mineralization across the property. Total meters completed during this drill program is dependant on a number of factors, such as driller productivity, ground conditions and weather.

**EXPLORATION AND EVALUATION ASSETS** (continued)




### Exploration and Evaluation Assets and Expenditures

The following table is a reconciliation of exploration and evaluation assets for the years ended December 31, 2025 and December 31, 2024.

| | Acquisition costs December 31, 2024 | Impairment | Acquisition costs December 31, 2025 |
|---|---|---|---|
| Fecteau Project | $ 182,546 | $ - | $ 182,546 |
| | $ 182,546 | $ - | $ 182,546 |

During the year ended December 31, 2025, the Company incurred exploration costs as follows:

| Exploration Expenditures | Fecteau Project |
|---|---|
| Administration | $ 4,537 |
| Licenses and permits | 6,664 |
| Survey | 30,836 |
| | $ 42,037 |

**EXPLORATION AND EVALUATION ASSETS** (continued)

During the year ended December 31, 2024, the Company incurred exploration costs as follows:

| Exploration Expenditures | Harp Lake Project | Lithium381 | Fecteau Project | Total |
|---|---|---|---|---|
| Administration | $ - | $ - | $ 2,911 | $ 2,911 |
| Geological consulting | - | - | 19,530 | 19,530 |
| Licenses and permits | 19,200 | 7,000 | 7,108 | 33,308 |
| | $ 19,200 | $ 7,000 | $ 29,549 | $ 55,749 |

**QUALIFIED PERSON STATEMENT**

All scientific and technical information contained in this MD&A was reviewed by Rory Kutluoglu, P. Geo., who is a Qualified Person as defined in NI 43-101. The Qualified Person visited the Company's projects.

**SELECTED ANNUAL INFORMATION**

| | For the year ended December 31, 2025 | For the year ended December 31, 2024 | For the year ended December 31, 2023 |
|---|---|---|---|
| Interest income | $ - | $ - | $ - |
| Loss and comprehensive loss | $ 398,243 | $ 1,521,102 | $ 2,255,810 |
| Loss per share, basic and diluted | $ (0.01) | $ (0.03) | $ (0.05) |
| Total assets | $ 1,594,887 | $ 196,836 | $ 872,352 |
| Working capital (deficiency) | $ 315,047 | $ (675,419) | $ (556,865) |
| Total non-current liability | $ - | $ - | $ - |
| Cash dividends | $ - | $ - | $ - |

The data in the audited consolidated financial statements for the year ended December 31, 2025 ("2025"), and the comparative year ended December 31, 2024 ("2024"), respectively, were prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

During 2025, the Company had a loss and comprehensive loss of $398,243 (2024 - $1,521,102). The 2025 loss is primarily attributed to $233,343 (2024 - $236,819) of professional fees, and consulting fees of $79,862 (2024 - $136,240) as the Company and management have been actively investigating and acquiring exploration and evaluation assets which could potentially hold economically recoverable resources. The Company completed two equity financings in 2025 and received aggregate proceeds of $1,429,560.

**RESULTS OF OPERATIONS**

*Three-month period ended December 31, 2025*

During the three-month period ended December 31, 2025 ("Q4-2025"), the Company recorded a loss and comprehensive loss of $166,112, compared to a loss and comprehensive loss of $727,266 for the three-month period ended December 31, 2024 ("Q4-2024") which is mainly attributed to:

i) Consulting fees in Q4-2025 of $36,736 (Q4-2024 - $18,750), increased as corporate activity increased related to the planning of the 2026 drill program on the Fecteau project.

ii) Exploration costs in Q4-2025 of $38,212 (Q4-2024 – $24,041) increased as the Company plans for the next phase of exploration on the Fecteau Project.

iii) Marketing, investor relations and shareholder communication increased to $23,398 in Q4-2025 (Q4-2024 – recovery of $31,418) as the Company raises awareness for the Fecteau project.

iv) Professional fees in Q4-2025 of $58,038 (Q4-2024 - $58,847) remained consistent as the Company recapitalizes for the next phase of exploration on the Fecteau Project.

v) Transfer agent and filing fees increased to $8,621 in Q4-2025 (Q4-2024 - $2,750) due to the increase in financing activities.

*Year ended December 31, 2025*

During the year ended December 31, 2025 (“2025”), and the year ended December 31, 2024 (“2024”), the Company recorded a net loss and comprehensive loss of $398,243 (2024 - $1,521,102) which is mainly attributed to:

i) Consulting fees in 2025 of $79,862 (2024 - $136,240) decreased due to the termination of several consulting agreements as the Company focused on cost cutting measures to conserve working capital.

ii) Exploration costs in 2025 of $42,037 (2024 – $55,749) decreased as the Company planned for the next phase of exploration programs on the Fecteau project.

iii) Marketing, investor relations and shareholder commmunication decreased to $23,398 in 2025 (2024 - $73,009) due to the Company conserving working capital as it plans for the next phase of exploration on the Fecteau Project.

iv) Office and administration expenses in 2025 of $3,140 (2024 - $7,843) decreased as the Company focused on cost cutting measures.

v) Professional fees in 2025 of $233,343 (2024 - $236,819) remained consistent as the Company recapitalizes for the next phase of exploration on the Fecteau Project.

vi) Transfer agent and filing fees increased to $25,686 in 2025 (2024 - $21,770) due to the increase in financing activities.

vii) During 2025, the Company recognized a total of $nil (2024 - $52,700) of share-based compensation. The Company had nil RSUs granted or vested during the year ended December 31, 2025. During the year ended December 31, 2024, the Company recognzied $52,700 of share-based compensation relating to 1,700,000 RSUs which vested during the year.

viii) During 2025, the Company recognized a net gain on settlement of debt of $9,405 (2024 – loss of $338,217). During 2024, the Company settled $239,081 of debt pursuant to which 5,977,033 units were issued with a fair value of $591,325, and settled $27,027 in debt by paying $13,000.

ix) Recovery of accounts payable in 2025 of $nil (2024 - $30,836). During 2024, the Company recognized a recovery of accounts payable with certain creditors.

x) Impairment expense in 2025 of $nil (2024 - $637,323). During 2024 Company elected to abandon the Lithium381, Gretna Green, Tyber, Eddies Cove, and Hare Bay project and wrote off all capitalized acquisition costs during the year.

## SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the interim and audited consolidated financial statements:

| | December 31, 2025 ($) | September 30, 2025 ($) | June 30, 2025 ($) | March 31, 2025 ($) |
|---|---|---|---|---|
| Total assets | 1,594,887 | 495,419 | 187,750 | 195,516 |
| Total liabilities | 1,097,294 | 878,273 | 821,330 | 754,742 |
| Working capital (deficiency) | 315,047 | (565,400) | (816,126) | (741,772) |
| Shareholders' equity (deficiency) | 497,593 | (382,854) | (633,580) | (559,226) |
| Loss and comprehensive loss | (166,112) | (91,424) | (74,354) | (66,353) |
| Loss per share | 0.00 | 0.00 | 0.00 | (0.00) |
| | **December 31, 2024 ($)** | **September 30, 2024 ($)** | **June 30, 2024 ($)** | **March 31, 2024 ($)** |
| Total assets | 196,836 | 702,574 | 851,957 | 853,709 |
| Total liabilities | 689,709 | 700,884 | 595,231 | 433,104 |
| Working capital (deficiency) | (675,419) | (656,513) | (563,143) | (399,264) |
| Shareholders' equity (deficiency | (492,873) | 1,690 | 256,726 | 420,605 |
| Loss and comprehensive loss | (727,266) | (376,236) | (165,579) | (252,021) |
| Loss per share | (0.01) | (0.01) | (0.00) | (0.01) |

## DISCUSSION OF QUARTERLY RESULTS

The Company's fluctuation in net losses is primarily due to changes in available financing and corresponding variations in professional fees, consulting costs, share-based payments, and office and administrative expenses. Impairments of mineral properties and a loss on the settlement of debt also impacted the net loss during the three-month periods from March 31, 2024 through December 31, 2024.

For the periods ended March 31, 2025 through December 31, 2025, the decrease in net loss is mainly attributable to a decrease in non-recurring expenditures such as project impairment, as well as the Company's focus on preparatory activities for the proposed drill program on the Fecteau Project.

## LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company may continue to seek capital through various means including the issuance of equity and/or debt. As at December 31, 2025, the Company had no continuing source of operating revenues.

The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business and exploration activities.

Net cash used by operating activities was $173,744 during the year ended December 31, 2025. Cash flows for operating activities were primarily comprised of consulting and professional fees, exploration expenses, as well as office and administration costs.

Net cash provided by financing activities totaled $1,577,227 which included $1,429,560 from the non-brokered private placement financing less $95,598 of share issuance costs, and also received $241,080 from the exercise of warrants.

## RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resource or obligations between related parties.

**RELATED PARTY TRANSACTIONS** (continued)

Amounts due to related parties consist of charges accrued for accounting fees, consulting fees, corporate advisory fees, and capitalized exploration and evaluation costs. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As at December 31, 2025, $759,944 (December 31, 2024 - $516,914) were included in accounts payable and accrued liabilities which were payable to directors and officers of the Company.

The Company has identified all directors/officers as its key management personnel. The following are the transactions with related parties during the years ended December 31, 2025 and 2024.

| For year ended December 31, | | 2025 | | 2024 |
|---|---|---|---|---|
| Consulting fees incurred by a company controlled by James Rogers, a former Director and CEO of the Company | $ | 120,000 | $ | 120,000 |
| Director fees incurred by a company controlled by Rose Zanic, a Director of the Company | | 27,000 | | 27,000 |
| Director fees incurred by Ron Schmitz, a Director of the Company | | 24,000 | | 24,000 |
| Accounting fees incurred by a company associated with Stephen Sulis, the CFO of the Company | | 60,000 | | 60,000 |
| Share-based payments to officers and directors of the Company | | - | | 6,244 |
| | $ | 231,000 | $ | 237,244 |

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances; however, actual outcomes can differ from these estimates.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of the consolidated financial statements are discussed below:

*Impairment of Exploration and Evaluation assets* - Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making an assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its remaining exploration and evaluation assets, management has determined that the acquisition costs, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its remaining exploration and evaluation assets as at December 31, 2025.

*Fair value of common shares issuance* - The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining the fair value of assets received when common shares are issued as consideration. If the fair value of assets received or services rendered cannot be reliably measured, the transaction will be recorded at the fair value of common shares issued on the date of issuance.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

As at December 31, 2025, the Company believes that the carrying values of cash, receivables, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using major banks that are high-quality financial institutions as determined by rating agencies.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at December 31, 2025, the Company had $1,407,713 (December 31, 2024 - $4,230) cash to settle $921,034 (December 31, 2024 - $689,709) in accounts payable and accrued liabilities.

***Currency risk***

The Company may at times be exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at December 31, 2025, the Company held a nominal amount in foreign currencies and considers foreign currency risk insignificant.

***Interest rate risk***

The Company is not currently exposed to significant interest rate risk.

***Capital Management***

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

## ADDITIONAL INFORMATION

**Off-balance sheet arrangements**

As at the date of this MD&A, the Company has no off-balance sheet arrangements.

**Proposed Transactions**

Except as described elsewhere herein or in the Company's consolidated financial statements as at December 31, 2025, the Company had no material proposed transactions.

**Legal proceedings**

As at the date of this MD&A, management was not aware of any legal proceedings involving the Company.

**Outstanding share data**

As at the date of this MD&A, the Company has 83,426,077 common shares and no preferred shares outstanding.

There are 2,800,000 options, 11,685,734 warrants and 951,252 finders' warrants outstanding as of the date of this MD&A.

**Contingent liabilities**

As at the current date, management was not aware of any outstanding contingent liabilities relating to the Company's activities.

**New standards not yet adopted**

*Presentation and Disclosure in Financial Statements* (IFRS 18) - IFRS 18 will replace IAS 1, Presentation of Financial Statements which aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is not yet able to determine the impact to the audited annual consolidated financial statements from the adoption of this standard.

Certain pronouncements were issued by the IASB but are not yet effective as at December 31, 2025. The Company intends to adopt these standards when they become effective but does not expect these amendments to have a material effect on its consolidated financial statements.

## CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. The Company's Fecteau Project will require exploration work and financial resources. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the current year. The Company is not subject to externally imposed capital requirements.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's consolidated financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The consolidated financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the consolidated financial statements and other financial information through its audit committee.

This committee's role is to examine the consolidated financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

## DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters.

In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

As at the date of this MD&A, the directors of the Company are Tim Ko, Ron Schmitz, and Rose Zanic.

## RISKS RELATED TO THE BUSINESS OF THE COMPANY

***Natural disasters, geopolitical instability or other unforeseen events***

In addition to the outbreak of infectious disease or occurrence of pandemics, such as the recent outbreak of COVID-19; natural disasters, geopolitical tensions and instability (including terrorism), war, armed conflicts or other unanticipated events, in any of the areas in which the Company operates could cause interruptions in the Company's operations. Such events may adversely affect project development, operations, labour supply, supply chains and financial markets. In particular, wars and other geopolitical conflicts may result in increased volatility or disruption in global commodity markets, including fluctuation in gold and other metal prices, which could impact the Company's revenues and project economics. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, operational results or cash flows.

***Clarity has no source of revenue and will require additional funding.***

As at December 31, 2025, the Company had a working capital of $315,047 which included cash of $1,407,713 and accounts payable and accrued liabilities of $921,034. The Company does not have any source of revenue and will require additional funding. The Company has relied upon equity subscriptions to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms.

The Company's business objectives include the implementation and execution of exploration programs on the Fecteau Project. There is no assurance that these exploration activities will result in the establishment of commercially exploitable mineral deposits on the Fecteau Project.

Even if commercially exploitable mineral deposits are discovered, the Company may require substantial additional financing in order to carry out the full exploration and development of the Fecteau Project before the Company is able to achieve revenues from sales of mineral resources that the Company is able to extract.

There is no assurance the Company will have the funds required to pay annual fees to keep its properties in good standing.

***Negative Operating Cash Flow***

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates revenue from the commercial production of its properties. There is no guarantee that the Company will ever be profitable.

***Use of Funds***

The Company's management has significant flexibility in applying the proceeds received from the private placement financings. Because a portion of the proceeds are not allocated to any specific purpose, investment or transaction, you cannot determine the value or propriety of management's application of the proceeds on the Company's behalf.

***The Company may not be able to obtain sufficient financing to pursue all of its intended exploration activities or continue on a going concern basis***

The Company's primary sources of capital resources are comprised of cash and the issuance of securities. The Company will continuously monitor its capital structure and, based on changes in operations and economic conditions, may adjust the structure by issuing new shares as necessary. The recoverability of the carrying values of the Company's assets is dependent upon the ability of the Company to obtain the necessary financing to complete exploration activities.

While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all. If the Company is unable to raise sufficient capital to fund all of its intended exploration activities, expenditures may be limited to the recommended work program on the Fecteau Project. In the event that the Company is unable to fulfill its commitments should it enter into an option agreement as a result of lack of funds or otherwise, the Company may lose its rights and interests in some or all of its properties. This could, in turn have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Reliance on Independent Contractors***

The Company's success depends to a significant extent on the performance and continued service of independent contractors. The Company will contract the services of professional drillers and others for exploration, environmental, construction and engineering services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on the Company and its business and results of operations and could result in failure to meet its business objectives.

***If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about the Company's business, the price and trading volume of the Shares could decline***

The trading market for the Shares will depend on the research and reports that securities or industry analysts publish about the Company and its business. The Company does not have any control over these analysts. The Company cannot assure that analysts will cover it or provide favourable coverage. If one or more of the analysts who cover the Company downgrade its stock or reduce their opinion of the value of the Shares, the price of Shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to regularly publish reports, the Company could lose visibility in the financial markets, which could cause the price and trading volume of the Shares to decline.

***Issuance of Debt***

From time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's, indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

***No History of Earnings***

The Company has no history of earnings. The Company expects that it will continue to incur losses unless and until it enters into commercial production and generates sufficient revenues to fund operations. There is no assurance that its properties or any other properties it may acquire or obtain hereafter will generate any earnings, operate profitably or provide a return on investment in the future.

***Future acquisitions may require significant expenditures and may result in inadequate returns***

The Company may seek to expand through future acquisitions; however, there can be no assurance that the Company will locate attractive acquisition candidates, or that the Company will be able to acquire such candidates on economically acceptable terms, if at all, or that the Company will not be restricted from completing acquisitions pursuant to the terms and conditions from time to time of arrangements with third parties, such as the Company's creditors. Future acquisitions may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business or may involve significant issuances of equity or debt. Future acquisitions may also require substantial management time commitments, and the negotiation of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting management and employees' attention away from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically diverse organizations, integrating personnel with disparate backgrounds and combining different corporate cultures.

Any future acquisition involve potential risks, including, among other things: (i) mistaken assumptions and incorrect expectations about mineral properties, existing or potential mineral resources, mineral reserves and costs; (ii) an inability to successfully integrate any operation the Company acquired or acquires, as applicable; (iii) an inability to recruit, hire, train or retain qualified personnel to manage and operate the operations acquired; (iv) the assumption of unknown liabilities; (v) mistaken assumptions about the overall cost of equity or debt; (vi) unforeseen difficulties operating acquired projects, which may be in geographic areas new to the Company; and (vii) the loss of key employees and/or key relationships at the acquired project. In addition, competition for assets sometimes requires that acquisitions be completed on an "as is where is" basis, and therefore the Company would have no rights of recourse and indemnities against the sellers. Future acquisition candidates may have liabilities or adverse operating issues that the Company failed or fails to discover through due diligence prior to the acquisition.

If the Company consummates any future acquisitions with, unanticipated liabilities or adverse operating issues or if acquisition-related expectations are not met, the Company's business, results of operations, cash flows, financial condition or prospects may be materially adversely affected. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Company's overall earnings and could negatively affect the Company's balance sheet.

***Information technology***

The Company relies on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm its ability to effectively operate the business. The Company is dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of the business. A failure of the Company's information technology systems to perform as it anticipates could disrupt the business and cause the business to suffer. In addition, the Company's information technology systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have a material adverse effect on the business.

***Cybersecurity incidents and technological disruptions***

A cybersecurity incident or other technology disruptions could negatively impact the business and its reputation. The Company uses computers in substantially all aspects of business operations. It also uses mobile devices, social networking, cloud services and other online activities to connect with employees and contractors. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information.

## RISKS RELATED TO EXPLORATION AND MINING

### *Exploration and Development*

Resource exploration is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Fecteau Project and there is no certainty that the expenditures made by the Company in the exploration of the Fecteau Project or otherwise will result in discoveries of commercially recoverable quantities of minerals. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

There is no assurance that the Fecteau Project possesses commercially mineable bodies of ore. The Fecteau Project is in the exploration stage as opposed to the development stage and has no known body of economic mineralization. The known mineralization of the Fecteau Project has not been determined to be economic ore and there can be no assurance that a commercially mineable ore body exists on the Fecteau Project. Such assurance will require completion of final comprehensive feasibility studies and, possibly, further associated exploration and other work that concludes a potential mine is likely to be economic. In order to carry out exploration and development programs of any economic ore body and place it into commercial production, the Company may be required to raise substantial additional funding.

Significant capital investment is required to discover commercial ore and to commercialize production from successful exploration efforts. The commercial viability of a mineral deposit is dependent upon a number of factors. These include: (i) deposit attributes such as size, grade and proximity to infrastructure, (ii) current and future metal prices (which can be cyclical), and (iii) government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and necessary supplies and environmental protection. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving an adequate return on invested capital.

Market fluctuations and the prices of metals may render resources uneconomic. Moreover, short-term operating factors relating to the mineral deposits, such as the need for orderly development of the deposits or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

### *Risk that Exploration Results May Not Be Favourable*

The Company’s proposed drill program is exploratory in nature and involves inherent geological uncertainty. There is no assurance that drilling activities will yield favourable results, including the discovery of mineralization in sufficient quantity or grade to support future development. Actual results may differ materially from management’s expectations due to factors such as geological complexity, variations in mineral grades, or the potential absence of mineralized structures within the targeted areas. Unfavourable or inconclusive exploration results could adversely impact the Company’s ability to advance the project, attract additional financing, or realize value from its mineral properties.

### *Mining operations are risky*

The Company’s current business, and any future development or mining operations, involve various types of risks and hazards typical of companies engaged in the mining industry. Such risks include, but are not limited to: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding and earthquakes; (v) rock bursts; (vi) metal losses in handling and transport; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions; (xii) unanticipated variations in grade and other geological problems, water, surface or underground conditions; (xiii) labour disputes or slowdowns; (xiv) work force health issues as a result of working conditions; and (xv) force majeure events, or other unfavourable operating conditions.

These risks, conditions and events could result in: (i) damage to, or destruction of, the value of, the Fecteau Project; (ii) personal injury or death; (iii) environmental damage to the Fecteau Project, surrounding lands and waters, or the properties of others; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; and (vi) potential legal liability and any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operation, cash flows or prospects. In particular, underground refurbishment and exploration activities present inherent risks of injury to people and damage to equipment. Significant accidents could occur, potentially resulting in a complete shutdown of the Company's operations at the Fecteau Project which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

There are also risks related to the reliance on the reliability of current and new or developing technology; the reliance on the work performance of outside consultants, contractors, and manufacturers; changes to labour or material costs; unknown or unanticipated or underestimated costs or expenses; unknown or unanticipated or underestimated additions to the scope of work due to changing or adverse conditions encountered; unexpected variances in the geometry or quality of ore zones; unexpected reclamation requirements or expenses; permitting time lines; unexpected or unknown ground conditions; unexpected changes to estimated parameters utilized to estimate past timelines, projections, or costs; and liquidity risks. An adverse change in any one of such factors, hazards and risks may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Operations during mining cycle peaks are more expensive***

During times of increased demand for metals and minerals, price increases may encourage expanded mining exploration, development and construction activities. These increased activities may result in escalating demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause exploration, development and construction costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or increase operating costs.

***Acquisition of Additional Mineral Properties***

If the Company loses or abandons its interest in the Fecteau Project, 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.

***Title***

There is no assurance that the Company's title to its properties will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Company has diligently investigated title to its properties, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently the boundaries may be disputed.

***First Nations Consultation and Access Risk***

The Company's exploration and development activities are conducted on lands that may be subject to asserted or established Aboriginal or treaty rights of Indigenous groups, including First Nations. The Company's ability to obtain and maintain permits, licenses, and approvals is often dependent on the completion of consultation processes and, in certain cases, the negotiation of agreements with affected Indigenous communities. There can be no assurance that such consultations or agreements will be completed on a timely basis, on commercially reasonable terms, or at all. Failure to adequately consult with or obtain support from Indigenous groups may result in delays, increased costs, or restrictions on access to the Company's properties, and Indigenous groups may assert rights, title, or other interests that could materially adversely affect the Company's operations, financial condition, and prospects.

***Surface Rights***

Permission for surface access must be negotiated with the owners of the surface rights to the areas covered by the mining concessions, and commonly involve leasing of the surface rights. The Company currently does not have any agreements in place regarding the Fecteau Project, and there is no guarantee the Company will be able to negotiate and enter into any such agreement as may be required to have access to do significant work. Further, there are potential risks with regard to the completion of a successful exploration program in that there is a possibility of not being able to enter into a surface access agreement over part of the area of interest, or problems with obtaining an environmental permit for road construction and drilling.

***Permits and Licenses***

The Company's operations are subject to extensive laws and regulations governing, among other things, such matters as environmental protection, management and use of toxic substances and explosives, health, exploration and development of mines, commercial production and sale of by-products, ongoing and post-closure reclamation, construction and operation of tailings dams, safety and labour, taxation and royalties, maintenance of mineral tenure, and expropriation of property. The activities of the Company require licenses and permits from various governmental authorities.

The costs associated with compliance with these laws and regulations and of obtaining licenses and permits are substantial, and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. There is no assurance that future changes in such laws and regulations, if any, will not adversely affect the Company's operations. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even the actions of former property owners, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company may fail to comply with current or future laws and regulations. Such non-compliance can lead to financial restatements, civil or criminal fines, penalties, and other material negative impacts on the Company.

The Company is required to obtain or renew further government permits and licenses for its current and contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving a number of regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations, or the cost to obtain, amend or renew permits or licenses may exceed what the Company believes it can ultimately recover from a given property once in production. Any unexpected delays or costs associated with the permitting and licensing process could impede ongoing operations at the Fecteau Project. To the extent necessary permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned development, commercialization, operation and exploration activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Social and environmental activism can negatively impact exploration, development and mining activities***

There is an increasing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("**NGOs**") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, NGOs or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically.

Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***The Company may be negatively impacted by changes to mining laws and regulations***

The Company's activities are subject to various laws governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining, exploration and development activities are also subject to various laws and regulations relating to the protection of the environment.

Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the Company's operations and activities or more stringent implementation of such laws and regulations could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Availability of Drilling Equipment and Access Restrictions***

Mining exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Exploration operations depend on adequate infrastructure. In particular, reliable power sources, water supply, transportation and surface facilities are necessary to explore and develop mineral projects. Failure to adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to carry out exploration and future development operations and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Unknown Environmental Risks for Past Activities***

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

***Political Regulatory Risks***

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

***Fluctuating Mineral Prices***

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have historically fluctuated widely. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.