

## **Introduction**

The following Management Discussion and Analysis ("MD&A") of Torrent Gold Inc. (formerly Raindrop Ventures Inc.) (the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of June 22, 2022 and should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three months ended April 30, 2022, the audited consolidated financial statements for the year ended January 31, 2022 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

## **Overview**

The Company is a resource exploration company focused on acquiring and exploring resource properties in the USA.

The Company was incorporated on February 14, 2018 under the laws of British Columbia. The Company's head office is Suite 250, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7 and the Company's registered office is Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Company is listed on the Canadian Securities Exchange under the symbol "TGLD" and the Frankfurt Stock Exchange ("FRA") under the trading symbol "RV0".

In March 2022, the Company consolidated its issued and outstanding common shares of the Company on a 2:1 basis. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

In April 2022, the Company changed its name to Torrent Gold Inc.

## **Significant Events/Overall Performance**

In February 2022, the Company entered into a letter of intent ("LOI") to acquire 100% of the Jessup gold-silver exploration project (the "Project") in Churchill County, Nevada from JMX, LLC, an arms-length private company ("Owner"). The Company undertake a private placement to raise up to \$5,000,000 through the distribution of units consisting of one common share and one-half warrant. The LOI provides the Company an option to acquire the Project over a three-year period with:

- i) A US \$2,000,000 cash payment;
- ii) 7,000,000 units issued at closing;
- iii) 7,000,000 shares and 3,500,000 warrants (at a strike price equal to the volume weighted average Raindrop share price on the CSE for 30 trading days preceding issuance multiplied by 1.05) issued 21 months from Closing; and
- iv) 7,000,000 shares and 3,500,000 warrants (at a strike price equal to the volume weighted average Raindrop share price on the CSE for 30 trading days preceding issuance multiplied by 1.05) issued 31 months from Closing.

Upon completion of Items 1 through 4 above, the Company will acquire 100% of the Project and Owner shall complete the conveyance of the claims, titles, rights and ownership items of the Project to the Company. A capped, cash bonus payment may also be paid to Owner 42 months from closing date

based on Project exploration results for the number of gold equivalent ounces that exceed the current resource.

### **Exploration Activities**

In March 2021, the Company closed the acquisition of an exploration portfolio consisting of three 100%-owned properties (Anchor, Stateline and Sandy) and three 49%-owned properties (Brik, Easter and Viper) (together, the "Properties") from Liberty Gold Corp. ("Liberty Gold"). In consideration for the Properties, the Company paid \$64,430 (US\$50,000) in cash and issued 2,006,703 common shares of the Company respectively to Liberty Gold, representing 9.9% of the Company's issued and outstanding common shares on a post-closing basis. Liberty Gold also retained a 1.5% net smelter return royalty on certain properties.

The six properties are located within the Great Basin (See Figure 1) in Nevada and include:

- **Anchor** - Carlin type, sedimentary rock-hosted gold property, with undrilled gold targets;
- **Stateline** - low sulphidation gold/silver property with highlight gold values from 1.46 to 4.55 grams per tonne ("g/t") gold from 1.5 metres ("m") drill intersections along a 305 m long vein (true widths unknown);
- **Sandy** - Carlin-type, sedimentary rock-hosted gold property with a 2,740 by 735 m jasperoid zone;
- **Brik** - low sulphidation gold property with highlight drill intersections of 2.41 g/t gold over 16.7 m, including 14.95 g/t gold over 1.5 m, and 0.99 g/t gold over 18.3 m, from surface in hole PB-24;
- **Easter** - low sulphidation epithermal vein-breccia-stockwork gold-silver deposit with a 2010 historic resource;
- **Viper** - low sulphidation epithermal gold property with highlight drill intersections of 1.09 g/t gold over 33.5 m (true width unknown).

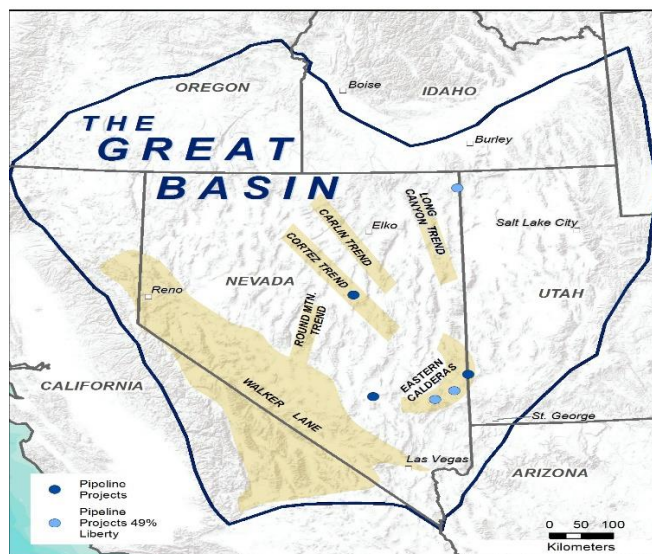


Figure 1: Location of Raindrop's New Exploration Properties

## **The Nevada Gold Exploration Properties**

### **Anchor (100%)**

Anchor is a Carlin-type, sedimentary rock-hosted gold target associated with the Devil's Gate - Chainman/Diamond Peak formation contact at intersection points with west-northwest striking fault zones. The property consists of 54 unpatented federal lode claims at the southern end of the Battle Mountain - Eureka gold trend, 14 kilometres ("km") northwest of Eureka, Nevada and is centered on a 600 by 500 m gold-arsenic-antimony rock and soil geochemical anomaly in in Upper Plate Ordovician Vinini Formation siliclastic sedimentary rocks, a suspected leakage anomaly from the contact between the prospective Devil's Gate limestone and Chainman Shale and Diamond Peak Formation at depth. Historic exploration returned highlight gold grab samples of 1.83 g/t along with 11,000 ppm arsenic and 1,030 ppm antimony. Historic drilling focused on the siliclastic sediments and did not test the deeper contact with the Devil's Gate carbonate debris flow facies, host to numerous deposits in the southern Carlin and Battle Mountain-Eureka gold trends.

### **Stateline (100%)**

The Stateline Property, lying in Iron County, Utah, 37 km east of Panaca, Nevada, is comprised of 94 unpatented federal lode claims. Several third-party patented claims lie with the claim block. Stateline is a low sulphidation epithermal precious metal project. Bonanza-grade gold and silver mineralization occur in quartz veins, silicified breccias and shear zones associated with range-scale northeast-trending faulting hosted by a heterogeneous sequence of Tertiary intermediate and felsic volcanic rocks. Numerous small mines on quartz veins and mineralized structures within the Stateline property produced gold and silver at sporadic intervals between the 1890s and 1940s. Four of fourteen historic drill holes returned 1.5 m intercepts ranging from 1.46 to 4.50 g/t gold along a 305 m strike length of a single vein, with numerous high-grade surface samples from a large number of outcropping veins.

### **Sandy (100%)**

The Sandy property, lying 2 km south of the town of Rachel in Lincoln County, Nevada and comprising 54 unpatented federal lode claims is a sedimentary rock-hosted gold property. Gold-bearing jasperoid can be traced intermittently across 730 m and along strike for 2,740 m to the point where it extends under pediment cover. Jasperoid is developed after limestone and shale of a similar age to that which hosts the Long Canyon deposit along north-northwest striking structures and as tabular masses concordant with the east dipping limestone. Several of the mineralized zones within the jasperoid returned multi-gram gold values. An Induced Polarity survey located resistivity anomalies indicative of jasperoid-filled structures, while drilling to date has returned anomalous gold values along with strong values for several of the Carlin-type indicator elements.

## **The Three Joint Venture Nevada Properties**

Under a 2016 option agreement ("**Option**") with Liberty, the Brik, Easter and Viper projects ("Selected Properties") are held as a joint operation with K2 Resources Inc., which holds a 51% interest. Raindrop is acquiring Liberty's 49% interest in the Selected Properties. The Option anticipates that the parties will form a joint venture and each party will approve and contribute to any exploration budgets established for the Selected Properties.

### **Brik (49%)**

The Brik Project, lying 15 km southeast of Panaca, Lincoln County, Nevada and comprising 27 unpatented federal lode claims, hosts a low sulphidation epithermal gold system with oxide gold mineralization exposed in outcrop in at least five distinct target areas. Exploration has concentrated largely on the Hidden Treasure and Sinter zones. Drilling during 2011 by Liberty of 27 RC holes discovered a mineralized zone at Hidden Treasure and tested a 200 m square prominent silicified and brecciated knob (cap), deeper structures below and geophysical targets. Significant intersections included 2.41 g/t gold over 16.7 m, including 14.95 g/t gold over 1.5 m, and 0.99 g/t gold over 18.3 m, from surface in hole PB-24; 1.30 g/t gold over 19.8 m from surface in hole PB-17; and 0.82 g/t gold over 35.0 m from surface in hole PB-25. An additional four target areas were also drilled. Encouraging oxide gold mineralization was intersected in eight holes, including a shallow gold intercept of 1.00 g/t over 7.6 m at the Sinter Target, which has the potential to be expanded in all directions with additional drilling. True thickness of intercepts varies, but in most cases is believed to represent 70 to 80% of true thickness. A 2017 RC drilling program intersected 1.11 g/t over 33.53 m of oxide gold from 1.52 to 35.05 m and 1.15 g/t Au over 33.52 m in heavily oxidized vein material within, a deeper resistivity target from 211.84 to 245.36 m. True widths of these intersections are unknown. The Sinter target lies 2 km to the west northwest of Hidden Treasure and consists of a 150 m-long zone of discontinuous dykes, veins and carbonate and silica alteration. One of 4 reverse circulation holes hit 1.51 g/t Au over 4.6 m. A series of strong resistivity anomalies has yet to be tested.

### **Easter (49%)**

The Easter property, lying in the Eastern Calderas of Lincoln County 14 km southwest of Caliente, Nevada is comprised of 46 unpatented federal lode claims. The property hosts a low sulphidation epithermal vein-breccia-stockwork gold-silver deposit.

The property contains a historical mineral resource estimate as follows:

<b>Resource Classification</b>	<b>M tons</b>	<b>g/t AuEq</b>	<b>g/t Au</b>	<b>g/t Ag</b>	<b>K oz Au</b>	<b>K oz Ag</b>
<b>Indicated</b>	2.64	1.542	1.323	14	101.7	1,077
<b>Inferred</b>	0.2	1.321	1.142	12	6.7	71

*Source: NI 43-101 Technical Report on Resources Easter Project Lincoln County, Nevada La Quinta Resource Corp. Easter Project by B. Stryhas and J Pennington and dated 2010-Jul-13.*

The mineral resource estimate was the subject of a technical report prepared by SRK Consulting for La Quinta Resource Corp. and dated July 13, 2010. However, a qualified person for the Company has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves and the Company is not treating the historical estimate as current mineral resources. In order to verify the historical estimate, the Company needs to retain a qualified person to review the historical data, review any work completed on the property since the date of the estimate and complete a new technical report. The Company considers the historic estimate relevant to the potential of the Easter Project and considers the historic estimate reliable as it was completed by competent geoscientists to the standards of the day.

The SRK mineral resource estimation was based on a geologic model of mineralization hosted within a 0.3 g/t Au grade shell constructed using Leapfrog® software. The grade shell was used to constrain the resource estimation within a block model constructed with 0.3 m cubic blocks. The raw drill assays were capped prior to compositing into 3 m bench composites. Gold was capped at 6.5 g/t and silver was capped at 70 g/t. The grade estimation used an inverse distance squared weighting algorithm.

A two-pass estimation was run for both gold and silver. The first pass assigned grade to all blocks hosting a composite. The second pass searched within the grade shell to a maximum of 60 m down dip, 45 m along strike and 9 m across strike and dip. A minimum of three and maximum of eight composites were used with a restriction of only two samples per octant to assign grade.

The resources were classified according to CIM guidelines as Indicated and Inferred Mineral Resources. The Indicated Mineral Resource was defined by a wireframe solid constructed about the core of the mineralization where most drilling is spaced 7.6 m to 15 m apart. All blocks located outside of this solid were classified as Inferred Mineral Resources.

### **Viper (49%)**

The Viper project, lying in northeastern Elko County, comprises 40 unpatented federal lode claims and 242 hectares of private minerals. Viper is low-sulphidation epithermal gold project. Gold mineralization occurs within quartz-calcite veins and vein stockworks related to high angle faulting, hosted by Permian/Triassic silty limestone and silicified conglomerate. Four targets have been defined: four gold target areas; Baja, Sidewinder, Speckled and Tancitaran. Drilling highlights include 1.09 g/t gold over 33.5 m in the Baja Zone. True widths of these intersections are unknown.

### **Clover Mountain Property, Idaho, USA**

On September 1, 2018, the Company entered into a purchase agreement with Daniel Kunz and Associates, LLC to purchase 100% of the Clover Mountain property consisting of 43 unpatented claims in Idaho, USA for 3,241,950 common shares of the Company at a fair value of \$129,678. Subsequent to the purchase agreement on September 1, 2018, Daniel Kunz became a director of the Company.

In June 2020, the Company announced that the Bruneau Field Office of the Bureau of Land Management ("BLM") approved the Company's Plan of Operation and Notice of Exploration for planned exploration work. The Company plans to excavate up to 650 metres ("m") of trenches to bedrock in areas where it is covered by relatively shallow overburden. Sampling will consist of crews collecting continuous 1.5 m rock chip and channel samples targeting quartz bearing alteration zones in the trenches and from exposed bedrock in outcrops and road cuts across mapped and unmapped structures. The Property is located on BLM land some miles southeast of Boise, Idaho and consists of 43 unpatented claims totaling 860 acres. A 2008 and 2009 geochemical program collected 215 soil samples that defined two northeast trending soil anomalies with gold values ranging from 0.02 grams per tonne ("g/t") to 0.78 g/t in an 800 m x 240 m area. Silver values range from 0.02 g/t to 1.19 g/t. In addition, rock chip samples collected on the Property returned values up to 1.99 g/t gold, 19.95 g/t silver, 1.25% copper and 1.54% zinc.

The Company holds a reclamation bond for \$30,072.

In August 2020, the Company successfully completed approximately 650 metres ("m") of excavator trenches to bedrock in areas of relatively shallow overburden. Raindrop is also continuing to perform in-depth technical reviews of potential new projects in mining friendly jurisdictions and expects to add additional exploration projects to its portfolio. Sampling was concentrated on quartz-bearing alteration and shear zones exposed in the trenches. Mapping of the trenches identified multiple complex structures intensely altered and brecciated with silicified stockwork and argillically-altered breccia fragments. Three hundred and seventeen (317) rock chip channel continuous samples were collected, each containing 8 to 10-kilograms of material over a 1.5 m interval, represent 600 m of sampling. The rock-chip trench samples were delivered to the ALS Minerals Laboratory in Elko, Nevada, with 165 delivered on July 20, 2020 and 152 on August 4, 2020. Each of the 317 samples and duplicates were collected from trenches CT-1 and CT-3. The samples are being crushed, split, and pulverized in preparation for AuAA-23 and MeMS-41 analyses.

Figure 1 shows the claim block is located on a magnetic low-high boundary at intersecting regional faults and is adjacent to potentially a large intrusive body about 10 kilometres to the northeast.

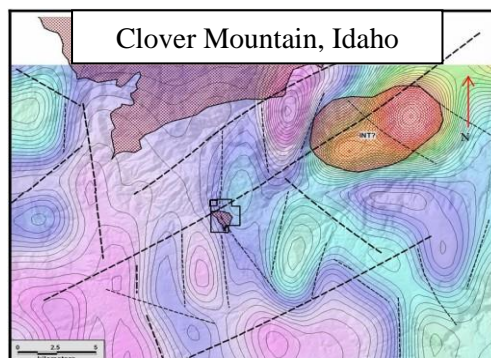


Figure 1: Magnetic, Structural and Intrusive Data

The Company believes the Property lies within the “Jarbidge Trend” which includes projects such as Integra Resources’ Delamar, Florida Mountain and War Eagle gold-silver properties in Idaho and the Jerritt Canyon Gold, LLC’s gold mine in Nevada, where over 8 million ounces of gold were produced since 1981.

In October 2020, the Company announced confirmation of a low sulfidation, gold bearing hydrothermal system, in Eocene rocks, by the recently completed sampling program. The currently defined mineralized area covers 6.8 hectares with the overall lateral and vertical extent of the identified gold mineralization still to be determined. The trenches are within a delineated northeast trending soil gold anomalous area approximately 800 metres (“m”) in length and approximately 245 m in width.

#### Highlights:

- Three parallel trenches totaling 482 m were excavated to bedrock in shallow overburden and 317 eight-kilogram samples were collected in continuous 1.5 m intervals, testing mineralized quartz-bearing alteration and shear zones contained in Eocene intrusive rocks
- Some 64% of the sample assays returned highly anomalous gold values, with many including a silver-gold ratio of more than 20:1. Several additional sample assays returned significant anomalous silver-only values
- The anomalous gold values range between 0.005 and 1.8 g/t
- Seven of the 1.5 m sample intervals returned gold values of 0.10 g/t or higher
- The higher gold values are associated with jarosite and quartz-adularia alteration
- 50 percent of silver assays reported greater than two times the background of 0.070 ppm and 15 percent are greater than five times the background
- Silver to gold ratios define geologic structures and indicate multiple mineralizing episodes related to at least two felsic intrusive events.

#### QA/QC Protocols and Sampling Procedures:

A total of 317 continuous rock chip samples, at 1.5 m intervals, were collected from bedrock representing 457.5 m of linear trench of which 366 m fell within in the mineralized altered granite. Quality control of the sampling program includes the insertion of reference standards and blanks as well as reject duplicate analysis to monitor the integrity of all assay results. The 8 to 10 kg samples were delivered to the ALS Minerals prep lab in Elko, Nevada, where they were dried, crushed, split, and pulverized. The prepared samples were then sent to the ALS lab in Vancouver, BC for assay and analysis. The samples were processed utilizing ALS Minerals AuAA-23 and MeMS-41 analyses, where gold was determined by fire

assay with an atomic absorption spectroscopy (AAS) finish, and silver plus 34 other elements by multi-acid digestion and ICP finish, over-limits by fire assay and gravimetric finish.

The technical content of this MDA has been reviewed and approved by Glen Peter Parsley, P. Geo, a Qualified Person as defined in National Instrument 43-101.

## **Results of Operations**

### ***Revenues***

Due to the Company's status as an exploration and development stage mineral resource company and a lack of commercial production from its properties, the Company currently does not have any revenues from its operations.

### ***Expenses***

#### **Results for the three months ended April 30, 2022**

The Company had a net loss of \$241,237 for the three months ended April 30, 2022 compared to a net loss of \$400,279 for the three months ended April 30, 2021.

Expenses details are as follows:

- a) Legal fees of \$23,700 (2021 - \$41,712). The variance is due to legal activities related to the acquisition of the Nevada Gold Project in the previous period.
- b) Marketing of \$18,364 (2021 - \$75,014). The variance is due to a marketing campaign to raise the Company's profile in the previous period.
- c) Share-based payments of \$117,871 (2021 - \$156,907). The share-based payments expense recognized from vested options during the periods were calculated using the Black-Scholes Option Pricing Model on the grant date.

### **Quarterly Results**

The following table summarizes the results of operations for the eight most recent quarters:

	<b>April 30, 2022</b>	<b>January 31, 2022</b>	<b>October 31, 2021</b>	<b>July 31, 2021</b>
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the period	(241,237)	(251,559)	(315,450)	(189,233)
Exploration and evaluation assets	1,295,157	1,243,992	1,158,003	999,844
Total assets	2,212,898	2,310,797	2,426,931	2,588,308
Loss per share	(0.01)	(0.01)	(0.02)	(0.02)

	April 30, 2021	January 31, 2021	October 31, 2020	July 31, 2020
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the period	(400,279)	(181,654)	(112,243)	(79,691)
Exploration and evaluation assets	971,701	239,530	239,197	148,937
Total assets	2,819,952	380,933	492,469	605,326
Loss per share	(0.01)	(0.02)	(0.01)	(0.01)

### **Liquidity and Capital Resources**

The Company will continue to require funds for exploration work, as well as to meet its ongoing day-to-day operating expenses and will continue to rely on equity financing during such period. There can be no assurance that financing will be available to the on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over the near and long term other than as disclosed above plus normal operating expenses.

Since incorporation, the Company's capital resources have been limited. The Company has relied principally upon the issue of equity securities to acquire interests in mineral properties.

The Company had working capital of \$828,988 as at April 30, 2022.

During the period ended April 30, 2022, the Company used \$92,517 of cash in operating activities and \$41,575 in investing activities.

### **Share Capital**

As at the date of this report, the Company had the following outstanding:

- 20,445,193 common shares
- Stock options

Number of Options	Exercise Price (\$)	Expiry Date
125,000	0.60	October 7, 2024
822,500	0.20	February 14, 2025
300,000	0.40	February 1, 2026
450,000	0.72	October 27, 2026
<u>1,697,500</u>		



- Warrants

Number of Warrants	Exercise Price (\$)	Expiry Date
3,071,875	0.54	February 12, 2024
3,071,875		

### **Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Company is committed.

### **Transactions with Related Parties**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

During the period ended April 30, 2022, the Company incurred the following charges with related parties that include officers, directors, key management or companies with common directors of the Company as follows:

- a) Incurred management fees of \$39,830 (2021 - \$70,446) and capitalized consulting and professional fees of \$22,759 (2021 - \$26,596) to a company controlled by a director of the Company. As at April 30, 2022, \$nil was owed to this company (January 31, 2022 - \$nil).
- b) Incurred consulting fees of \$15,000 (2021 - \$15,000) to a company controlled by a director and officer of the Company. As at April 30, 2022, \$nil was owed to this company (January 31, 2022 - \$nil).
- c) Incurred accounting fees of \$15,000 (2021 - \$15,000) and office and administration of \$1,275 (2021 - \$995) to a firm where an officer of the Company is a partner. As at April 30, 2022, \$478 was owed to this firm (January 31, 2022 - \$1,250).

During the period ended April 30, 2022, the Company granted nil (2021 – 300,000) stock options to its directors of which \$117,871 (2021 - \$86,550) was recognized from vested options during the period.

### **Critical Accounting Estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

### **Recent Accounting Policies**

There were no recent accounting policies adopted during the period ended April 30, 2022.

### **Financial Instruments**

Please refer to the April 30, 2022 condensed consolidated interim financial statements on [www.sedar.com](http://www.sedar.com).

### **Proposed Transactions**

There are no proposed transactions that have not been disclosed herein.

### **Contingencies**

There are no contingent liabilities.

### **Additional Disclosure for Venture Issuers without Significant Revenue**

#### *Exploration and Evaluation Assets*

The Company records its interests in exploration and evaluation assets and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the assets to which they relate are placed into production, sold or management has determined there to be impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production.

The recorded cost of exploration and evaluation asset interests is based on cash paid, the assigned value of share considerations issued for exploration and evaluations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

The Company defers all exploration expenses relating to exploration and evaluations assets and areas of geological interest until the properties to which they relate are placed into production, sold or abandoned or management has determined there to be impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production.

Please refer to the April 30, 2022 condensed consolidated interim financial statements for details of the Company's exploration and evaluation assets.

### **Internal Controls over Financial Reporting**

#### *Changes in Internal Control over Financial Reporting ("ICFR")*

In connection with National Instrument 52-109 ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

### **Other MD&A Requirements**

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-looking information**

This MD&A contains forward-looking statements or information (collectively "**forward-looking statements**") that relate to the Company's management's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "aim", "estimate", "intend", "plan", "seek", "believe", "potential", "continue", "is/are likely to" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- proposed expenditures for exploration work and general administrative expenses;
- expectations generally regarding the completion of future financings and the ability to raise further capital;
- permitting, permitting timelines and government regulation of exploration activities and mining operations;
- working capital requirements and the ability to obtain financing on acceptable terms or at all; and
- the timing and amount of future exploration including the timing and performance of the recommendations provided in the Technical Reports.

Forward-looking statements are based on certain assumptions and analysis made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although the Company's management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, prospective purchasers of the Company's securities should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include, among others, risks related to:

- insufficient capital;
- no established market;
- property interests;
- financing risks;
- negative cash flows;
- exploration;
- acquisition of additional mineral properties;
- uninsurable risks;
- permits and government regulations;
- environmental and safety regulations and risks;
- mineral titles;
- First Nations' land claims;

- competition;
- management;
- tax issues;
- dilution; and
- price volatility of publicly traded securities.

Although the forward-looking statements contained in this MD&A are based upon what the Company's management believes are reasonable assumptions, these risks, uncertainties, assumptions and other factors could cause the Company's actual results, performance, achievements, and experience to differ materially from its expectations, future results, performances, or achievements expressed or implied by the forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors".

### **Risk Factors**

An investment in the Corporation's shares, in the event that such shares are offered for sale at some time in the future, should be considered highly speculative due to the nature of the Corporation's business and the present stage of development. An investment in the Corporation's shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in the Corporation. In evaluating the Corporation and its business, investors should carefully consider, in addition to other information contained in this Prospectus, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in the Corporation or in connection with its operations and other risks and uncertainties affecting the Corporation's business could potentially arise or become material in the future.

#### *General*

The Corporation is in the business of exploring mineral properties, which is a highly speculative endeavor. A purchase of any of the securities of the Corporation involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment.

#### *Insufficient Capital*

The Corporation does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Corporation will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Corporation will be successful in obtaining such additional financing; failure to do so could result in the loss or substantial dilution of the Corporation's exploration interests.

### *Financing Risks*

The Corporation has no history of earnings and, due to the nature of its business, there can be no assurance that the Corporation will be profitable. The Corporation 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 Corporation is through the sale of its equity shares. Even if the results of exploration are encouraging, the Corporation may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially minable deposit exists on the exploration properties. While the Corporation may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available. At present it is impossible to determine what amounts of additional funds, if any, may be required.

### *Negative Cash Flows*

The Corporation currently has negative cash flow and may continue to do so for the foreseeable future. If the Corporation has negative cash flow in future periods, it may be required to seek alternative forms of debt or equity financing. There can be no assurance that debt or equity financing will be available to the Corporation or, if available, will be on terms acceptable to the Corporation.

### *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 Corporation may be affected by numerous factors which are beyond the control of the Corporation 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 Corporation not receiving an adequate return of investment capital.

There is no assurance that the Corporation's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Corporation'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.

### *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 Corporation 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 Corporation.

### *Permits and Government Regulations*

The future operations of the Corporation may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Corporation will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the exploration properties.

### *Environmental and Safety Regulations and Risks*

Environmental laws and regulations may affect the operations of the Corporation. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Corporation for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.

### *Mineral Titles*

The Corporation has not yet obtained a title opinion in respect of the Clover Mountain Property. The claims on the Clover Mountain Property have not been legally surveyed. The Clover Mountain Property may be subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. The Corporation is satisfied, however, that evidence of title to the Clover Mountain Property is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on the Clover Mountain Property.

### *Competition*

The mining industry is intensely competitive in all its phases. The Corporation competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Corporation. The competition in the mineral exploration and development business could have an adverse effect on the Corporation's ability to acquire suitable properties or prospects for mineral exploration in the future.

### *Management*

The success of the Corporation is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Corporation's business and prospects. There is no assurance the Corporation can maintain the services of its directors, officers or other qualified personnel required to operate its business.