

ALORO MIMING CORP.

(Formerly Wolverine Minerals Corp.)

Form 51-102F1

Management's Discussion and Analysis

The following discussion and analysis (the "MD&A") of the financial condition and results of the operations of Wolverine Minerals Corp. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six month periods ended June 30, 2018 and should be read in conjunction with the Company's financial statements and related notes for the corresponding periods and the Company's December 31, 2017 audited financial statements. All figures are in Canadian dollars unless otherwise stated.

Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval ("SEDAR") in Canada and can be obtained from www.sedar.com.

The financial statements of the Company for the periods ending June 30, 2018 and 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are expressed in Canadian dollars. Previous financial statements had been prepared in accordance with pre-changeover Canadian Generally Accepted Accounting Principles.

Disclaimer

This MD&A contains forward-looking statements, which reflect, among other things, management's expectations regarding the Company's future growth, results of operations, performance and business prospects and opportunities. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including those listed under Item 1.14 **Other MD&A Requirements – Risks and Uncertainties** below. The Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A and save and except as required under applicable securities legislation. The Company assumes no obligation to update or revise them to reflect new events or circumstances.

1.1 Date

This MD&A is dated as of August 29, 2018

1.2 Overall Performance

Description and General Development of the Business

The Company is engaged in the acquisition, exploration and, if warranted, development of mineral resource properties.

On November 28, 2016, the Company entered into option agreement (the "Option Agreement") with Almadex Minerals to acquire 100% of the Los Venados property, located in Sonora State, Mexico. The approximately 1,500 hectare Los Venados property, (Title #244241), is immediately adjacent to the producing Mulatos and La India gold mines.

Under the terms of the Option Agreement,

- assume all obligations of Almadex to the underlying optionor of the Los Venados property (the "Underlying Optionor")(as detailed in Almadex's news release of October 7, 2015), with the exception of the issuance of Almadex shares which remains an obligation of Almadex;
- pay CAD\$30,000 on execution of the Option Agreement for expenditures on the property; (paid)
- issue 250,000 common shares within 10 days of receipt of approval of the TSX-V (the "Approval

Date”); (Issued February 8th, 2017)

- issue 250,000 common shares on or before the first anniversary of the Approval Date (issued);
- issue 500,000 common shares on or before the second anniversary of the Approval Date; and
- issue 1,000,000 common shares on or before the third anniversary of the Approval Date.

In addition, the Company has agreed to drill a minimum 1,000 meters by the second anniversary of the Approval Date, as part of the total required project expenditures of a minimum of US\$500,000, which must be incurred on or before the third anniversary of the Approval Date.

For further information, see the Company’s news release dated November 29th, 2016

The Company commissioned and submitted a 43-101 report on November 29th, 2016 for review by the TSX Venture Exchange. The report was accepted for filing by the TSX Venture Exchange on January 24, 2017.

The transaction was approved by the TSX Venture Exchange on February 9, 2017.

The report can be obtained from www.sedar.com.

The Los Venados Property (LV) is in the central part of the Mulatos Gold District. The known mineralization within the District is gold-dominant, with accessory silver and copper.

As part of the ongoing exploration program, during 2017, a reconnaissance program of sampling, mapping and assaying was performed throughout the property. Numerous showings associated with high sulphidation style alteration have been identified within the mining concession. In the 4th quarter of 2017, the Company commissioned Geofisica TMC of Mazatlán Sinaloa Mexico to carry out an induced polarization (IP) survey on the Los Venados Property. This program consisted of 5.3 line-km of IP and was designed to test one of the high sulphidation targets in the southeast area of the LV mining concession, and, was meant to extend a previous IP survey completed in 2016 by Prospec MB, to a total of 12.0 line-km.

Since the beginning of 2018 the Company has continued to survey, prospect, map and sample throughout the property, following up on the previous results and to further identify new areas with potential.

The Company received the initial interpretation of the Geofisica IP survey report in the quarter end March 31, 2018. The Company requested that Geofisica reprocess the Prospec MB data and interpret it along with the new data into a single report.

The Company continues a mapping and sampling program, which has resulted in more defined drill targets. The Company, through its Mexican subsidiary, Exploraciones Aloro, S.A. de C.V., has acquired a further 1,675 hectares, contiguous to the Company’s current 1524 hectares Los Venados claims, bringing the Company’s current land position in the Mulatos Gold District to 3,199 hectares.

The new concession was acquired directly from the Mexican Government Mines Department. On June 14, 2017, the General Directorate of Mines declared this mineral concession free and open by its publication in the Official Gazette of the Federation.

On July 13, 2017, Exploraciones Aloro, S.A. de C.V. filed an application in order to acquire the new mining concession in the State of Sonora and after following the corresponding procedure, a title proposal was sent to the Mines Department. On March 23, 2018, Exploraciones Aloro, S.A. de C.V., was granted the full rights and obligations with title number 246230 in the Municipality of Sahuaripa in the State of Sonora. The concession is valid until March 22, 2068. The Company received the official Title in its name when it was delivered to its office in Chihuahua, Mexico, on June 9, 2018.

As at June 30, 2018, the Company also held a 100% interest in a property in the Yukon (the “Vivi”), which comprises a total of 70 claims, aggregating approximately 1,980 hectares. These claims are in the Finlayson District (registered with the Watson Lake Mining Recorder) and are directly owned by the Company. The Vivi claims are in good standing until March 31, 2021 as to 16 claims and March 31, 2020 as to 54 claims. The Company has not made any expenditures on these claims since 2015 and wrote them off in the fourth quarter of 2016.

1.3 Selected Annual Information

The following table sets forth selected financial information for the Company for the fiscal years ended December 31, 2017, 2016, and 2015 and should be read in conjunction with the Company's financial statements and related notes thereto for such periods.

The year-end financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are expressed in Canadian dollars.

	Year Ended December 31, 2017 (audited)	Year Ended December 31, 2016 (audited) \$	Year Ended December 31, 2015 (audited) \$
Revenues	\$ Nil	\$ Nil	\$ Nil
Expenses			
General and Administrative	\$ 344,199	\$ 415,874	\$ 745,879
Net Loss	\$ 344,199	\$ 354,177	\$ 556,601
Loss/share – basic and fully diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)
Working Capital (deficiency)	\$ 80,874	\$ (19,749)	\$ (877,095)
Exploration and Evaluation Assets	\$ 227,514	\$ 54,957	\$ 49,857
Total Assets	\$ 616,267	\$ 247,752	\$ 88,628
Total Long-Term Financial Liabilities	\$ Nil	\$ Nil	\$ Nil
Accumulated Deficit	\$ (17,577,494)	\$ (17,184,361)	\$ (16,830,184)
Number of shares outstanding at year end	37,710,630	29,380,630 ⁽³⁾	24,923,147 ⁽¹⁾⁽²⁾⁽³⁾

(1) During the year ended December 31, 2016 the Company completed the following,

- On May 24, 2016, the Company consolidated its shares on a one new for five old basis which reduced the issued shares from 24,923,147 to 4,984,630.
- On August 8, 2016 the Company closed a non-brokered private placement of 11 million units at a price of five cents per unit for proceeds of \$550,000. Each unit consists of one common share in the capital of the company and one share purchase warrant, with each warrant entitling the holder to purchase one additional share at a price of 7.5 cents per share during the first year from the date of issuance and 10 cents per share during the second year from the date of issuance.
- The Company settled \$669,800 in debt (convertible notes, promissory notes and related accrued interest, and, outstanding directors' fees) by issuing 13,396,000 common shares at a deemed price of \$0.05 per share.

(2) During the year ended December 31, 2017 the Company completed the following,

- On January 30, 2017 the Company closed a non-brokered private placement of 1.5 million units at a price of \$0.075 cents per unit for proceeds of \$105,000. Each unit consists of one common share in the capital of the company and one share purchase warrant, with each warrant entitling the holder to purchase one additional share at a price of \$0.085 cents per share for three years from the date of issuance.
- On February 8, 2017, the Company issued 250,000 shares pursuant to the Los Venados option agreement at a price of \$0.09 per share for a total of \$22,500.
- On December 11, 2017, the Company completed a non-brokered private placement financing for 5,000,000 units at a price of \$0.075 per unit for gross proceeds of \$375,000. Each unit consists of one common share in the capital of the company and one share purchase warrant, with each warrant entitling the holder to purchase one additional share at a price of \$0.10 per share during the first year from the date of issuance and \$0.125 per share during the second year from the date of issuance.
- On December 28, 2017, the Company settled \$118,500 in debt (directors fees and management fees) by issuing 1,580,000 common shares at a deemed price of \$0.075 per share.

1.4 Results of Operations

Six Month Period Ended June 30, 2018

As an exploration company, the Company does not have any revenue from mining operations.

Operating expenses for the six month period ended June 30, 2018 totalled \$229,129 (2017 - \$180,010) and consisted of \$97,252 in office and professional (2017 - \$81,010), \$136,259 in management and directors' fees (2017 - 99,000), and \$Nil on exploration expenditures (2017 - \$nil).

As a result of the foregoing, the Company incurred a net loss (before interest, property write offs, foreign exchange adjustments) of \$233,511 for the six month period ended June 30, 2018 (2017 - \$180,010). The Company incurred a comprehensive loss for the six month period ended June 30, 2018 of \$229,129 or \$0.01 per share (basic and diluted on a post-split basis) compared to a net loss and net comprehensive loss of \$180,010 or \$0.01 per share (basic and diluted) for the period ended June 30, 2017.

The total assets of the Company as at June 30, 2018 were \$546,898 (2017 - \$616,267) and total liabilities were \$392,612 (2017 \$302,111).

During the six month period ended June 30, 2018, the Company incurred \$139,046 in Exploration and Evaluation costs (2017 - \$43,941) on its Exploration and Evaluation assets.

Three Month Period Ended June 30, 2018

As an exploration company, the Company does not have any revenue from mining operations.

Operating expenses for the three month period ended June 30, 2018 totalled \$111,649 (2017 - \$62,067) and consisted of \$39,890 in office and professional (2017 - \$11,067), \$71,759 in management and directors' fees (2017 - 51,000), and \$Nil on exploration expenditures (2017 - \$nil).

As a result of the foregoing, the Company incurred a net loss (before interest, property write offs, foreign exchange adjustments) of \$111,649 for the three month period ended June 30, 2018 (2017 - \$62,067). The Company incurred a comprehensive loss for the three month period ended June 30, 2018 of \$111,723 or \$Nil per share (basic and diluted on a post-split basis) compared to a net loss and net comprehensive loss of \$62,067 or \$Nil per share (basic and diluted) for the three month period ended June 30, 2017.

During the three months period ended June 30, 2018, the Company incurred \$107,318 in Exploration and Evaluation costs (2017 - \$26,405) on its Exploration and Evaluation assets.

Dividend Report and Policy

The Company has not paid any dividends to date. The Company intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

1.5 Summary of Quarterly Results

The following information has been prepared in accordance with IFRS and is expressed in Canadian dollars.

	2018		2017				2016	
	30 June	31 Mar	31-Dec	30 -Sept	30 June	31 Mar	31-Dec	30-Sept
Revenues	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss before other items	\$ 111,649	\$ 121,862	\$ 104,465	\$ 59,724	\$ 62,067	\$ 117,943	\$ 94,527	\$ 113,780
Other Items:								
Foreign Exchange loss								
Property and E and E Write offs	74	(4,456)	-	-	-	-	-	-
	-	-	-	-	-	-	49,857	-
Non-recurring items	\$ 74	\$ (4,456)	\$ -	\$ -	\$ -	\$ -	\$ (2,551)	\$ (109,003)
Net loss	\$ 111,723	\$ 117,406	\$ 81,477	\$ 59,724	\$ 62,067	\$ 117,943	\$ 141,833	\$ 4,777
Loss per share – basic and diluted (1)(4)(5)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Shares Outstanding (1)(2)(3)(4)	38,060,630	38,060,630	37,710,630	31,730,630	31,730,630	31,730,630	19,664,477	19,664,477

- (1) Based on the weighted average number of shares outstanding during the period.
- (2) Shares outstanding and diluted shares outstanding are outstanding as at the end of the respective quarters
- (3) See section 1.3 above
- (4) During the six months ended June 30, 2018, the Company completed the following,
 - On February 8, 2018, the Company issued 250,000 shares pursuant to the Los Venados option agreement at a price of \$0.10 per share for a total of \$25,000.
 - On February 21, 2018, the Company issued 100,000 shares pursuant to the exercise of 100,000 share purchase warrants at a price of \$0.10 per share for gross proceeds of \$10,000.

1.6 Capital Resources and Liquidity

As an exploration company, the Company has not generated any revenues from operations with the only source of financing to date (other than limited interest income) being from the issuance of equity securities. See Items 1.2 **Overall Performance – Description and General Development of the Business** and 1.4 **Results of Operations**.

As at June 30, 2018 the Company had a working capital deficiency of \$216,116 (December 31, 2017: \$80,874) and cash on hand of \$369,017 (2016 - \$167,467).

The Company expended \$114,046 on its Mexico exploration and evaluation assets (2017- \$21,441).

The Company does not have any commitments for material capital expenditures over either the near or long term and none are presently contemplated over normal operating requirements.

As at June 30, 2018, the Company had no long-term debt and no agreements with respect to borrowings had been entered by the Company.

The Company currently has insufficient financial resources to meet its ongoing financial obligations (see 1.2 Overall Performance-Description and General Development of the Business above). The Company will need the raise additional funds to meets its exploration commitments and for general working capital.

Operating Activities

During the six months ended June 30, 2018, cash of \$102,537 was used in operating activities compared to \$91,004 for the six months ended June 30, 2017.

Financing Activities

During the six months ended June 30, 2018, cash of \$10,000 was provided by financing activities compared to \$105,000 for the six months ended June 30, 2017. During the six months ending June 30, 2018, the Company issued 100,000 shares through the exercise of warrants at a price of \$0.10 per share for gross proceeds of \$10,000. During the six months ended June 30, 2017, the Company issued 1,500,000 Units in a non-brokered private placement at a price of \$0.07 per Unit for gross proceeds of \$105,000.

1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.8 Transactions with Related Parties

Related party transactions during the three and six months June 30, 2018 and 2017 are as follows:

- a) The Company incurred \$48,000 and \$96,000 (2017: \$51,000 and \$99,000) for consulting fees charged by two officers of the Company for the three and six months ended, respectively, June 30, 2018. The Company recorded \$17,121 in management fees relating to the issuance of 200,000 stock options per Note 7 of the accompanying financial statements.
- b) The Company incurred \$4,500 and \$6,000 (2017: \$Nil and \$Nil) for directors' fees charged by two directors of the Company for the three and six months ended, respectively, June 30, 2018. The Company recorded \$17,138 in directors' fees relating to the issuance of 200,000 stock options per Note 7 of the accompanying financial statements.
- c) At June 30, 2018 accounts payable and accrued liabilities included \$333,750 (June 30, 2017: \$240,600) due to directors and officers of the Company.

For the six months ended June 30,	2018	2017
Share based payments	\$ 34,259	\$ Nil
Management and director fees	102,000	99,000
Total	\$ 136,259	\$ 99,000

1.9 Proposed Transactions

Save as disclosed herein (see 1.2 Overall Performance-Description and General Development of the Business above), there are no asset or business acquisitions, or dispositions currently being proposed by the directors or senior management of the Company that will have a material effect on the financial condition, results of operations or cash flows of the Company.

1.10 Standards, amendments, and interpretations adoptions

Standards issued but not yet effective

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor

accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

At the date of the approval of the consolidated financial statements, a number of other standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

1.11 Financial and Other Instruments

Due to their short-term nature, the carrying amount for cash is measured at fair value while accounts payable and accrued liabilities are measured at amortized cost.

See Notes 3 and 10 of the Company's December 31, 2017 Financial Statements for further details of the Company's use of financial instruments.

1.12 Other MD&A Requirements

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value of which there were 38,060,630 common shares issued and outstanding as of June 30, 2018.

As of June 30, 2018, the following stock options and share purchase warrants were outstanding:

Group	Number of Optionees Within Group	Aggregate Number of Shares ⁽¹⁾	Exercise Price ⁽¹⁾	Expiry Date
Stock Options				
Granted	1	500,000	\$0.125	March 21, 2023
Granted	1	200,000	\$0.10	April 2, 2023
Granted	1	200,000	\$0.10	June 13, 2023
Forfeited	1	(500,000)	\$0.125	March 21, 2023
TOTAL OPTIONS June 30, 2018	2	400,000	\$0.125	
Warrants				
Issued pursuant to private placement ⁽¹⁾		11,000,000	\$0.075/\$0.10	August 8, 2018
Issued pursuant to private placement ⁽²⁾		5,000,000	\$0.10/0.125	December 11, 2019
Issued pursuant to private placement ⁽³⁾		1,500,000	\$0.085	January 19, 2020
Exercised		(100,000)	\$0.10	August 8, 2018
TOTAL WARRANTS June 30, 2018		17,400,000		

(1) Warrant is exercisable at \$0.075 in the first year and \$0.10 in the second year.

(2) Warrant is exercisable at \$0.10 in the first year and \$0.125 in the second year.

(3) On January 31, 2017 the Company closed on a non-brokered private placement financing of 1,500,000 units (each, a "Unit") at a price of \$0.075 per Unit for gross proceeds of \$105,000. Each Unit consists of one common share of the Company and one share purchase warrant. One Warrant entitles

the holder thereof to purchase one additional Share of the Company at a price of \$0.085 per Share for a period of three years from closing of the Financing (January 20, 2020).

(4) For the six months ended June 30, 2018, 100,000 warrants exercised for the issuance of 100,000 common shares at a price of \$0.10 per common share.

Risks and Uncertainties

There is no known body of ore of commercial grade or tonnage on the Yukon and Mexican properties. The Company spends its funds to carry out exploration work with the objective of establishing ore of commercial tonnage and grade. If the Company's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. There are no assurances that the Company will continue to be successful in raising additional funds or that other forms of equity capital or debt financing will be available to the Company in the future on satisfactory terms or at all. Any additional equity financing may be on terms that are dilutive, or potentially dilutive, to the Company's shareholders and debt financing, if available, may involve restrictive covenants with respect to the Company's ability to pay dividends, raise additional capital or execute various other financial and operational plans. Should current global economic conditions persist, management anticipates challenges in raising additional financing.

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. Exploration activities seldom result in the discovery of a commercially viable resource. Exploration activities are also expensive. The Company will therefore require additional financing to carry on its business and such financing may not be available when it is needed. For a more detailed discussion of the risk factors affecting the Company and its exploration activities, please refer to the Prospectus which can be accessed on the SEDAR website at www.sedar.com.

Fluctuation of metal prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

Recent market events and conditions: The U.S. and European credit markets have experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems have led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

These unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

General economic conditions: The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in

a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity;
- the volatility of precious and base metal prices may impact the Company's future revenues, profits and cash flow;
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs; and
- the devaluation and volatility of global stock markets impacts the valuation of the Company's common shares, which may impact the Company's ability to raise funds through the issuance of equity securities.

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Going Concern: The consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. At June 30, 2018, the Company had a working capital deficit of \$216,116 and has not yet achieved profitable operations. In addition, the Company has an accumulated deficit of \$17,806,623 and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing for continuing operations. Realization values may be substantially different from carrying values as shown and accordingly these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

Share Price Volatility: During the past three years, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. **As a consequence, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all.** Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Financing risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Insufficient financial resources: There is substantial doubt that the Company can continue due to its limited working capital. The Company may not acquire sufficient financial resources to undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means.

There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

Dilution to the Company's existing shareholders: The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Increased costs: Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as the results of ongoing exploration activities (positive or negative), changes in the nature of mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. In addition, exploration program costs are affected by the price of commodities such as fuel, rubber and electricity and the availability (or otherwise) of consultants and drilling contractors. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could render the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration programs could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

Mining industry is intensely competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Government regulation: Any exploration, development or mining operations carried on by the Company, will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental restrictions: The activities of the Company are subject to environmental regulations by government agencies. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Dependence upon others and key personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on the potential mineral properties the Company plans to acquire; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

Surface rights and access: Although the Company may acquire the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the applicable courts can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on exploration and mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction. The Company has not, to date, experienced any problems in gaining access to its property.

Exploration and mining risks: Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, 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. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Regulatory requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

Limited experience with development-stage mining operations: The Company has very limited experience in placing mineral resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

No assurance of profitability: The Company has no history of earnings and, due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company does not anticipate paying dividends in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, from the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further

equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favorable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or uninsurable risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.