

CRUZ BATTERY METALS CORP. (formerly Cruz Cobalt Corp.)

For the year ended July 31, 2021

Management's Discussion and Analysis ("MD&A")

Date of Report: November 5, 2021

The following discussion and analysis of the Company's financial condition and results of operations for the year ended July 31, 2021 should be read in conjunction with its audited financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Disclaimer for Forward-Looking Information

Certain statements in this report are forward-looking statements, which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities such as the intended work programs on its existing property interests, the ability to meet financial commitments and the ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this Management's Discussion and Analysis. These assumptions, which include management's current expectations, estimates and assumptions about its current property interests, the global economic environment, the market price and demand for mineral commodities and its ability to manage the property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause the actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price for mineral commodities, (3) delays in the start of projects with respect to its property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mineral exploration and mining, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond its control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

Nature of Business

Cruz Battery Metals Corp. (formerly Cruz Cobalt Corp.; the "Company") is involved in the identification, acquisition and exploration of mineral properties that management deems as potentially viable to assist in the growth of the Company. At July 31, 2021, the Company had mineral property interests located in Canada and in the USA.

Mineral Properties

Ontario Cobalt Prospects

In July 2016, the Company entered into a share purchase agreement (the “Cobalt Locaters SPA”) with four arm’s length vendors to purchase all of the issued and outstanding shares of Cobalt Locaters Inc., which holds a 100% interest in two cobalt prospects in B.C. and a 50% interest in four cobalt prospects in Ontario consisting of the Coleman Cobalt Prospect, the Bucke Cobalt Prospect, the Hector Cobalt Prospect, and the Johnson Cobalt Prospect. In March 2019, the Company acquired the remaining 50% interest in the above four Ontario cobalt prospects from an arm's length vendor at no costs. As of today, the Company holds a 100% interest in the above four cobalt prospects in Ontario and two in B.C.

In September 2016, the Company acquired a 100% interest in: 22 additional claim units for staking costs of \$2,200 to increase the acreage of the Johnson Cobalt Prospect to approximately 988 acres; 36 claim units for staking costs of \$3,600 to increase the acreage of Bucke Cobalt Prospect to approximately 1,458 acres; and 137 claim units for staking costs of \$13,700 to increase the acreage of the Hector Cobalt Prospect to approximately 6,146 acres.

In June 2017, the Company acquired a 100% interest in additional mineral claims in Ontario to increase the holdings in its Coleman Cobalt Prospect to approximately 1,525 acres for staking costs of \$1,268.

In January 2018, the Company acquired a 100% interest in additional mineral claims in Ontario referred to as the Lorraine Cobalt Prospect for staking costs of \$5,600.

On November 6, 2019, the Company entered into an agreement with RJK Explorations Ltd. (“RJK”), an arm’s length party. Pursuant to the agreement, RJK paid \$5,000 to the Company in exchange for the exclusive right for a period of 30 days from the date of such payment, at RJK’s own risk and expense, to enter on the Lorraine claims to conduct mineral sampling activities and geophysical surveys. Accordingly, \$5,000 were used to offset prior acquisition costs of the Lorraine claims. The agreement had been mutually terminated by the Company and RJK on December 21, 2020 with no liability or remaining obligation of any of the parties to the other except for the confidentiality obligations.

The Company engaged Apex Geoscience Ltd., based out of Edmonton, Alberta, to assist in the 2021 drill/work programs and hired Vital Drilling Services of Val Caron, Ontario, to conduct the drill program. As disclosed in a news release dated June 24, 2021, the Company announced that it has received a drill permit from the Ministry of Energy, Northern Development & Mines (MNDM). As disclosed in a news release dated July 20, 2021, the drill program was completed. On September 13, 2021, the Company announced that the 2021 drilling targeted the prospective lower contact of Nipissing diabase sills and Archean volcanic basement rocks at depth.

Drill holes 21HC01 and 21HC02 drilled from the same collar intersected the base of the Nipissing diabase at 248 and 231 metres downhole respectively. Hole 21HC01 cut a broad zone of anomalous silver-copper mineralized mafic volcanic rocks returning assays of 0.87 gram per tonne silver and 0.01 per cent copper over 32.3 metres from a depth of 279.7 metres, including a higher-grade interval of 1.06 g/t Ag over 19.5 metres from a depth of 286.5 metres yielding individual assays of up to 3.2 g/t Ag. The silver-copper zone within 21HC021 is characterized by the presence of moderate chlorite alteration and silica flooding accompanied by fine-grained disseminated chalcopyrite-pyrite mineralization.

In addition to the volcanic hosted silver-copper zone, several cobalt-copper intervals occur within drill holes 21HC01 and 21HC02 that are comparable with values returned during Cruz's initial 2018 drill campaign including: 0.03 per cent cobalt and 0.088 per cent Cu over one metre at a depth of 143 metres; 0.01 per cent Co and 0.12 per cent Cu over one metre at 74 metres downhole within 21HC02; and 0.012 per cent Co and 0.07 per cent copper over one metre at 153.5 metres downhole within 21HC01.

The true width of mineralization is estimated to be 80 to 90 per cent of the drilled interval.

Drill hole 21HC03 targeting a north-northwest-striking fault structure that juxtaposes Nipissing diabase and Archean basement rocks to the north remained in diabase to an end-of-hole at a depth of 249 metres. Textural variation within Nipissing diabase, and variation in the observed mineralization and magnetic susceptibility, confirm the presence of a west-dipping, multiphase sill complex.

Management is currently evaluating possible follow-up work programs, however a final decision has not been made at this time.

As at July 31, 2021, the Company had spent a total of \$778,989 in exploration expenditures on the Ontario cobalt prospects.

Subsequent to July 31, 2021, the Company decided to drop certain mineral claims for the Coleman Cobalt Prospect and fully wrote off prior acquisition and exploration costs on the Coleman Cobalt Prospect totaling \$151,065 as of July 31, 2021.

BC War Eagle Cobalt Prospect

In June 2016, the Company acquired a 100% interest in certain mineral claims in British Columbia for staking costs of \$3,496.

During the year ended July 31, 2019, the Company decided to reduce the size of certain War Eagle claims from 4,936 acres to 1,542 acres. Accordingly, prior acquisition costs of \$2,404 and exploration costs of \$18,705 were written off.

As at July 31, 2021, the Company had spent a total of \$10,998 in exploration expenditures on this prospect.

BC Diamond Projects

On September 1, 2020, the Company entered into a share purchase agreement (the “SPA”) with two arm’s length vendors to purchase 100% of the issued and outstanding shares of 1205011 B.C. Ltd. (“1205011”), which through its wholly-owned subsidiary, Idaho Cobalt Discoveries Corp., holds a 100% interest in one cobalt prospect in Idaho, U.S.A. (the “Idaho Cobalt Belt Project”) and three diamond projects in B.C. (the “BC Diamond Projects”). The acquisition has been accounted for as an asset acquisition. In September 2020, the Company issued 9,000,000 shares (issued at a value of \$495,000) to the vendors pursuant to the SPA. 1205011 became a wholly-owned subsidiary of the Company. The acquisition costs had been split evenly between the BC and the Idaho properties.

As of July 31, 2021, the Company had incurred a total of \$14,165 in claim maintenance fees on this project.

Management is currently evaluating possible work programs, however a final decision has not been made at this time.

Yukon Quartz Claims

During the year ended July 31, 2010, the Company acquired a 100% interest in ninety-five load quartz mineral claims covering an area of approximately 4,836 acres, located in the Yukon Territory.

During the years ended July 31, 2013, 2015 and 2016, the Company decided not to continue with certain claims and allowed these claims to lapse when they became due. Accordingly, prior acquisition costs of \$670,862 and exploration costs of \$34,838 associated with these lapsed claims were written off.

As at July 31, 2021, the Company had spent a total of \$2,127 in exploration expenditures on the remaining Yukon quartz claims.

Idaho Cobalt Belt Project

On September 1, 2020, under the SPA, the Company indirectly acquired a 100% interest in one cobalt prospect in Idaho, U.S.A.

Management is currently evaluating possible work programs, however a final decision has not been made at this time.

As of July 31, 2021, the Company had incurred a total of \$26,225 in claim maintenance fees on the Idaho Cobalt Belt project.

Idaho Star Cobalt Prospect

In October 2016, the Company acquired a 100% interest in the Idaho Star Cobalt Prospect in Idaho, U.S.A. for staking costs of \$39,964. This prospect is located approximately 9 miles southwest of Saltese, Montana and 19 miles southeast of Wallace, Idaho. This prospect consists of 44 contiguous claims within the Idaho Cobalt Belt.

In August 2018, the Company decided to drop certain Idaho claims and allowed them to lapse when they became due. Prior acquisition costs of \$36,330 and exploration costs of \$32,122 were written down as of July 31, 2018.

The Company is considering a follow up program. However, a final decision has not been concluded at this time.

As at July 31, 2021, the Company had spent a total of \$5,842 in exploration expenditures on this prospect.

Nevada Clayton Valley West Lithium Prospect

During the year ended July 31, 2016, the Company entered into an agreement with an arm's-length vendor to acquire a 100% interest in six claim blocks in the Clayton Valley in Nevada, USA prospective for lithium.

As of July 31, 2021, the Company had incurred a total of \$13,794 in claim maintenance fees on this prospect.

Management is currently evaluating possible work programs, however a final decision has not been made at this time.

Nevada Solar Lithium Project

On July 16, 2021, the Company entered into a share purchase agreement (the "Solar SPA") with two arm's length vendors to purchase 100% of the issued and outstanding shares of Cruz Solar Lithium Corp. ("Cruz Solar"), which through its wholly-owned subsidiary, Las Vegas Lithium Locators Corp., holds a 100% interest in one lithium prospect in Nevada, U.S.A. (the "Nevada Solar Lithium Project"). The acquisition has been accounted for as an asset acquisition. In July 2021, the Company issued 7,000,000 shares (issued at a value of \$630,000) to the vendors pursuant to the Solar SPA. Cruz Solar became a wholly-owned subsidiary of the Company.

Subsequent to July 31, 2021, the Company acquired a 100% interest in certain mineral claims (the "Nevada Helios Claims") for staking costs of \$83,966 to expand the size of the Nevada Solar Lithium Project to 5,500 acres; and the Company acquired a 100% interest in certain mineral claims (the "Nevada Sun

Claims”) for staking costs of \$7,908 to further expand the size of the Nevada Solar Lithium Project to a total of 6,215 acres.

As disclosed in a news release dated October 8, 2021, the Company announced it has encountered multiple separate sample results returning values higher than 1,059 parts per million (ppm) lithium (Li), including values as high as 1,610 ppm Li.

As disclosed in a news release dated October 15, 2021, the Company announced it has applied for a drill permit from the Bureau of Land Management (BLM) which was subsequently approved as announced in a news release on October 29, 2021. The Company also announced on October 25, 2021, it has contracted Harris Exploration Drilling and Associates Inc. to conduct the drill program which is expected to start shortly.

The Company will continue exploration activities on its properties. In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. While the Company has been successful in securing financings in the past, there is no assurance that the Company will be able to do so in the future, and/or that the Company will be able to raise sufficient funds to meet its work commitments for all of its properties.

Overall Performance

The Company is a mineral exploration company engaged in the business of acquisition, exploration and, if warranted, development of mineral properties. The Company does not expect to generate any revenues in the foreseeable future or until a mineable reserve is defined and economically recoverable. The Company expects to continue to incur expenses as it works to further explore and develop its mineral properties.

The Company has conducted limited exploration on some of its properties, due to, among other things, the availability of sufficient funds for the purposes of mineral exploration and development, access to the property due to climate conditions, the uncertainties associated with the prices of precious and base metals and other minerals, and the global economic climate. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable.

The Company’s future performance is largely tied to the outcome of future exploration and the overall financial markets. The recoverability of minerals from the Company’s properties is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to continue to explore and develop its properties and upon future profitable production. In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. Uncertainty in credit markets, fluctuation in commodity prices and general economic downturns has led to increased difficulties in raising and borrowing funds. As a result, the Company may have difficulty raising equity financing for the purposes of exploration and development of the Company’s properties, without diluting the interests of current shareholders of the Company. See “Liquidity and Capital Resources” and “Risk and Uncertainties” for a discussion of risk factors that may impact the Company’s ability to raise funds.

Information about the Company’s commitments relating to its mineral properties is discussed above under “Nature of Business – Mineral Properties”.

The Company did not generate any revenue during the year ended July 31, 2021 and 2020. The Company’s net comprehensive loss increased by \$172,788 from \$714,368 for the year ended July 31, 2020 to \$887,156 for the year ended July 31, 2021, mainly due to an increase in share-based payments and an increase in the write-down of exploration and evaluation assets, offset by a decrease in flow-through indemnification provision. The Company’s cash and cash equivalents decreased from \$1,671,731 as at July 31, 2020 to \$1,359,131 as at July 31, 2021. The Company had a working capital of \$1,093,052 as at July 31, 2021 as compared to \$1,581,463 as at July 31, 2020.

The Company’s current assets have decreased to \$1,387,217 as at July 31, 2021 from \$1,786,107 as at July 31, 2020, due mainly to a decrease in cash and cash equivalents. The Company’s current liabilities have increased from \$204,644 as at July 31, 2020 to \$294,165 as at July 31, 2021 due to an increase in accounts payable and accrued liabilities as well as an increase in lease liability. The value ascribed to the Company’s exploration and evaluation assets has increased from \$1,248,556 as at July 31, 2020 to \$2,456,138 as at July 31, 2021, due mainly to the acquisition of the BC Diamond Projects, the Idaho Cobalt Belt Project and the Nevada Solar Lithium Project, offset by the write-down of ON Coleman Cobalt Prospect, as set described above.

Additional information about the risks and uncertainties relating to the Company’s business and financial performance is discussed below under “Risks and Uncertainties”.

Summary of Quarterly Results

The following table sets out selected quarterly financial data for the eight most recently completed interim quarters:

	2021 Fourth	2021 Third	2021 Second	2021 First	2020 Fourth	2020 Third	2020 Second	2020 First
Revenues	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Operating expenses	\$(171,649)	\$(136,166)	\$(322,014)	\$(110,590)	\$(122,400)	\$(132,838)	\$(200,425)	\$(100,210)
Loss before other items	\$(171,649)	\$(136,166)	\$(322,014)	\$(110,590)	\$(122,400)	\$(132,838)	\$(200,425)	\$(100,210)
Loss per share (Basic and diluted)	\$(0.002)	\$(0.001)	\$(0.003)	\$(0.001)	\$(0.003)	\$(0.002)	\$(0.003)	\$(0.001)
Other items:								
Interest income	\$1,221	\$1,076	\$5,185	\$5,196	\$5,418	\$6,178	\$12,043	\$156
Interest expense	\$(8,350)	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Flow-through indemnification provision	\$Nil	\$Nil	\$Nil	\$Nil	\$(135,000)	\$Nil	\$Nil	\$Nil
Part XII.6 tax	\$Nil	\$Nil	\$Nil	\$Nil	\$(32,000)	\$Nil	\$Nil	\$Nil
Write-down of mineral properties	\$(151,065)	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$(15,290)	\$Nil
Net comprehensive loss	\$(329,843)	\$(135,090)	\$(316,829)	\$(105,394)	\$(283,982)	\$(126,660)	\$(203,672)	\$(100,054)
Basic and diluted loss per share	\$(0.003)	\$(0.001)	\$(0.003)	\$(0.001)	\$(0.001)	\$(0.002)	\$(0.003)	\$(0.001)

Summary of Results During Prior Eight Quarters

Net comprehensive loss increased by \$103,618 from the first to the second quarter of 2020 mainly due to an increase in share-based payments and in management and directors' fees. Net comprehensive loss decreased by \$77,012 from the second to the third quarter of 2020 mainly due to a decrease in share-based payments. Net comprehensive loss increased by \$157,322 from the third to the fourth quarter of 2020 mainly due to an increase in flow-through indemnification provision. Net comprehensive loss decreased by \$178,588 from the fourth quarter of 2020 to the first quarter of 2021 mainly due to a decrease in flow-through indemnification provision. Net comprehensive loss increased by \$211,435 from the first to the second quarter of 2021 mainly due to an increase in share-based payments and an increase in management fees. Net comprehensive loss decreased by \$181,739 from the second to the third quarter of 2021 mainly due to a decrease in share-based payments. Net comprehensive loss increased by \$194,753 from the third to the fourth quarter of 2021 mainly due to an increase in the write-down of exploration and evaluation assets and an increase in professional fees.

Selected Annual Information

The following table sets out selected audited financial information for the Company, which has been prepared in accordance with IFRS:

	Year ended July 31,		
	2021	2020	2019
Total revenues	\$Nil	\$Nil	\$Nil
Loss before discontinued operations and extraordinary items:			
Total	\$(887,156)	\$(714,368)	\$(1,456,898)
Per share	\$(0.01)	\$(0.01)	\$(0.02)
Per share fully diluted	\$(0.01)	\$(0.01)	\$(0.02)
Net comprehensive loss:			
Total	\$(887,156)	\$(714,368)	\$(1,456,898)
Per share	\$(0.01)	\$(0.01)	\$(0.02)
Per share fully diluted	\$(0.01)	\$(0.01)	\$(0.02)
Total assets	\$4,210,767	\$3,034,663	\$3,397,603
Total long term debt	\$Nil	\$Nil	\$Nil
Cash dividends	\$Nil	\$Nil	\$Nil

Year ended July 31, 2021 Compared to the Year ended July 31, 2020

The Company did not generate any revenue for the year ended July 31, 2021 and 2020. Net comprehensive loss increased by \$172,788 from \$714,368 for the year ended July 31, 2020 to \$887,156 for the year ended July 31, 2021 due mainly to an increase in operating expenses and an increase in the write-down of exploration and evaluation assets (year ended July 31, 2021: \$151,065; year ended July 31, 2020: \$15,290), offset by a decrease in flow-through indemnification provision (year ended July 31, 2021: \$Nil; year ended July 31, 2020: \$135,000).

Operating expenses increased by \$184,546 from \$555,873 for the year ended July 31, 2020 to \$740,419 for the year ended July 31, 2021 due mainly to an increase in share-based payments and an increase in depreciation expense (year ended July 31, 2021: \$47,464; year ended July 31, 2020: \$Nil).

Increased share-based payments (year ended July 31, 2021: \$167,709; year ended July 31, 2020: \$59,832) were due to the Company granted 4,000,000 stock options to its directors and consultants at a price of \$0.075 per share for a one-year term (expiring on January 14, 2022) during the year ended July 31, 2021 as compared to 5,000,000 stock options were granted at a price of \$0.07 per share for a one-year term (expiring on January 20, 2021) during the year ended July 31, 2020. The Company may grant options that are available under the approved stock option plan in the next 12 months period.

Year ended July 31, 2020 Compared to the Year ended July 31, 2019

The Company did not generate any revenue for the years ended July 31, 2020 and 2019. Net comprehensive loss decreased by \$742,530 from \$1,456,898 for the year ended July 31, 2019 to \$714,368 for the year ended July 31, 2020 due mainly to a decrease in the write-down of exploration and evaluation assets (year ended July 31, 2020: \$15,290; year ended July 31, 2019: \$765,415) as well as a decrease in operating expenses, offset by an increase in flow-through indemnification provision (year ended July 31, 2020: \$135,000; year ended July 31, 2019: \$Nil). Operating expenses decreased by \$168,091 from \$723,964 for the year ended July 31, 2019 to \$555,873 for the year ended July 31, 2020 due mainly to a decrease in investor relations expenses offset by an increase in share-based payments.

Decreased investor relations expenses (year ended July 31, 2020: \$Nil; year ended July 31, 2019: \$250,000) were due to the Company engaged two arm's length entities to provide digital marketing, digital media, corporate advisory and branding and strategic business services to the Company over an 18 month period from December 2017. The service contract expired on May 31, 2019. Management does not have plans to enter into new investor relations contract as the Company has streamlined its work and is not looking to replace those consultants.

Increased share-based payments (year ended July 31, 2020: \$59,832; year ended July 31, 2019: \$Nil) were due to the Company granted 5,000,000 stock options to its directors and consultants at a price of \$0.07 per share for a one-year term (expiring on January 20, 2021) during the year ended July 31, 2020 as compared to Nil stock options were granted during the year ended July 31, 2019. The Company may grant options that are available under the approved stock option plan in the next 12 months period.

See “Nature of Business – Mineral Properties” for a discussion of the Company's mineral properties on a property by property basis, including its plans for the mineral properties, the status of its plans, expenditures made and the anticipated timing and costs to take its mineral properties to the next stage of the project plan.

See “Overall Performance” for a discussion of the commitments, events, risks and uncertainties that the Company believe will materially affect its future performance and “Risks and Uncertainties” for a discussion of risk factors affecting the Company.

Discussion of Operations

Use of Proceeds

The table below provides an update as to the status of how the Company has previously announced a proposed use of proceeds from prior financings and the actual use of such proceeds.

Financing	Previously Disclosed Use of Proceeds	Status of Use of
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\$550,000 Flow-through <i>August 2017</i> <i>Private Placement</i>	Flow-through funds - towards existing Canadian properties.	As of the date of this report, all flow-through funds have been used.
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In August 2017, the Company closed a non-brokered private placement (the "Offering") consisting of 2,619,047 flow-through shares at \$0.21 per share for gross proceeds of \$550,000. The Company incurred filing fees of \$4,100 and legal fees of \$7,170, paid an aggregate finders' fees of \$38,500, and issued 183,333 broker warrants (the "Broker Warrants") in connection with the Offering. Each Broker Warrant is exercisable at \$0.21 per share into one common share until August 11, 2020.

Liquidity and Capital Resources

Liquidity

At July 31, 2021, the Company had \$1,359,131 in cash and cash equivalents and a working capital of \$1,093,052 as compared to \$1,671,731 in cash and cash equivalents and a working capital of \$1,581,463 at July 31, 2020.

The Company's current assets have decreased to \$1,387,217 as at July 31, 2021 from \$1,786,107 as at July 31, 2020, due mainly to a decrease in cash and cash equivalents. The Company's current liabilities have increased from \$204,644 as at July 31, 2020 to \$294,165 as at July 31, 2021 due to an increase in accounts payable and accrued liabilities as well as an increase in lease liability. The value ascribed to the Company's exploration and evaluation assets has increased from \$1,248,556 as at July 31, 2020 to \$2,456,138 as at July 31, 2021, due mainly to the acquisition of the BC Diamond Projects, the Idaho Cobalt Belt Project and the Nevada Solar Lithium Project, offset by the write-down of ON Coleman Cobalt Prospect, as set described above.

During the year ended July 31, 2021, the following occurred:

- 1,550,000 stock options were exercised at \$0.07 per share and 400,000 stock options were exercised at \$0.075 per share for gross proceeds of \$138,500; and
- 5,219,355 share purchase warrants were exercised at \$0.05 per share for gross proceeds of \$260,968.

Subsequent to July 31, 2021, the following occurred:

- 500,000 share purchase warrants were exercised at \$0.05 per share for gross proceeds of \$25,000; and
- 600,000 stock options were exercised at \$0.075 per share for gross proceeds of \$45,000.

Management believes that the Company's cash and cash equivalents may not be sufficient to meet the current working capital requirements, including the existing commitments relating to the Company's mineral properties. The Company expects to raise additional capital as the needs arise. See "Nature of Business – Mineral Properties" and "Overall Performance" for a discussion of the Company's commitments relating to its mineral properties. As a mineral exploration company, its expenses are expected to increase as the Company explores its mineral properties further. Management does not expect the Company to generate sustained revenues from mineral production in the foreseeable future.

The Company's ability to conduct the planned work programs on its mineral properties, meet ongoing levels of corporate overhead and discharge its liabilities as they become due is dependent, in large part, on the

ability of management to raise additional funds as necessary. Management anticipates that additional equity financings will need to be conducted to raise additional funds which, if successful, will result in dilution in the equity interests of the Company's current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. Although the Company have secured financings in the past, there is no assurance that the Company will be able to do so in the future on terms that is favourable to the Company or at all. The Company's ability to raise additional funds in the future and its liquidity may be negatively impacted by a number of factors, including changes in commodity prices, market volatility and general economic downturns.

There is substantial doubt about its ability to continue as a going concern as the continuation of its business is dependent upon obtaining further long-term financing, successful exploration of its mineral property interests, the identification of reserves sufficient to warrant development, successful development of its property interests and achieving a profitable level of operations. Due to the uncertainty of its ability to meet its current operating and capital expenses, in their notes to its audited financial statements for the year ended July 31, 2021, the Company's independent auditors included an explanatory paragraph regarding their substantial doubt about its ability to continue as a going concern.

Capital Resources

The Company has the following commitments for capital expenditures with respect to its mineral properties as of July 31, 2021. The expenditures are optional, and the Company may decide not to incur such payments in the event the Company does not decide to pursue further exploration with respect to such properties. As the BC Ministry continues to respond and adapt to the directions and orders issued in response to COVID-19, the Chief Gold Commissioner has issued a blanket [Time Extension Order](#) for all claims and leases, as well as all coal licenses and leases. All the Company's BC claims have fallen into this Order and therefore the Company has until December 31, 2021 to register a statement of exploration and development, or register payment instead of exploration and development. In addition, Ministry of Energy, Northern Development and Mines ("MNDM") of Ontario published a bulletin, Exclusions of Time for Claim Holders Due to COVID-19, on April 17, 2020. Pursuant to the Bulletin, claim holders with claim anniversary dates on or before December 31, 2020 will be given an exclusion order by making a brief request via email. The exclusion orders will remove the requirement to carry out assessment work for a period of time of up to 12 months. In February and May 2021, MNDM published two additional bulletins. Pursuant to the Bulletins, claim holders with claim anniversary dates on or before July 31, 2021 and October 31, 2021 will be given an exclusion order by making a brief request via email. The exclusion orders will remove the requirement to carry out assessment work for a period of time of up to 12 months. The Company has emailed the Provincial Recording Office at pro.ndm@ontario.ca to obtain the exclusion order for our qualified claims.

- *BC War Eagle Cobalt Prospects:*
 - The Company owns a 100% interest in one mineral claim, which is in good standing until December 31, 2021. In order to keep this claim in good standing, the Company is required to incur a minimum of \$9,362 in exploration expenditures on this claim by December 31, 2021 or pay cash-in-lieu of \$18,724.

- *BC Diamond Projects:*
 - The Company owns a 100% interest in four mineral claims, which are in good standing until June 12, 2022. In order to keep these claims in good standing, the Company is required to incur a minimum of \$7,083 in exploration expenditures on these claims by June 12, 2022 or pay cash-in-lieu of \$14,165.

- *Yukon Quartz Claims:*
 - Two Yukon Quartz claims are in good standing until October 3, 2022. In order to renew these claims for another year, the Company is required to pay an annual rent of \$210 to the Government of Yukon by October 3, 2022 for the Yukon Quartz claims, unless the Company spends an amount greater than that in exploration beforehand.
- *Ontario Bucke Cobalt Prospects:*
 - These mineral claims are in good standing until July 19, 2022 or later. In order to keep these claims in good standing, the Company is required to incur a minimum of \$14,400 in exploration expenditures on these claims by July 19, 2022.
- *Ontario Coleman Cobalt Prospects:*
 - 11 claim units are in good standing until July 19, 2022. In order to keep these claims in good standing, the Company is required to incur a minimum of \$3,000 in exploration expenditures on these claims by July 19, 2022.
 - 8 claim units are in good standing until June 26, 2022 or later. In order to keep these claims in good standing, the Company is required to incur a minimum of \$1,800 in exploration expenditures on these claims by June 26, 2022.
- *Ontario Hector Cobalt Prospects:*
 - All Hector claims are in good standing until September 26, 2026 or later.
- *Ontario Johnson Cobalt Prospects:*
 - 25 mineral claims are in good standing until July 19, 2022 or later. In order to keep these claims in good standing, the Company is required to incur a minimum of \$6,000 in exploration expenditures on these claims by July 19, 2022.
- *Ontario Lorraine Cobalt Prospects:*
 - 31 mineral claims are in good standing until December 29, 2021 or later. In order to keep these claims in good standing, the Company is required to incur a minimum of \$10,600 in exploration expenditures on these claims or pay cash-in-lieu by December 29, 2021.
- *Nevada Clayton Valley West Lithium Prospect:*
 - These mineral claims are in good standing until September 1, 2022. In order to keep these claims in good standing, the Company is required to pay BLM fees of USD\$1,980.
- *Nevada Solar Lithium Project:*
 - These mineral claims are in good standing until September 1, 2022. In order to keep these claims in good standing, the Company is required to pay BLM fees of USD\$25,575.
- *Idaho Star Cobalt Prospect:*
 - These mineral claims are in good standing until September 1, 2022. In order to keep these claims in good standing, the Company is required to pay maintenance fees of USD\$660 by September 1, 2022.

- *Idaho Cobalt Belt Project:*
 - These mineral claims are in good standing until September 1, 2022. In order to keep these claims in good standing, the Company is required to pay maintenance fees of USD\$19,470 by September 1, 2022.

See “Nature of Business – Mineral Properties” for a discussion of the Company’s capital expenditure commitments with respect to its mineral properties.

On March 12, 2020, the Company entered into a lease agreement for office premises for a seven-year period beginning October 1, 2020 and ending September 30, 2027. The Company is required to pay monthly office rent (net of taxes) as follows: pay a total of \$65,947 by July 31, 2022; pay a total of \$66,781 by July 31, 2023; pay a total of \$67,615 by July 31, 2024; pay a total of \$68,449 by July 31, 2025; pay a total of \$69,283 by July 31, 2026; pay a total of \$70,117 by July 31, 2027; and pay a total of \$11,709 by September 30, 2027. However, the Company shares its office space with two related public companies and one non-related company. The Company invoices these companies for their share of the office rent on a monthly basis.

Operating Activities

During the year ended July 31, 2021 and, 2020, operating activities used cash of \$395,414 and \$525,546, respectively. The use of cash for the year ended July 31, 2021 was mainly attributable to its loss for the period of \$887,156 offset by share-based payments of \$167,709 and the write-down of exploration and evaluation assets of \$151,065. The use of cash for the year ended July 31, 2020 was mainly attributable to its loss for the period of \$714,368 offset by share-based payments of \$59,832 and increased accounts payable and accrued liabilities of \$155,344.

Investing Activities

During the year ended July 31, 2021, the Company used cash of \$262,277 in investing activities due to investments in exploration and evaluation assets in the amount of \$221,384 and acquisition of property and equipment in the amount of \$40,893. During the year ended July 31, 2020, the Company used cash of \$12,976 in investing activities due to investments in exploration and evaluation assets in the amount of \$17,976 offset by \$5,000 in recovery of exploration and evaluation assets.

Financing Activities

During the year ended July 31, 2021, the Company was provided \$345,091 by financing activities, of which \$399,468 was proceeds from issuance of share capital, offset by \$54,377 in repayment of lease liability.

During the year ended July 31, 2020, the Company was provided \$147,706 by financing activities, of which \$149,600 was proceeds from issuance of share capital, offset by share issue costs of \$1,894.

Changes in Accounting Policies including Initial Adoption

During the year ended July 31, 2021, the Company has not adopted any new accounting policies.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Parties Transactions

During the year ended July 31, 2021, the Company incurred aggregate management fees of \$126,600 to two directors, James Nelson and Seth Kay. There are no management agreements in place and the Company

has no contractual requirement to continue paying management fees. During the year ended July 31, 2021, the Company accrued a total of \$7,500 in directors' fees payable to three directors, James Nelson, Seth Kay and Gregory Thomson (Mr. Thomson resigned on October 28, 2021). Management fees, directors' fees and share-based payments are intended to compensate such persons for their time and dedication to the Company.

During the year ended July 31, 2021, the Company paid \$73,800 to an officer in consideration for accounting services provided to the Company. Such payments were made in lieu of management fees to its Chief Financial Officer, Cindy Cai.

During the year ended July 31, 2021, the Company incurred share-based payments of \$113,203 to three directors and one officer, being \$25,156 to each of James Nelson and Seth Kay; \$20,964 to Gregory Thomson; and \$41,927 to Cindy Cai. As a mineral exploration issuer, the Company partially relies on the issuance of stock options to compensate its directors and officers for their time and dedication to the Company.

As at July 31, 2021, amount due to related parties were \$10,000 (July 31, 2020: \$7,500), which included the following: \$2,500 each payable to James Nelson, Seth Kay, Gregory Thomson and Cindy Cai for unpaid directors' and CFO fees.

At July 31, 2021, related party receivables include \$2,295 (July 31, 2020: \$20,608) due from two public companies with common directors for recoverable office expenses as below: \$1,377 due from Sienna Resources Inc. and \$918 due from Spearmint Resources Inc.

All transactions with related parties have occurred and are measured at the amount of consideration established and agreed to by the related parties.

Fourth Quarter - Unaudited

The Company did not have any revenue during the three months ended July 31, 2021 and 2020. Net comprehensive loss increased to \$329,843 for the three months ended July 31, 2021 as compared to \$283,982 for the three months ended July 31, 2020. The increase resulted primarily by an increase in the write-down of exploration and evaluation assets (three months ended July 31, 2021: \$151,065; three months ended July 31, 2020: \$Nil) as well as an increase in operating expenses, offset by a decrease in flow-through indemnification provision (three months ended July 31, 2021: \$Nil; three months ended July 31, 2020: \$135,000).

Total operating expenses were \$171,649 for the three months ended July 31, 2021, as compared to \$122,400 for the three months ended July 31, 2020. The increase resulted primarily from an increase of \$22,500 in corporate branding expenses and an increase of \$17,024 in professional fees.

Corporate branding expenses increased during the three months ended July 31, 2021 to \$22,500 (three months ended July 31, 2020: \$Nil) which included the following:

- \$21,000 (three months ended July 31, 2020: \$Nil) for online branding; and
- \$1,500 (three months ended July 31, 2020: \$Nil) for social media services related to the corporate twitter.

The corporate branding expenses were incurred to increase the awareness of the Company and the mining industry in general. Management anticipates such expenses may be similar or higher in the next 12-month period due to management's decision regarding overall branding expenses, including a decision to increase online branding, or other such future services.

Higher professional fees incurred in the three months ended July 31, 2021 were related to property acquisitions completed in the period. Management anticipates such expenses may be similar in the next 12-month period due to management's decision to acquire or dispose the Company's mineral properties.

Financial Instruments and Other Instruments

Financial instruments

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.

The fair value of the Company's receivables and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of the financial instruments. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at July 31, 2021, the Company has a minimal exposure to the US\$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and receivables are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at July 31, 2021, the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has non-interest bearing debt instruments and is therefore not exposed to risk in the event of interest rate fluctuations. As at July 31, 2021, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

Proposed Transactions

Other than as disclosed herein, the Company does not have any proposed transactions as of the date of this report.

Additional Disclosure for Venture Issuers without Significant Revenue

During the year ended July 31, 2021 and 2020, the Company incurred expenses including the following:

	<u>2021</u>	<u>2020</u>
Operating expenses	\$740,419	\$555,873
Capitalized exploration costs	\$233,647	\$6,522
Acquisition of exploration and evaluation assets	\$1,125,000	\$Nil
Recovery of exploration and evaluation assets	\$Nil	\$5,000
Write-down of exploration and evaluation assets	\$151,065	\$15,290

Please refer to Note 9 *Exploration and Evaluation Assets* in the consolidated financial statements for the year ended July 31, 2021 for a description of the capitalized acquisition and exploration costs presented on a property-by-property basis.

Disclosure of Outstanding Share Data

Common Shares

The Company has authorized an unlimited number of common shares without par value.

As at July 31, 2021, the Company had 106,642,052 common shares issued and outstanding. Subsequent to July 31, 2021, the Company issued a total of 500,000 common shares for share purchase warrant exercise and issued a total of 600,000 common shares for stock option exercise. As at November 5, 2021, the Company had 107,742,052 common shares issued and outstanding.

Stock options

As at July 31, 2021, the Company had 3,600,000 stock options outstanding and exercisable which entitles the holders thereof the right to purchase one common share for each option held at an exercise price of \$0.075 per share until January 14, 2022.

Subsequent to July 31, 2021, 600,000 stock options were exercised into common shares and 500,000 stock options were forfeited due to resignation of one director, all at a price of \$0.075 per share. As at November 5, 2021, the Company had 2,500,000 stock options outstanding.

Warrants

As at July 31, 2021, the Company had 3,006,452 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
3,006,452	\$0.05	January 17, 2025

Subsequent to July 31, 2021, 500,000 share purchase warrants were exercised into common shares at a price of \$0.05 per share. As at November 5, 2021, the Company had 2,506,452 share purchase warrants outstanding.

Risks and Uncertainties

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intend to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of the properties may not result in the discovery of any mineral deposits. Any expenditure that the Company may make in the exploration of any other mineral property that the Company may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful and/or expensive exploration efforts. If the results of the exploration do not reveal viable commercial mineralization, the Company may decide to abandon or sell some or all the property interests.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that the exploration activities will result in the discovery of any quantities of mineral deposits on the current properties or any other additional properties the Company may acquire.

The Company intend to continue exploration on the current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on the current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on the properties, the Company's ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably, and investors may lose all their investment in the Company.

Because of the inherent dangers involved in mineral exploration and exploitation, there is a risk that the Company may incur liability or damages as the Company conducts business.

The search for mineral deposits involves numerous hazards. As a result, the Company may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which the Company cannot insure or against which the Company may elect not to insure. At the present time the Company

have no coverage to insure against these hazards. The payment of such liabilities may have a material adverse effect on the Company's financial position.

The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explore, the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving any return on invested capital. These factors may have material and negative effects on financial performance and the Company's ability to continue operations.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.

Exploration and exploitation activities are subject to foreign, federal, provincial, and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to foreign, federal, provincial, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Properties may also be subject to complex Aboriginal claims.

Environmental and other legal standards imposed by foreign, federal, provincial, or local authorities may be changed, and any such changes may prevent the Company from conducting planned activities or may increase costs of doing so, which would have material adverse effects on the Company's business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company, especially, foreign laws and regulations. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on business.

Because the Company's property interests may not contain any mineral deposits and because the Company has never made a profit from operations, the Company's securities are highly speculative, and investors may lose all their investment in the Company.

The Company's securities must be considered highly speculative, generally because of the nature of its business and the stage of exploration. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties, but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this Management's Discussion and Analysis. Accordingly, the Company have not generated any revenues nor have the Company realized a profit from operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from the Company's business will be dependent upon locating and exploiting mineral deposits on current properties or mineral deposits on any additional properties that the Company may acquire and subsequent development. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to

exploit those mineral deposits profitably. The Company may not be able to operate profitably and may have to cease operations, the price of the Company's securities may decline, and investors may lose all their investment in the Company.

As the Company face intense competition in the mineral exploration and exploitation industry, the Company will have to compete with competitors for financing and for qualified managerial and technical employees.

Competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company have. As a result of this competition, the Company may have to compete for financing and be unable to conduct any financing on terms the Company consider acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the exploration programs may be slowed down or suspended, which may cause operations to cease as a company.

The Company have a history of losses and have a deficit, which raises substantial doubt about its ability to continue as a going concern.

The Company has not generated any revenues during the year ended July 31, 2021 and 2020. The Company will continue to incur operating expenses without revenues if and until the Company engages in commercial operations. Accumulated loss as of July 31, 2021 was \$18,933,796 since inception. The Company had cash and cash equivalents in the amount of \$1,359,131 as at July 31, 2021. The Company estimates the average monthly operating expenses to be approximately \$40,000 each month. This estimate depends on whether the Company is active or inactive with the work programs. The Company cannot provide assurances that the Company will be able to successfully explore and develop its property interests. These circumstances raise substantial doubt about its ability to continue as a going concern, which was also described in an explanatory paragraph to the independent auditors' report on the Company's audited financial statements, July 31, 2021. If the Company is unable to continue as a going concern, investors will likely lose all their investments in the Company.

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate any positive cash flow in the future. The Company will require additional financing in order to proceed with the exploration and, if warranted, development of its properties. The Company will also require additional financing for fees the Company must pay to maintain its status in relation to the rights to the properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company has anticipated. The Company will require additional financing to sustain its business operations if the Company is not successful in earning revenues. The Company will also need further financing if the Company decides to obtain additional mineral properties. The Company currently does not have any arrangements for further financing as the Company believes that it is sufficiently funded for the current operations but in future the Company expects to raise additional capital as the needs arise. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail, and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the Company's directors and officers will exercise their fiduciary duties and duty of

care but nonetheless may not be able to devote sufficient time to the Company's business affairs, which may negatively affect the Company's ability to conduct ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of the Company's officers' other business interests.

RISKS RELATING TO THE COMPANY'S COMMON STOCK

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact ability to continue operations.

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of operations have been and will be financed through the continued sale of equity securities, a decline in the price of the common stock could be especially detrimental to liquidity and operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on business plans and operations, including the ability to continue current operations. If the Company's stock price declines, the Company can offer no assurance that it will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue normal operations or become insolvent.

The market price for the Company's common stock may also be affected by its ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of its common stock and its operations as a result.

Additional Information

The Company files annual and interim reports, information circulars and other information with certain Canadian securities regulatory authorities. The documents filed with the Canadian securities regulatory authorities are available at <http://www.sedar.com>.