**Management's Discussion and Analysis**
**For the year ended December 31, 2019**

## INTRODUCTION

This management's discussion and analysis (MD&A) of Volcanic Gold Mines Inc. (the "Company") is the responsibility of management and covers the year ended December 31, 2019. The MD&A takes into account information available up to and including April 28, 2020 and should be read together with audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2019 which are available on the SEDAR website at www.sedar.com.

All financial information in this document is prepared in accordance with International Financial Reporting Standards and presented in Canadian dollars unless otherwise indicated. Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

## FORWARD-LOOKING INFORMATION

This MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation ("Forward-looking Statements"). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this MD&A include, without limitation, statements relating to:

- the Company's planned exploration activities for any mineral properties that are acquired;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company's cash position and its ability to raise equity capital or access debt facilities; and
- maturities of the Company's financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as "anticipates", "believes", "plans", "estimates", "expects", "forecasts", "scheduled", "targets", "possible", "strategy", "potential", "intends", "advance", "goal", "objective", "projects", "budget", "calculates" or statements that events, "will", "may", "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration and project development;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition;
- uncertainties relating to general economic conditions; and
- risks relating to a global pandemic, including the coronavirus COVID-19, which unless contained could cause a slowdown in global economic growth and impact the Company's business, operations, financial condition and share price.

as well as those factors referred to in the "Risks and Uncertainties" section in this MD&A.

Forward-looking Statements contained in this MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and development activities proceeding on a basis consistent with the Company's current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

## DESCRIPTION OF BUSINESS

The Company's business is the acquisition and exploration of mineral properties, focused on consolidating land packages in under-explored countries. Management is actively seeking prospective projects for acquisition by the Company.

In March 2019, the Board of Directors determined that it would be in the best interests of the Company and its shareholders to (i) settle certain outstanding debt by the issuance of common shares, (ii) consolidate the Company's issued common shares on the basis of one new share for every seven existing shares (the "Consolidation") and thereafter (iii) complete a non-brokered private placement financing to raise proceeds of up to $375,000 ("Private Placement").

**All references in this MD&A to loss per share, common shares, share purchase warrants and stock options reflect the Consolidation.**

In order to preserve its current cash on hand, the Company completed March 26, 2019 a debt settlement transaction by issuing 548,660 common shares (3,840,620 pre-consolidation common shares) at a deemed price of $0.35 per share ($0.05 per share pre-consolidation) to settle a total of $192,031 in debt.

The Consolidation was completed effective April 8, 2019. The name and trading symbol of the Company remain unchanged.

On April 16, 2019, the Company closed the Private Placement by issuing 1,500,000 units ("Units") at $0.25 per Unit, raising proceeds of $375,000. Each Unit consisted of one common share and one warrant entitling the holder to purchase one additional common share of the Company at $0.35 for one year from closing. The proceeds of the placement are being used for general working capital purposes.

## SELECTED ANNUAL INFORMATION

The following table provides financial results for the years ended December 31, 2019, 2018 and 2017:

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Exploration expenditures | $ - | $ 631,952 | $ 2,825,047 |
| Loss and comprehensive loss attributed to equity shareholders of the Company | 197,799 | 3,333,835 | 6,403,352 |
| Basic and diluted loss per share attributed to equity shareholders of the Company | 0.03 | 0.51 | 1.05 |
| Total assets | 232,044 | 167,559 | 3,959,216 |
| Total liabilities | 130,987 | 392,423 | 182,991 |
| Non-controlling interest (deficiency) | (176,411) | (176,411) | 490,843 |
| Working capital (deficiency) | 38,827 | (292,217) | 1,048,676 |

## RESULT OF OPERATIONS

All references to 'loss' in the results of operations discussion below refers to the loss attributed to equity shareholders of the Company.

*Quarter ended December 31, 2019*

During the quarter ended December 31, 2019 the Company incurred a loss $17,523, compared to a loss of $173,120 for the quarter ended December 31, 2018. Significant expenses for the quarters ended December 31, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|---|---|---|
| Exploration expenditures | $ - | $ 96,128 |
| Consulting and management fees | 16,500 | 21,700 |
| Legal and audit fees | 20,000 | 27,089 |
| Office and administration | 10,242 | 24,015 |
| Salaries and benefits | 7,518 | 18,447 |
| Shareholder communications (recovery) | 1,008 | (22,244) |
| Gain on debt settlement | 38,406 | - |

The loss for the quarter ended December 31, 2019 was significantly less than the comparative quarter due in part to the comparative quarter recording exploration expenditures totaling $96,128 compared to no such expense in the current quarter. The current quarter also recorded a $38,406 gain on debt settlement relating to the issue of shares to settle $192,031 in debt to related parties earlier in the fiscal year. Shareholder communication costs for the comparative quarter included an adjustment which resulted in a net recovery for that period. Corporate activity and administrative costs were also significantly less during the current quarter due to cost reduction efforts.

Consulting and management fees for the current quarter consisted of fees paid to the current Chief Executive Officer ("CEO") while this cost for the comparative quarter consisted of fees paid to the current CEO for advisory services and the former CEO. Office and administration costs relate mostly to an administrative cost sharing agreement with Gold Group Management Inc. ("Gold Group"), a private company controlled by the current CEO, which is reimbursed by the Company for certain shared rent and other corporate expenses paid by Gold Group on behalf of the Company. Salaries and benefits costs relate primarily to Gold Group which provides administrative personnel, including the Company's Chief Financial Officer and Corporate Secretary.

*Year ended December 31, 2019*

During the year ended December 31, 2019 the Company incurred a loss of $197,799, compared to a loss of $3,333,835 for the year ended December 31, 2018. Significant expenses and recoveries for the year ended December 31, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|---|---|---|
| Exploration expenditures | $ - | $ 631,952 |
| Consulting and management fees | 69,000 | 133,200 |
| Legal and audit fees | 23,544 | 63,201 |
| Office and administration | 53,549 | 106,506 |
| Salaries and benefits | 60,707 | 91,495 |
| Shareholder communications | 3,728 | 153,152 |
| Transfer agent and regulatory fees | 19,899 | 13,450 |
| Travel | 4,875 | 72,674 |
| Write-off of mineral property costs | - | 2,671,533 |
| Write-off of deferred acquisition costs | - | 43,569 |
| Gain on debt settlement | 38,406 | - |

As with the quarterly comparison, the loss for the year ended December 31, 2019 was significantly less than the comparative year due to mineral property write-offs totaling $2,671,533 in the comparative year and there being no exploration activity during the current year. Corporate activity and administrative costs were also significantly less during the current year due to cost reduction efforts.

Consulting and management fees for the current year consist of fees paid to the current CEO and a third-party consultant whereas the comparative year included fees paid to the current CEO, the former CEO, and the former VP, Capital Markets. Shareholder communication costs for the comparative year included agreements with third parties for capital market consulting and corporate development that expired prior to the current year. Office and administration and salaries and benefits are for the same services described in the quarterly comparison. Transfer agent and regulatory fees were higher for the current year due to the Consolidation.

## SUMMARY OF QUARTERLY RESULTS

The Company's quarterly asset total, capitalized mineral property costs, working capital balance and operating results over the last eight quarters are summarized as follows:

| | Dec '19 | Sept '19 | June '19 | Mar '19 | Dec '18 | Sept '18 | June '18 | Mar '18 |
|---|---|---|---|---|---|---|---|---|
| Total assets | $ 232,044 | $ 275,737 | $ 327,198 | $ 132,437 | $ 167,559 | $ 291,342 | $ 3,194,231 | $ 3,616,449 |
| Mineral properties | - | - | - | - | - | - | 2,671,533 | 2,631,387 |
| Working capital (deficiency) | 38,827 | 94,280 | 144,091 | (161,519) | (292,217) | (116,875) | 220,559 | 637,928 |
| Loss and comprehensive loss attributed to equity shareholders of the Company | 17,523 | 53,505 | 64,962 | 61,809 | 173,120 | 2,359,287 | 417,682 | 383,746 |
| Basic and diluted loss per share attributed to equity shareholders of the Company | 0.00 | 0.01 | 0.01 | 0.01 | 0.03 | 0.36 | .06 | .06 |

Operating expenses were higher during the first three quarters presented due to the Company attempts to restructure its Guinea operations and perform due diligence activities on a property in the Ivory Coast. During the quarter ended September 30, 2018, the Company ultimately decided to cease operations in Guinea and the Ivory Coast entirely and wrote-off $2,671,533 in mineral property carrying costs, creating a significant loss for the quarter ended September 30, 2018 and significant decrease in total assets. There was a minimal amount of exploration expenditures incurred during the quarter ended December 31, 2018 and no such expenditures for the four most recent quarters.

## LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares. The Company's exploration activities do not provide a source of income and therefore the Company has a history of losses and an accumulated deficit.

As at December 31, 2019, the Company had current assets of $169,814 and current liabilities of $130,987, resulting in working capital of $38,827.

During the year ended December 31, 2019, the Company issued 548,661 common shares of the Company to directors and a former officer of the Company to settle debt totaling $192,031. The Company also raised gross proceeds of $375,000 by way of the Private Placement financing. The Company does not expect its current capital resources to be sufficient to cover its corporate operating costs and carry out mineral property acquisitions or exploration activities, if any, for the next twelve months. As such, the Company will seek to raise additional capital as needed but recognizes the uncertainty attached thereto.

Net cash used in operating activities during the year ended December 31, 2019 was $290,031 (2018: $1,003,923).

Net cash provided from financing activities during the year ended December 31, 2019 was $370,095 (2018: $ Nil).

Net cash used in investing activities during the year ended December 31, 2019 was $Nil (2018: $68,518).

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital as and when needed.

## FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significant of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables, deposits and accounts payable and accrued liabilities approximates fair value due to the short term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is classified as fair value through profit or loss. Receivables and long-term deposits are classified as amortized cost. Accounts payable and accrued liabilities are classified as amortized cost.

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

*Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held in accounts at a large Canadian financial institution. The Company has no investment in asset backed commercial paper.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

*Market risk*

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

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at December 31, 2019, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and formerly the Republic of Guinea. A substantial portion of the Company's expenses are incurred in US dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2019 and 2018, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

| As at December 31, | | 2019 | | 2018 |
|---|---|---|---|---|
| | | **US Dollars (CDN equivalent)** | | **US Dollars (CDN equivalent)** |
| Cash | $ | 2,735 | $ | 5,308 |
| Accounts payable and accrued liabilities | | (88,335) | | (107,515) |
| **Net exposure** | **$** | **(85,600)** | **$** | **(102,207)** |

Based on the above net exposure as at December 31, 2019, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $8,600 in the Company's net loss and comprehensive loss for the year ended December 31, 2019 (2018: $10,200).

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

## OUTSTANDING SHARE DATA

At the date of this MD&A, the Company had outstanding 8,603,880 common shares and the following stock options and warrants:

| No. of options | Exercise price | Expiry date |
|---|---|---|
| 364,284 | $4.20 | March 14, 2027 |
| 3,571 | $4.20 | June 26, 2027 |
| 367,855 | | |

| No. of warrants | Exercise price | Expiry date |
|---|---|---|
| 1,851,237 | $5.60 | March 8, 2022 |

## TRANSACTIONS WITH RELATED PARTIES

The Company had transactions during the years ended December 31, 2019 and 2018 with related parties consisting of directors, officers and the following companies with common directors or officers:

| Related party | Nature of transactions |
|---|---|
| Radius Gold Inc. ("Radius") | Shared administrative and exploration related charges |
| Gold Group Management Inc. ("Gold Group") | Shared office and administrative related charges |
| Mill Street Services Ltd. ("Mill Street") | Consulting services |
| Andros Capital Corp. ("Andros") | Consulting services |

Balances and transactions with related parties not disclosed elsewhere in these consolidated financial statements are as follows:

a) During the periods ended December 31, 2019 and 2018, the Company reimbursed Gold Group, a private company controlled by a director of the company, for the following costs:

| | Three months ended December 31, 2019 | Three months ended December 31, 2018 | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---|---|---|---|
| General and administrative expenses: | | | | |
| Consulting and management fees | $ - | $ - | $ 3,000 | $ - |
| Office and administration | 8,180 | 16,842 | 42,083 | 71,156 |
| Salaries and benefits | 7,518 | 18,448 | 57,727 | 87,683 |
| Shareholder communications | - | - | 1,054 | 1,515 |
| Transfer agent and regulatory fees | 41 | 100 | 8,679 | 3,492 |
| Travel and accommodation | 924 | 1,599 | 4,684 | 15,066 |
| | **$ 16,663** | **$ 36,989** | **$ 117,227** | **$ 178,912** |

Gold Group is reimbursed by the Company for certain shared costs and other business related expenses paid by Gold Group on behalf of the Company. Salaries and benefits for the years ended December 31, 2019 and 2018 include those for the Chief Financial Officer and the Corporate Secretary.

b) Prepaid expenses and deposits as of December 31, 2019 includes an amount of $1,152 (2018: $2,074) paid to Gold Group.

c) Long-term deposits as of December 31, 2019 consists of $61,000 (2018: $61,000) paid to Gold Group as a deposit pursuant to the Company's office and administrative services agreement with Gold Group.

d) Included in accounts payable and accrued liabilities as of December 31, 2019 was $5,089 (2018: $60,302) owing to Gold Group and $Nil (2018: $194,590) owing to directors and officers of the Company. The amount for Gold Group is due on a monthly basis and secured by a deposit.

e) During the year ended December 31, 2019, the Company issued 548,661 common shares to related parties and a former related party to settle a total of $192,031 in debt.

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended December 31, 2019 and 2018 are the following items paid or accrued to key management personnel and/or companies with common directors.

| | Three months ended December 31, 2019 | Three months ended December 31, 2018 | Year ended December 31, 2019 | Year ended December 31, 2018 |
|---|---|---|---|---|
| General and administrative expenses: | | | | |
| Consulting and management fees | $ 16,500 | $ 21,700 | $ 66,000 | $ 133,200 |
| Salaries and benefits | 2,750 | 5,958 | 16,042 | 27,500 |
| Exploration expenditures: | | | | |
| Project management | - | 20,800 | - | 128,800 |
| | **$ 19,250** | **$ 48,458** | **$ 82,042** | **$ 289,500** |

Key management compensation includes consulting fees paid in 2019 and 2018 to Mill Street, a company controlled by the Chief Executive Officer of the Company, and paid in 2018 to Andros, a company controlled by the former Vice President, Capital Markets.

## ADOPTION OF NEW ACCOUNTING STANDARD

On January 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The adoption of IFRS 16 did not have a material impact on the Company's consolidated financial statements.

## FUTURE ACCOUNTING CHANGES

The Company will be required to adopt the following standard and amendments issued by the IASB as described below.

*IFRS 17 Insurance Contracts*

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

This standard will be effective for the Company's annual period beginning January 1, 2021. The Company has yet to assess the impact of IFRS 17 on its financial statements.

## RISKS AND UNCERTAINTIES

The operations of the Company are highly speculative due to the high-risk nature of its business in the mineral exploration industry. Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as, but not limited to, the following:

*Global Pandemic*

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. The Company's business could be adversely impacted by the effects of the COVID-19 coronavirus which was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has spread from China where the virus was originally reported to several other countries, including countries in which the Company seeks opportunities, and infections have been reported globally.

The extent to which COVID-19 may impact the Company's business, including its operations and the market for its securities, will depend on future developments which cannot be predicted, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. The continued spread of COVID-19 globally could materially and adversely impact the Company's business, financial condition and results of operations including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to any drill programs and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control.

The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating and supply chain delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation.

*Mineral Property Exploration and Mining Risks*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company has no properties. When properties are held, the main operating risks include: securing adequate funding to maintain and advance future exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

*Joint Venture Funding Risk*

The Company's strategy includes seeking partners through joint ventures to fund future exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of future property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

*Commodity Price Risk*

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of future mineral properties to a third party.

*Financing and Share Price Fluctuation 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 projects. Exploration and development of future projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of exploration and development which could result in the loss of properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues and corresponding effect on the Company's financial position.

*Political, Regulatory and Currency Risks*

The Company may hold mineral property interests which are located in emerging nations where there may be a higher level of risk compared to developed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in any nation can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but could incur exploration expenditures in other currencies. At this time, there are no currency hedges in place. A weakening of the Canadian dollar against foreign currencies could have had an adverse impact on the amount of exploration conducted.

*Insured and Uninsured Risks*

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to properties, facilities and equipment of the Company, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

*Environmental and Social Risks*

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties held by the Company which are unknown to management. Social risks vary from region to region, and can have an adverse impact on the efficiency and viability of conducting exploration activities.

*Competition*

The Company competes with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of projects as well as for the recruitment and retention of qualified employees.