Highlander Silver Corp. (formerly Lido Minerals Ltd.).
MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE NINE MONTHS ENDED JUNE 30, 2021 AND 2020

This Management's Discussion and Analysis (MD&A) of Highlander Silver Corp. (formerly Lido Minerals Ltd.) and its wholly-owned subsidiaries (collectively, "Highlander" or the "Company"), dated August 26, 2021, should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended June 30, 2021 and 2020 and the audited consolidated financial statements for the year ended September 30, 2020 and 2019 and related notes thereto. These financial statements have been prepared following International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Additional information regarding the Company can be found on SEDAR at www.sedar.com. All of the following amounts are expressed in Canadian dollars unless otherwise stated.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks and Uncertainties section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of British Columbia, Canada. On February 11, 2020, the Company changed its name to Lido Minerals Ltd. and on August 12, 2021, the Company changed its name to Highlander Silver Corp. The Company's head office and registered office is located at 810 - 789 West Pender Street, Vancouver, BC V6C 1H2.

The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the stock symbol "HSLV", Frankfurt Stock Exchange, and OTC Grey Market and the Company is a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario. In January 2020, the Company changed its business activity to acquisition, and exploration of mining properties. The following table highlights Highlander's acquisitions during the 2020 and 2021 fiscal years. See "Significant Company Events" below for a description of these acquisitions.

Date	Acquired Legal Entity	Project	Location
February 20, 2020	Pacific West Exploration Services Inc.	Nimpkish Property	Nanaimo, BC, Canada

SIGNIFICANT COMPANY EVENT

Business Combination Agreement with CAPPEX Mineral Ventures Inc.

On August 12, 2021, the Company completed the business combination (the “Transaction”) with CAPPEX Mineral Ventures Inc. (“CAPPEX”), whereby the Company acquired all of the issued and outstanding shares of CAPPEX. The Transaction was completed by way of a three-cornered amalgamation. As consideration for the acquisition of CAPPEX, the Company issued 37,160,813 common shares with a fair value of $8,953,853 to former shareholders of CAPPEX in exchange for the shares held by them, on a one-for-one basis on August 12, 2021. In addition, 9,270,004 share purchase warrants of CAPPEX will now be exercisable to acquire common shares of the Company.

On August 12, 2021, the Company also issued 10,000,000 common shares with a fair value of $2,409,488 and 10,000,000 warrants pursuant to the conversion of subscription receipts. Each warrant is exercisable to acquire one common share of the Company at an exercise price of $0.25 until August 12, 2023. The subscription receipts were issued at $0.15 per subscription receipt for gross proceeds of $1,500,000, which was placed in escrow. The shares and warrants issued on conversion of the subscription receipts are subject to a hold period expiring on September 19, 2021.

Pacific West Acquisition

On February 20, 2020, the Company entered into an agreement, pursuant to which the Company has acquired all the outstanding common shares of Pacific West (the “Acquisition”). Pacific West is a privately held mineral exploration company that holds an option to earn up to a 100% interest in the Nimpkish Property. In consideration for the outstanding common shares of Pacific West, the Company issued 2,000,000 common shares with a fair value of $200,000.

Pacific West does not meet the definition of a business under IFRS 3; therefore, the Acquisition was treated as an acquisition of assets.

The fair value of the assets acquired, and liabilities assumed as at the date of acquisition were as follows:

Net assets acquired	
Exploration and evaluation assets	**$ 200,000**
Consideration	
Fair value of 2,000,000 common shares issued	**$ 200,000**

To successfully exercise the option under the Option Agreement, Pacific West is required to:

<u>Cash Payments:</u> On or before May 1, 2020, Pacific West shall pay to the Optionor a cash payment in the aggregate amount of $30,000 (paid).

<u>Exploration Expenditures:</u> Pacific West shall make an aggregate of $425,000 in exploration expenditures on the Property on or before the following dates:

SIGNIFICANT COMPANY EVENT (CONTINUED)

Date	Amount of Exploration Expenditures
December 31, 2020 (Completed)	$ 75,000
December 31, 2021	100,000
December 31, 2022	100,000
December 31, 2023	150,000
	$ 425,000

In addition, under the Option Agreement Pacific West shall grant to the Optionor a 2.0% Net Smelter Return royalty (“NSR”) on the Property. Pacific West shall have the right at any time to repurchase one-half of the NSR from the Optionor by paying $1,000,000 to the Optionor at any time before the commencement of commercial production on the Property. Beginning on December 31, 2023, and annually thereafter, Pacific West will make annual advanced minimum royalty (“AAMR”) payments of $7,500 to the Optionor, and any such AAMR payments shall be deducted from future NSR payments.

Hercules Silver Property

On September 21, 2020, the company executed a non-binding letter of intent (“LOI”) and amended on November 18, 2020 to acquire 100% of the Hercules Silver Property (“Hercules Property”) by the way of an asset purchase from a private company 1218530 B.C. Ltd. (“1218530”) and from 1218530’s sole shareholder (the “Transaction”). Hercules is located in Washington County, Idaho, USA and is prospective for silver mineralization. The Property comprises 42 unpatented lode claims, one patented lode claim, and 11 lots of deeded lands covering approximately 1,490 acres (603 hectares), which are registered in the name of Anglo Bomarc U.S., Inc., a wholly-owned subsidiary of 1218530.

The transaction contemplated by the LOI will provide the Company with the option to acquire 100% of the Hercules Property by making aggregate cash payments of $175,000 and by issuing an aggregate of 700,000 common shares of the Company to 1218530 as follows:

1) on the date of execution of a binding definitive agreement respecting the transaction (the “Execution Date”), by making a cash payment of $75,000 and by issuing 250,000 common shares; and
2) on or before the first anniversary of the Execution Date, by making an additional cash payment of $100,000 and by issuing an additional 450,000 common shares.

In addition, the Company shall be required to pay an additional $1,000,000 bonus payment to 1218530 upon the commencement of commercial production on the Hercules Property. The Company shall also grant to 1218530 a 2.0% NSR on the Hercules Property. The Company shall have the right to repurchase one-half of the NSR (1.0%) from 1218530 for a purchase price of $1,000,000 payable to 1218530 at any time before the commencement of commercial production on the Hercules Property.

Completion and execution of a definitive agreement was subject to the Company completing detailed due diligence of Hercules Property and 1218530. On March 29, 2021, the Company terminated the LOI for the Hercules Silver Property.

SUMMARY OF QUARTERLY RESULTS

The Company's results of operations for previous eight quarters have been presented in the table below.

Period Ending	Revenue $	Income (Loss) and Comprehensive Income (Loss) $	Basic and Diluted Income (Loss) Per Share $
June 30, 2021	-	(113,436)	(0.01)
March 31, 2021	-	(129,229)	(0.01)
December 31, 2020	-	(93,340)	(0.01)
September 30, 2020	-	(497,741)	(0.04)
June 30, 2020	-	1,293,999	0.11
March 31, 2020	-	359,932	0.03
December 31, 2019	-	(52,162)	(0.00)
September 30, 2019	-	(244,892)	(0.06)

RESULTS OF OPERATIONS

The following table summarized the Company's results of operations and cash flows for the nine months ended June 30, 2021 and June 30, 2020:

	Nine months ended June 30, 2021 $	Nine months ended June 30, 2020 $	Change $
Revenue	-	-	-
Net and comprehensive income (loss)	(336,005)	1,601,769	(1,937,774)
Cash used in operating activities	(360,753)	(229,804)	(130,949)

RESULTS OF OPERATIONS (CONTINUED)

The increase in net loss for the nine months ended June 30, 2021 was driven by the following:

	Nine months ended June 30, 2021 $	Nine months ended June 30, 2020 $	Change $
Expenses			
Administration	**1,835**	9,544	(7,709)
Audit fees	**-**	20,671	(20,671)
Corporate development expense	**3,774**	-	3,774
Consulting fees (Notes 7 and 8)	**254,426**	158,359	96,067
Investor relations	**1,480**	-	1,480
Listing expense	**5,250**	-	5,250
Professional fees	**40,721**	25,359	15,362
Regulatory, filing and transfer agent fees	**12,181**	14,892	(2,711)
Share-based payments	**12,745**	-	12,745
	(332,412)	(228,825)	(103,587)
Other Items			
Gain on investment	**-**	1,830,594	(1,830,594)
Interest income	**3,110**	-	3,110
Net income (loss) before income tax	**(329,302)**	1,601,769	(1,931,071)
Income tax	**(6,703)**	-	(6,703)
Net income (loss) and comprehensive income (loss) for the period	**(336,005)**	1,601,769	(1,937,774)

Explanation for the changes illustrated in the table above are as follows:

- Administrative fees decreased due to the decrease in operating activities during the current period compared to the prior period.
- Consulting fees increased due to the increased operations activities during the current period compared to the prior period and the Company granting 250,000 common shares pursuant to a consulting agreement with the Chief Executive Officer with a fair value of $53,750. The total share-based payment included in consulting fees for the period ended June 30, 2021 as $46,319 for the shares that vested during the period then ended. The Company relies on external consultants for their expertise and thus hires consultants to perform work in various aspects of its operations.
- Regulatory, filing and transfer agent fees decreased due to the Company being listed during the current period.
- Listing expenses increased as the Company was preparing for listing in the prior period. The Company was listed during the fourth quarter ending September 30, 2020.
- Share-based payments expense increased as a result of the Company granting stock options during the period ended June 30, 2021 to Chief Executive Officer of the Company.
- Interest income increased due to the cash balance during the current period compared to the prior period.
- Gains decreased by $1,830,594 due to the Company's selling all shares of fair value equity assets for total proceeds of $2,030,594 in the open market and realized gains of $1,830,594 during the period ended June 30, 2020.

RESULTS OF OPERATIONS (CONTINUED)

The increase in net loss for the three months ended June 30, 2021 was driven by the following:

	Three months ended June 30, 2021 $	Three months ended June 30, 2020 $	Change $
Expenses			
Administration	**602**	11,372	(10,770)
Audit fees	**-**	3,000	(3,000)
Consulting fees	**85,756**	45,775	39,981
Corporate development expense	**3,774**	-	3,774
Investor relations	**3,000**	-	3,000
Professional fees	**11,129**	-	11,129
Regulatory, filing and transfer agent fees	**8,324**	11,448	(3,124)
Share-based payments	**2,051**	-	2,051
	(114,636)	(71,595)	(43,041)
Other Items			
Gain on investment	**-**	1,365,594	(1,365,594)
Interest income	**1,200**	-	1,200
Net income (loss) and comprehensive income (loss) for the period	**(113,436)**	1,293,999	(1,407,435)

Explanation for the changes illustrated in the table above are as follows:

- Administrative fees decreased to $602 from $11,372 due to the decrease in operating activities during the current period.
- Consulting fees increased from $45,775 to $85,756 due to the increased use of consultants to advise on recent company restructuring transaction. The Company relies on external consultants for their expertise and thus hires consultants to perform work in various aspects of its operations.
- Professional fees increased to $11,129 from $Nil as the Company incurred accounting expenses from engaging contractors to complete financial reporting duties.
- Regulatory, filing and transfer agent fees decreased from $11,448 to $8,324 as the Company completed more filings in the comparative period due to its sales of investments.
- Share-based payments expense increased to $2,051 from $Nil as a result of the Company granting stock options during the period ended June 30, 2021 to Chief Executive Officer of the Company.
- The decrease in Gain on investment by $1,365,594 was due to the Company’s selling of fair value equity assets during the period ended June 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. At June 30, 2021, the Company has sufficient funds to meet its short-term commitments. The Company reported working capital of $1,961,738 at June 30, 2021 (September 30, 2020 - $2,238,679) and cash of $1,927,500 (September 30, 2020 - $2,288,253). Current liabilities as at June 30, 2021 consisted of accounts payable, accrued liabilities and income taxes payable totaling $16,225 (September 30, 2020 - $66,398). The change in working capital of $276,941 was primarily due to the cash used in operating activities of $360,753.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to recognize value accretive investment opportunities that will attract market attention and investors.. The Company is dependent upon external financings to fund activities. In order to carry out planned business and pay for administrative costs. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period.

SHARE CAPITAL INFORMATION

Transactions for the issue of share capital during the nine months ended June 30, 2021:

- On November 16, 2020, the Company granted 250,000 common shares pursuant to a consulting agreement with the CEO. These options have a fair value, calculated using the market price at grant date of $0.215, of $53,750. The shares will vest quarterly over a period of 12 months from issuance. The total share-based payments recorded as consulting fees for the nine months ended June 30, 2021 was $46,319 (2020 - $Nil), which includes only those shares that vested during the period then ended.

Transactions for the issue of share capital during the nine months ended June 30, 2020:

- On February 20, 2020, the Company issued 2,000,000 common shares with a fair value of $200,000 in relation to the purchase of Pacific West.

The authorized share capital of the Company consists of unlimited common shares without par value. All issued common shares are fully paid. As at the date of this MD&A, the Company had 60,445,867 common shares (June 30, 2021 – 13,285,054 common shares).

Stock Options

During the nine months ended June 30, 2021 the Company granted 50,000 stock options to the CEO with an exercise price of $0.215 per share. The options will vest quarterly over a period of 12 months and are valid for a period of five years from grant. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $9,848 assuming an expected life of 4.38 years, a risk-free interest rate of 0.46%, an expected dividend rate of 0.00%, and an expected annual volatility of 165%. As at June 30, 2021, $8,503 in share-based payments have been recorded for the options vested from grant date up to the end of the period.

On March 1, 2021, the Company granted 25,000 stock options to a director with an exercise price of $0.18 per share. The options vested immediately on the date of the grant and have a fair value, calculated using the Black-Scholes Option Pricing Model of $4,242 assuming an expected life of 5 years, a risk-free interest rate of 0.63%, an expected dividend rate of 0.00%, and an expected annual volatility of 169%.

The total share-based payments expensed for the nine months ended June 30, 2021 was $12,745 (2020 - $Nil).

As at the date of this MD&A, the Company had 1,285,000 (June 30, 2021 – 1,285,000) stock options outstanding and 1,272,500 (June 30, 2021 – 1,260,000) stock options exercisable with a weighted average exercise price of $0.27.

RELATED PARTY TRANSACTIONS

The Directors and Executive Officers of the Company as of the date of this report are as follows:

Paul Ténière	Chief Executive Officer, Director
Stephen Brohman	Chief Financial Officer and Corporate Secretary
Wayne Soo	Director
Patrick O’Flaherty	Director
Hannah Jin	Director

On February 8, 2021, the Company appointed Hannah Jin to the Board of Directors.

On July 23, 2021, the Company appointed Paul Ténière to the Board of Directors.

RELATED PARTY TRANSACTIONS

Key management includes Directors and Officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by Directors and Officers. The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

Period ended	**June 30, 2021**	June 30, 2020
	$	$
Consulting fees paid to the former Chief Financial Officer ("CFO")	**-**	10,000
Consulting services paid to a corporation controlled by the Chief Executive Officer ("CEO")	**34,650**	-
Consulting fees paid to a corporation controlled by the CFO and Corporate Secretary	**13,500**	7,500
Consulting fees paid to a corporation controlled by a Director of the Company	**41,000**	52,000
Consulting fees paid to a corporation controlled by a Director of the Company	**4,500**	3,000
Consulting fees paid to a Director of the Company	**2,000**	-
Consulting fees paid in shares to the CEO	**46,319**	-
Share-based payments to the CEO	**8,503**	-
Share-based payments to a Director of the company	**4,242**	-
	154,714	72,500

At June 30, 2021, the Company owed $3,075 (September 30, 2020: $1,500) to related parties, which is included in accounts payable. These amounts are unsecured, bear no interest and are due on demand. The Company also prepaid $4,200 (September 30, 2020: $Nil) to related parties, which is included in prepaids.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the Financial Statements are described in note 3 of the Company's audited consolidated financial statements for the year ended September 30, 2020.

FINANCIAL INSTRUMENTS

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

FINANCIAL INSTRUMENTS (CONTINUED)

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 Company enters into financial instruments to finance its operations in the normal course of business. The fair value of accounts payable approximates their carrying values due to the short- term maturity of these instruments.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at June 30, 2021 as follows:

	Level 1	Level 2	Level 3
Financial Assets	**$**	**$**	**$**
Cash	1,927,500	-	-

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2020 as follows:

	Level 1	Level 2	Level 3
Financial Assets	**$**	**$**	**$**
Cash	2,288,253	-	-

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

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at June 30, 2021, the Company has minimal risks related to foreign exchange.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The Company's cash is held by large Canadian financial institutions. The Company's credit risk with respect to cash is minimal.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial assets or liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk. The Company's exposure to interest rate risk is low.

FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. At June 30, 2021, the Company has sufficient funds to meet its short-term commitments.

CHANGES IN ACCOUNTING POLICIES INCLUDING INTIAL ADOPTION

During the nine months ended June 30, 2021, there were no changes to the Company's significant accounting policies, nor any new accounting policies adopted.

The Company continues to review changes to IFRS standards, there are no other pending IFRSs or IFRIC interpretations that are expected to be relevant to the Company's financial statements.

RISK AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties described are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

Global Pandemic (COVID-19)

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Mineral Exploration Risks

The Company is an exploration stage company, and the Property is at an early stage of exploration. The mineral exploration business is very speculative. Mineral exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain adequate machinery, equipment and/or labour are some of the risks involved in mineral exploration activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that commercial or any quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, that the Property will be brought into commercial production or that the funds required to exploit any

RISK AND UNCERTAINTIES (CONTINUED)

Mineral Exploration Risks (Continued)

mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as gold prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Fluctuations in Metal Prices

Factors beyond the Company's control may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the Company's exploration activities cannot be predicted. For example, gold prices are affected by numerous factors including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold production levels also affect gold prices. As well, the price of gold has on occasion been subject to rapid short-term changes due to speculative activities.

Title Risk

The Company cannot guarantee that title to its mineral properties will not be challenged. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Company's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. The Company has not conducted surveys of all of the claims in which it holds direct or indirect interests. A successful challenge to the precise area and location of these claims could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties.

First Nations Land Claims

First Nations rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Supreme Court of Canada's 2014 decision in Tsilhqot'in Nation v. British Columbia marked the first time in Canadian history that a court has declared First Nations title to lands outside of a reserve. The Company is not aware of any First Nations land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the land which is covered by the Nimpkish Property. The legal basis of a land claim is a matter of considerable legal complexity and the impact of a land claim settlement and self-government agreements cannot be predicted with certainty. In the event that First Nations title is asserted and proved on the Nimpkish Property, provincial and federal laws will continue to be valid provided that any infringements of First Nations title, including mining and exploration, are either consented to by First Nations groups or are justified. However, no assurance can be given that a broad recognition of First Nations rights by way of a negotiated settlement or judicial pronouncement would not have an adverse effect on the Company's activities. Such impact could be marked and, in certain circumstances, could delay or even prevent the Company's exploration or mining activities.

RISK AND UNCERTAINTIES (CONTINUED)

Land Use Approvals and Permits

The proposed exploration program described in the Technical Report is expected to include exploration work for which land use approvals or permits must be obtained from the British Columbia government. The Company cannot guarantee that it will be able to obtain all such approvals or permits in a timely manner or at all, and any delay or failure to receive any required land use approvals or permits could negatively impact the Company's future exploration of the Nimpkish Property.

Exploration and Development Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that funds required for development can be obtained on a timely basis. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Environmental Laws and Regulations

The Company's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, 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 is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

RISK AND UNCERTAINTIES (CONTINUED)

Environmental Laws and Regulations (Continued)

The operations of the Company including exploration and any development activities or commencement of production on its properties, require permits from various federal, provincial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. To the extent that such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new mining properties.

Influence of Third Party Stakeholders

The Property or the roads or other means of access which the Company intends to utilize in carrying out its work programs or general business mandates on the Property may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the Company's work programs may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

Uninsurable Risks

Exploration, development and production of mineral properties is subject to certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and we may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have an adverse impact on our operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

RISK AND UNCERTAINTIES (CONTINUED)

Competition

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire attractive mineral properties on terms it considers acceptable. The Company also competes with other companies for the recruitment and retention of qualified employees and other personnel.

Management

The Company's prospects depend in part on the ability of its senior management and directors to operate effectively and the loss of the services of such persons could have a material adverse effect on the Company. To manage its growth, the Company may have to attract and retain additional highly qualified management, financial and technical personnel and continue to implement and improve operational, financial and management information systems. The Company does not have key man insurance in place in respect of any of its directors or officers.

Option Agreement Obligations

The Option Agreement provides that the Company must make cash payments and expend certain minimum amounts on the exploration of the Property. If the Company fails to make such payments or expenditures in a timely fashion, the Company may lose its interest in the Property.

Conflicts of Interest

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. In particular, the CEO and CFO of the Company will only be devoting 25% and 20% of their time, respectively, to the business and affairs of the Company. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As of the date of this MD&A, the Company has no proposed transactions other than what has been outlined in the MD&A.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis. Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. Management will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional personnel in order to provide greater segregation of duties. Since there is insufficient work at this time to warrant the additional costs, management has chosen to disclose the potential risk in its filings and proceed with increased personnel only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by management of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.