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**KESSELRUN RESOURCES LTD.
MANAGEMENT DISCUSSION AND
ANALYSIS FOR
THE THREE AND SIX MONTHS ENDED
JANUARY 31, 2020 AND 2019**

INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) of Kesselrun Resources Ltd. (the “Company” or “Kesselrun”), has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of March 30, 2020, and should be read in conjunction with unaudited interim condensed financial statements for the three and six months ended January 31, 2020, and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a “Venture Issuer” as defined in National Instrument 51-102. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com and the Company’s website at <http://www.kesselrunresources.com>.

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

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Company’s management as well as assumptions made by and information currently available to the management. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company’s exploration properties. Such statements reflect the current views of the management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or the Company’s achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

COMPANY OVERVIEW

Background

Kesselrun is a Canadian mineral exploration company based in Thunder Bay, Ontario. The Company’s principal focus is its Bluffpoint property (“Bluffpoint”), comprising of 122 mining claims covering approximately 8,890 hectares located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario, and its Huronian Property, covering 153 contiguous unpatented mining claims totaling approximately 4,800 hectares, plus four patented mining claims totaling approximately 404.3 hectares located in Moss Township, Thunder Bay Mining Division, Ontario. The Company does not have any assets or mineral properties that are in production.

The Company was incorporated on May 18, 2011, pursuant to the Business Corporations Act, British Columbia, and was a capital pool company (“CPC”) under the TSX Venture Exchange (“TSX-V”) Policy 2.4. On July 18, 2012, the Company completed its qualifying transaction by entering into a property option agreement to acquire 100% interest in Bluffpoint property and changing its name to “Kesselrun Resources Ltd.”

EXPLORATION PROJECTS

As of the date of this MD&A the Company's interest in exploration and evaluation assets consists of the Bluffpoint Property and the Huronian Property (Figure 1).

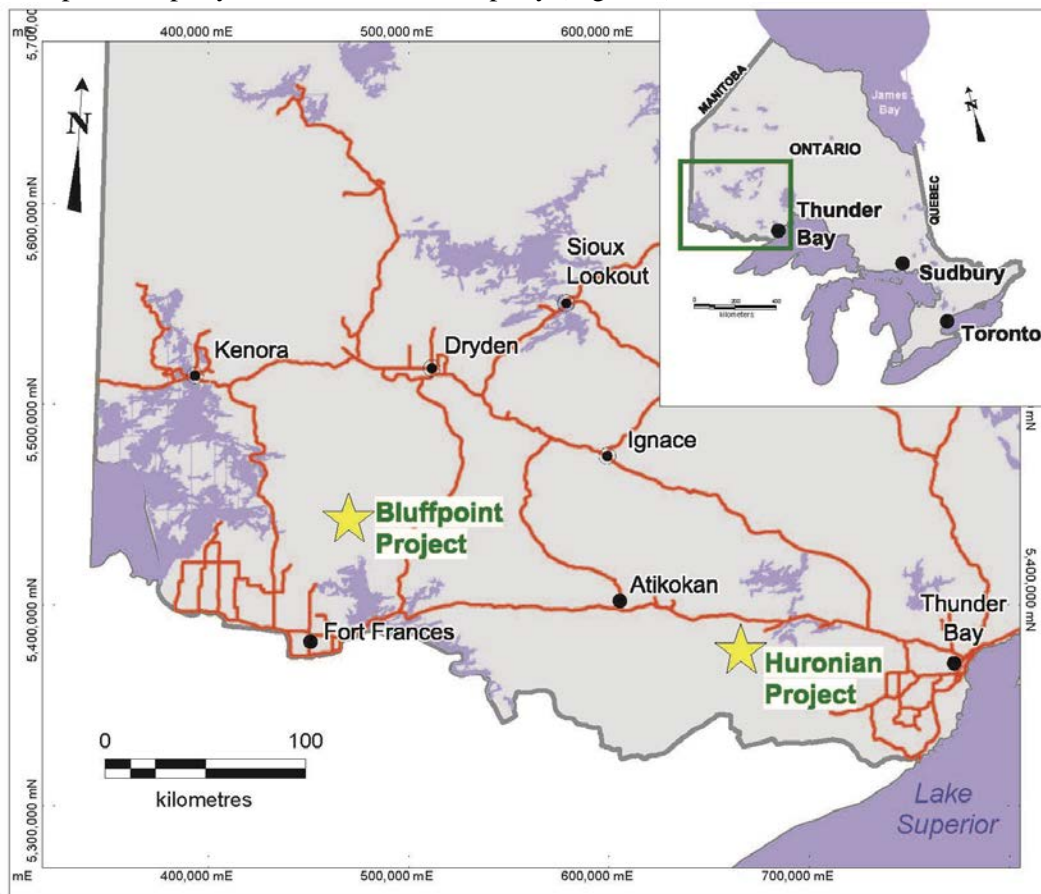


Figure 1. Project Locations

BLUFFPOINT PROPERTY

Option Agreement

On March 31, 2012, the Company entered into Property Option Agreement (the “Option Agreement”) with Michael Thompson (the “Initial Optionor”) to acquire up to a 100% interest in 56 mining claims covering 11,408 hectares located in Bluffpoint Lake Township, with portions extending into the townships of Lawrence Lake, Napanee Lake and Barker Bay in the Kenora Mining Division of Northwestern Ontario (the “Bluffpoint Property”).

The original Option Agreement contained two options. The first option allowed the Company to acquire a 60% undivided interest in the Bluffpoint Property by issuing 4,000,000 common shares and paying the Initial Optionor \$200,000 within a two-year period. The second option allowed the Company to acquire a further 40% interest in the Bluffpoint Property by making an additional payment of \$200,000 and issuing 2,000,000 common shares.

On April 30, 2013, in a private transaction, the Initial Optionor assigned 2/3's of his interest in the Option Agreement to Caitlin Jeffs and Neil Pettigrew (collectively referred to hereafter as the “Optionors”) and agreed to amend the Option Agreement reducing the cash payment and share issuance requirements for the Company to earn a 100% interest in the Bluffpoint Property. As per amended Option Agreement, the Company was granted an exclusive right to acquire 100% interest in Bluffpoint Property by paying an additional \$200,000 and issuing an additional 2,000,000 common shares to the Optionors. The option was exercised on September 24, 2013, upon receiving an approval from TSX Venture Exchange.

The Bluffpoint Property is subject to a net smelter returns royalty (the “NSR”) payable to the Optionors equal to a 2.0% NSR, of which 1.0% may be purchased by the Company at any time for the payment of \$1,000,000; leaving the Optionors with a final 1.0% NSR. If the Optionors decide to dispose of the remaining 1.0% NSR, the Company shall have the first right of refusal to acquire that remaining 1% NSR on the same terms and conditions that the Optionors propose to dispose of their NSR. If the Optionors propose to dispose of their NSR, the Optionors shall deliver to the Company written notice of the Optionors’ intention to dispose of their NSR and the terms of the proposed disposition.

The Company shall have thirty days from receipt of such disposal notice to notify the Optionors in writing that the Company intends to exercise its option and acquire the Optionors’ NSR. If the Company has duly exercised its option to acquire the NSR from the Optionors, the Company shall then have sixty days to deliver to the Optionors the full payment price for the NSR.

During Fiscal 2013, the Company staked an additional 47 mining claims covering 11,104 hectares adjacent and contiguous to the original Bluffpoint Property. Certain claims fell within the area of interest provisions of the Option Agreement and, as such, were added to the Bluffpoint Property claims and became subject to the terms of the Option Agreement. During Fiscal 2016, the Company staked two additional claims adjacent to the Straw Lake claim group within its Bluffpoint Property.

During Fiscal 2019, the Company acquired an additional 96 units, approximately 3,210 hectares in size. The new claims were acquired in the names of Michael Thompson, the CEO of the Company, and Caitlin Jeffs, a director of the Company, who are holding these claims for the benefit of the Company.

As part of the maintenance of the Bluffpoint Property, the Company may stake additional claims adjacent to its Bluffpoint Property, or allow some of the claims, with least geological potential not warranting further development, to expire. As of the date of this report the total size of the Bluffpoint Project is approximately 8,890 hectares.

Property Acquisition and Exploration Costs

During the six-month period ended January 31, 2020, the Company did not expense any funds on the Bluffpoint Property. Bluffpoint Property acquisition and exploration costs incurred as of January 31, 2020, were as follows:

Table 1. Bluffpoint Property acquisition and exploration costs

	January 31, 2020	July 31, 2019
Balance, beginning	\$ 659,553	\$ 653,415
Acquisition costs during the period	-	5,760
Deferred exploration expenditures:		
Claim maintenance	-	378
Balance, ending	\$ 659,553	\$ 659,553

HURONIAN PROPERTY

On June 28, 2016, the Company entered into a purchase agreement to acquire a 100% interest in the Huronian Gold Project (the “Huronian Property”) from Chalice Gold Mines Limited and its wholly owned subsidiary, Coventry Resources Ontario Inc., and Pele Mountain Resources Inc. and its wholly-owned subsidiary, Pele Gold Corporation (the “Vendors”). In consideration for the purchase, the Company issued the Vendors 4,000,000 common shares.

The Huronian Project consists of 153 contiguous unpatented mining claims totaling approximately 4,640 hectares, plus four patented mining claims totaling approximately 404.3 hectares located in Moss Township, Thunder Bay Mining Division, Ontario.

Huronian Project is subject to net smelter return royalties (“NSR”) as detailed in the table below:

Table 2. Huronian Property - NSR

Township/Area	Claim Type	Claims	Area (ha)	Total NSR
Moss	Unpatented	96	3,520.0	2.0%
Moss	Unpatented	57	1,120.0	2.5%
Moss	Patented	2	274.8	2.0%
Moss	Patented	2	129.5	2.5%
Total		157	5,044.3	

The Company retains a right to purchase up to 50% of the NSR by paying the Vendors up to \$2,000,000. In addition, the Company retains a right of first refusal to acquire the NSR at the same terms and prices that would be set out in any arm’s length third party offer.

On February 15, 2017, the Company entered into a purchase agreement with an arms-length party to acquire a 100% interest in a key mining claim adjacent to the Huronian Property. In consideration for the purchase, the Company issued 200,000 shares of the Company’s common stock and made a one-time payment of \$20,000. The claim was added to the Huronian Property.

Property Acquisition and Exploration Costs

During the six-month period ended January 31, 2020 and for the year ended July 31, 2019, the Company incurred the following acquisition and exploration costs:

Table 3. Huronian Property acquisition and exploration costs

	January 31, 2020	July 31, 2019
Balance, beginning	\$ 1,825,125	\$ 1,821,551
Deferred exploration expenditures		
Assaying	5,512	-
Claim maintenance	-	2,000
Camp costs	18,065	-
Equipment rental	31,775	-
Geology	81,437	1,574
Sub-total, deferred exploration expenditures	136,789	3,574
Balance, ending	\$ 1,961,914	\$ 1,825,125

Recent Exploration Activities

In late August 2019 crews were mobilized to the Huronian Project to initiate an exploration program (the “Program”). The goal of the Program was to complete detailed structural mapping of trenches that were excavated in 2017 and to excavate two new trenches on the southwest Moss Lake target geology.

In 2017 several trenches were excavated in the central part of the project area with the goals of testing favourable geophysical targets and to gain structural and lithological information on a portion of the project area that is covered by glacial tills and therefore having little geological information or historic exploration work. Preliminary mapping was performed in 2017 prior to the onset of winter conditions. Approximately 1,500 metres of these trenches were washed and detailed mapped; 406 channel samples were collected from these trenches for geochemical analysis. Structural and geochemical interpretation is ongoing and preliminary results have led to a better understanding of the tectonic and fluid path history of the project area.

In the southern portion of the property two new trenches were excavated which targeted the southwest extensions of the Moss Lake geology. The approximately 750 metres of trenches were washed, detailed mapped and channel sampled with 294 samples submitted for geochemical analysis. A broad zone of shearing and alteration was encountered with anomalous gold values. Structural and geochemical interpretation is ongoing and it is believed the results will assist in defining drill targets in this portion of the project.

COMMITMENTS

In order to keep the Bluffpoint Property and the Huronian Property in good standing, the Company is required to complete certain annual exploration activities. The cost of these exploration activities is determined based on the size of the claims. The Company continuously monitors status of its claims; and should it decide that the exploration of certain claims within a property is not in the Company’s best interests at any given year, the Company retains the right to drop such claims.

QUALIFIED PERSON

Michael Thompson, P. Geo., President and Chief Executive Officer of Kesselrun, is the Qualified Person responsible for the Bluffpoint Property and the Huronian Property projects as defined by National Instrument 43-101.

SELECTED FINANCIAL INFORMATION

Table 4. Comparison of financial condition

	Six months ended January 31, 2020	Year ended July 31, 2019
Working capital	\$ 218,615	\$ 580,157
Current assets	\$ 908,799	\$ 1,087,683
Exploration and evaluation assets	\$ 2,621,467	\$ 2,484,678
Total liabilities	\$ 690,184	\$ 507,526
Share capital and share-based payment reserve	\$ 6,580,692	\$ 6,558,273
Deficit	\$ 3,740,610	\$ 3,493,438

RESULTS OF OPERATIONS

During the three-month period ended January 31, 2020, the Company reported a net loss of \$49,586 as compared to net income of \$211,117 the Company incurred during the comparative period ended January 31, 2019. On a year-to-date basis, the Company reported a net loss of \$247,172 as compared to net loss of \$372,980 the Company incurred during the comparative period ended January 31, 2019.

During the three months ended January 31, 2020, the Company's operating expenses increased by \$25,923, from \$56,338 the Company incurred during the three-month period ended January 31, 2019, to \$82,261 the Company incurred during the three-month period ended January 31, 2020. The largest factor that contributed to the increase in operating expenses was attributed to \$22,999 increase in share-based compensation, which increased from a recovery of \$580 the Company incurred during the three-month period ended January 31, 2019 to \$22,419 the Company incurred during the three-month period ended January 31, 2020.

During the three-month period ended January 31, 2020, the Company incurred \$6,000 in administrative fees, \$21,000 in consulting fees, and \$15,000 in management fees; these fees remained unchanged in relation to the expenses incurred during the three-month period ended January 31, 2019. The accounting and audit fees increased by \$2,361 to \$8,361, and were related to increased audit fees for the year ended July 31, 2019. The consulting, accounting (not including the services provided to the Company by its independent auditing firm), administrative, and management services are provided to the Company by private entities controlled by the Company's CFO and CEO, who agreed to set monthly fees. All other expenses remained consistent in comparison to the expenses incurred during the three-month period ended January 31, 2019.

During the six months ended January 31, 2020, the Company's operating expenses increased by \$24,279, from \$108,131 the Company incurred during the six-month period ended January 31, 2019, to \$132,410 the Company incurred during the six-month period ended January 31, 2020. The largest factor that contributed to the increase in operating expenses during the six-month period ended January 31, 2020 was attributed to \$23,207 increase in share-based compensation, which increased from a recovery of \$788 the Company incurred during the six-month period ended January 31, 2019 to \$22,419 the Company incurred during the six-month period ended January 31, 2020.

During the six-month period ended January 31, 2020, the Company incurred \$12,000 in administrative fees, \$42,000 in consulting fees, and \$30,000 in management fees; these fees remained unchanged in relation to the expenses incurred during the six-month period ended January 31, 2019. The accounting and audit fees increased by \$2,361 to \$14,361, and were related to increased audit fees for the year ended July 31, 2019. The consulting, accounting (not including the services provided to the Company by its independent auditing firm), administrative, and management services are provided to the Company by private entities controlled by the

Company's CFO and CEO, who agreed to set monthly fees. All other expenses remained consistent in comparison to the expenses incurred during the six-month period ended January 31, 2019.

In addition to the regular business operating expenses, the Company's overall net loss for the three months ended January 31, 2020, was effected by \$3,225 gain on the sale of the Company's marketable securities represented by First Mining Shares ("FM Shares") (January 31, 2019 - \$39,260) and \$31,350 unrealized gain associated with revaluation of the FM Shares (January 31, 2019 - \$229,950), which resulted from the increase in market value of the FM Shares. In addition, the Company accrued \$1,900 in interest on the note payable the Company issued to Fladgate Exploration Consulting Corporation ("Fladgate") (January 31, 2019 - \$1,755).

During the six-month period ended January 31, 2020, the Company's overall net loss was effected by \$3,225 gain on the sale of the FM Shares (January 31, 2019 - \$26,400) and \$114,225 unrealized loss associated with revaluation of FM Shares (January 31, 2019 - \$287,775), which resulted from the decrease in market value of the FM Shares. In addition, the Company accrued \$3,762 in interest on the note payable the Company issued to Fladgate (January 31, 2019 - \$3,474).

Summary of Quarterly Results

Table 5. Summary of quarterly results

	January 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019
Net Income (Loss)	\$ (49,586)	\$ (197,586)	\$ (43,160)	\$ (404,618)
Income (Loss) per Share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)
Exploration and Evaluation Assets	\$ 2,621,467	\$ 2,621,467	\$ 2,484,678	\$ 2,483,300
Total Assets	\$ 3,530,266	\$ 3,548,141	\$ 3,572,361	\$ 3,586,646
Working Capital	\$ 218,615	\$ 245,782	\$ 580,157	\$ 624,695

	January 31, 2019	October 31, 2018	July 31, 2018	April 30, 2018
Net Income (Loss)	\$ 211,117	\$ (584,097)	\$ (398,977)	\$ (78,758)
Income (Loss) per Share	\$ 0.01	\$ (0.02)	\$ (0.01)	\$ (0.00)
Exploration and Evaluation Assets	\$ 2,474,966	\$ 2,474,966	\$ 2,474,966	\$ 2,474,966
Total Assets	\$ 3,970,026	\$ 3,737,539	\$ 4,303,283	\$ 4,636,718
Working Capital	\$ 1,037,647	\$ 827,110	\$ 1,411,415	\$ 1,808,970

Liquidity and Capital Resources

As at January 31, 2020, the Company had \$126,327 (July 31, 2019 - \$197,131) in cash, current assets of \$908,799 (July 31, 2019 - \$1,087,683) and current liabilities of \$690,184 (July 31, 2019 - \$507,526) with working capital of \$218,615 (July 31, 2019 - \$580,157). The largest component of the Company's current assets was attributed to \$736,725 equity investment in 3,135,000 FM Shares (July 31, 2019 - \$873,450). Other current assets included sales tax receivable totalling \$26,291 (July 31, 2019 - \$8,946), and prepaid expenses totalling \$19,456 (July 31, 2019 - \$8,156).

During the six-month period ended January 31, 2020, the Company supported its operations through sale of FM Shares. During the six-month period ended January 31, 2020, The Company sold 100,000 FM Shares for net proceeds of \$25,725. Subsequent to January 31, 2020, the Company sold an additional 700,000 FM Shares for net proceeds of \$152,445.

Aside from an ability to sell FM Shares, the Company does not have any additional sources of immediate cash flows. Should the Company require additional financing to continue exploration of its current mineral claims, acquire additional claims, and to support general operating activities, the Company may sell any part of its equity investment in FM Shares, or may choose to offer its equity securities, primarily through private placements for cash.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is sufficient to meet its expected ongoing obligations for the coming year.

Transactions with Related Parties

During the six-month periods ended January 31, 2020 and 2019, the Company had the following transactions with related parties:

Table 6. Related Party Transactions

	Six months ended January 31,	
	2020	2019
Fladgate for exploration and evaluation expenditures incurred ⁽¹⁾	\$ 136,789	\$ -
Da Costa Management Corp., for accounting, consulting, and administrative services ⁽²⁾	\$ 36,000	\$ 36,000
Flyrock Capital, for management fees ⁽³⁾	\$ 30,000	\$ 30,000

⁽¹⁾ Fladgate is a full service geological consulting firm with over 30 employees/contractors, which conducts all mineral exploration activities on behalf of the Company. Fladgate invoices the Company periodically when exploration is active at competitive industry standard rates. Fladgate is part owned by Michael Thompson, Chief Executive Officer and a director of Kesselrun and Caitlin Jeffs, a director of Kesselrun, each owning 33.33% of Fladgate.

⁽²⁾ Da Costa Management Corp. is a private company owned by John da Costa, the Chief Financial Officer and a director of Kesselrun.

⁽³⁾ Flyrock Capital (1796795 Ontario Inc.) is a private company owned by Michael Thompson.

Amounts due to related parties consist of amounts owed directly to the officers and directors of the Company and to private companies controlled by the officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand. At January 31, 2020, the amount payable to related parties was \$592,717 (July 31, 2019 - \$404,245).

At January 31, 2020, the Company was indebted to Fladgate in the amount of \$95,500 (July 31, 2019 - \$91,738) under the note payable the Company issued to Fladgate during the year ended July 31, 2017 (the "Loan"). The Loan is unsecured, due on demand and accumulates interest at a rate of 8% per annum compounded monthly. During the six-month period ended January 31, 2020, the Company accrued \$3,762 in interest (January 31, 2019 - \$3,474).

Outstanding Share Data

As at the date of this MD&A, the following securities were outstanding:

Table 7. Share Data

Type	Amount	Conditions
Common shares	37,763,483	Issued and outstanding
Stock options	300,000	Exercisable into 300,000 common shares at a price of \$0.06 per share until April 13, 2021
Stock options	595,000	Exercisable into 595,000 common shares at a price of \$0.11 per share until May 31, 2021
Stock options	1,650,000	Exercisable into 1,650,000 common shares at a price of \$0.10 per share until December 21, 2022
Stock options	400,000	Exercisable into 400,000 common shares at a price of \$0.05 per share until January 16, 2025.
Stock options	100,000	Exercisable into 100,000 common shares at a price of \$0.05 per share until January 16, 2025. These options vest over a period of 12 months at a rate of 25,000 options per quarter beginning on April 16, 2020
	40,808,483	Total shares outstanding (fully diluted)

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies adopted by the Company have been described in the notes to the audited financial statements for the year ended July 31, 2019.

New accounting standards and interpretations

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's unaudited condensed interim financial statements. The Company intends to adopt the standards when they become effective. The Company has not yet determined the impact of these standards on its financial statements, but does not anticipate that the impact will be significant.

RISKS AND UNCERTAINTIES

The Company's activity of natural resource exploration is considered to be very high risk. Companies in this industry are subject to many and varied kinds of risks, including, but not limited to, environmental, commodity prices, political and economic, with some of the most significant risks and uncertainties affecting the Company being the following in addition to other risks disclosed in this MD&A:

- Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely small;
- The Company expects to continue to incur losses from operations unless and until such time as any of its mineral properties enter into commercial production and generate sufficient revenues to fund its continuing operations;

- The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as and when required;
- Although the Company has taken steps to verify title to the mineral properties in which it has an interest, there is no guarantee that the property will not be subject to title disputes or undetected defects; and
- The Company is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its properties that may cause material liability to the Company.
- The Company is cognizant of the rapid expansion of the COVID-19 pandemic and the resulting global implications. To date, there have been no disruptions to the Company's day-to-day operations. However, the Company cautions that the potential future impact of any restrictions on the Company's operations is currently unknown but could be significant.

Financial Instruments

Fair value

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 cash and marketable securities is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of financial liabilities approximates their carrying values due to the short-term nature of these instruments.

Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to ensure future benefits to stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at the date of the filing of this MD&A, the Company does not have any debt that is subject to externally imposed capital requirements.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and other assets with high-credit quality financial institutions.

c) Market risk

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

i. Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

ii. Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. In order to maintain liquidity the Company plans to invest its cash at floating rates of interest in cash equivalents. There is a 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, restricted cash and reclamation bond as they are generally held with large financial institutions.

iii. Price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risk as a result of its investments in marketable equity securities of First Mining.

CONTINGENCIES

There are no contingent liabilities.

ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com.