The following discussion is management's assessment and analysis of the results and financial condition of Gold Line Resources Ltd. (formerly Tilting Capital Corp.) (the "Company"), and should be read in conjunction with the accompanying audited consolidated financial statements and related notes. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and follows the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements. All figures are reported in Canadian dollars unless otherwise indicated.

Forward Looking Information and Date of Report

This report may contain certain forward-looking information in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Company's business strategy, future plans, projections, objectives, estimates, and forecasts and statements as to management's expectations with respect to, among other thing, the development of the Company's project. All statements in this disclosure, other than statements of historical facts, that address permitting, exploration drilling, exploration activities and events or developments that the Company expects are forward-looking statements.

These forward-looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitations, certain transaction, certain approvals, changes in commodity prices, risks inherent in exploration results, timing and success, inaccurate geological and metallurgical assumptions, (including with respect to the size, grade and recoverability of mineral reserves and mineral resources), delays in the receipt of government approvals, and changes in general economic conditions or conditions in the financial markets. In making the forward-looking statements in this report, the Company has applied several material assumptions, including without limitations, the assumption that: (1) any additional financing needed will be available on reasonable terms; and (2) any permits or government approval needed will be obtained.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) weak commodity prices and general metal price volatility; (2) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand; and (3) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations.

The Company cannot assure you that any of these assumptions will prove to be correct.

The words "expect", anticipate," "may", "will", "should", "intend", "believe", "target", "budget", "plan", "projection" and similar expressions are intended to identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations or if and when an undeveloped project is actually developed.

These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this report and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events or results not be as anticipated, estimated or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

The forward-looking information is only provided as of the date of this report, April 19, 2021 (the "Report Date").

Overview

The Company was incorporated under the laws of the Province of British Columbia and continued under the Canada Business Corporation Act. The Company is currently listed on the TSX Venture Exchange ("TSXV") under the trading symbol "GLDL". The registered address and records office of the Company are located at 2200 HSBC Building 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3E8. As at the date of this report, the Company's principal business activity is the acquisition and exploration of mineral property interests, particularly in Sweden and Finland.

On October 28, 2020, the Company completed the acquisition of all of the issued and outstanding shares of a private company, Gold Line Resources Ltd. ("GLR"), through a reverse takeover transaction (the "RTO Transaction"), resulting in the Company's name change to Gold Line Resources Ltd. The net assets of the Company at the date of the RTO Transaction are deemed to have been acquired by GLR. Accordingly, this report includes the results of operations of the Company from October 28, 2020.

Pursuant to the RTO Transaction, in October 2020, the Company completed a subscription receipt financing ("Subscription Receipt Financing") and issued 24,013,000 subscription receipts (the "Subscription Receipt") at a price of $0.25 per Subscription Receipt for gross proceeds of $6,003,250. Upon closing of the RTO Transaction, each Subscription Receipt automatically converted into one common share of the Company and one Subscription Receipt Warrant. Each Subscription Receipt Warrant entitles the holder thereof to purchase one additional share at an exercise price of $0.40 per share until October 29, 2022.

As at December 31, 2020, the Company had working capital of $5,026,854. During the year ended December 31, 2020, the Company incurred a net loss of $6,688,395, and at December 31, 2020, the Company has not achieved profitable operations, and has accumulated losses of $6,770,134 since inception. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity financing or through the sale of its assets at amounts favourable to the Company. With the proceeds raised from the Subscription Receipt Financing, management estimates that there is sufficient working capital to continue operations for the next twelve months. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Additional information relating to the Company is available on SEDAR at www.sedar.com on the Company's web site at https://www.goldlineresources.com/.

Change in management

Effective upon completion of the RTO Transaction, Henrik Lundin was appointed as a director and Chairman and Dr. Eric Jensen was appointed as a director. Accordingly, the board is now comprised of Adam Cegielski (CEO), Joel Shacker, Simon Studer, Henrik Lundin (Chairman) and Dr. Eric Jensen. Szascha Lim continues in her role as CFO and Corporate Secretary.

Agnico Eagle Mines Transaction

On March 22, 2021, the Company and EMX entered into a definitive agreement (the "AEM Agreement") with Agnico Eagle Mines Limited (NYSE and TSX: AEM; "Agnico") pursuant to which the Company will acquire a 100% interest in Agnico's Oijärvi Gold Project located in central Finland and the Solvik Gold Project located in southern Sweden (the "AEM Transaction"). Agnico will retain a 2% net smelter return ("NSR") royalty on the Projects, 1% of which may be purchased at any time by EMX for US$1,000,000.

Consideration for the AEM Transaction is US$10,000,000, comprised of US$7,000,000 in cash, US$1,500,000 in common shares of EMX ("EMX Shares") and US$1,500,000 in common shares of the Company, which shall be paid to Agnico as follows:

Date	Cash Payments (USD)	EMX Shares (USD)	Gold Line Shares (USD)
Upon TSXV approval	$750,000	$375,000	$375,000
On the first anniversary of TSXV approval	$1,500,000	$500,000	$500,000
On the second anniversary of TSXV approval	$1,750,000	$625,000	$625,000
On the third anniversary of TSXV approval	$3,000,000	-	-
Total	**$7,000,000**	**$1,500,000**	**$1,500,000**

As part of the AEM Agreement, EMX will receive cash and share payments from the Company as set out in the table below, as well as the purchase right of 1% of Agnico's 2% NSR royalty.

Date	Cash Payments (USD)	Gold Line Shares Issued to EMX (USD)	Total Payable (USD)
Upon TSXV approval	-	$375,000	$375,000
On the first anniversary of TSXV approval	$250,000	$250,000	$500,000
On the second anniversary of TSXV approval	$312,500	$312,500	$625,000

In connection with the entering into the AEM Agreement, and upon completion of the AEM Transaction, the Company intends to pay a fee of US$200,000 to be split evenly between two arms-length third-parties who assisted in facilitating the AEM Transaction, and to be satisfied through the issuance of common shares of the Company All common shares issued in connection with the AEM Transaction will be based on the volume-weighted average price for the 20 trading days prior to the date of issuance.

Completion of the AEM Transaction is subject to customary closing conditions, including the approval by TSXV.

During the year ended December 31, 2020, the Company paid Agnico an exclusivity payment of $25,904 (US$20,000) which is included in the statement of loss and comprehensive loss.

Exploration and Evaluation Assets

The following tables summarize the capitalized costs associated with the Company's exploration and evaluation assets:

	Gold Line Project
Acquisition costs:	
Balance, December 31, 2019	$ 261,494
Cash	-
Shares issued	1,097,771
Balance, December 31, 2020	1,359,265
Exploration costs:	
Balance, December 31, 2019	538,638
Assay	117,791
Consulting, contractors and general support	491,733
Geological	12,965
Drilling	51,440
Equipment rentals	30,927
Mineral licenses	351,959
Operator fees	11,420
Supplies and miscellaneous	48,427
Travel	43,744
Balance, December 31, 2020	1,699,044
Total costs:	
Balance, December 31, 2020	$ 3,058,309

	Gold Line Project
Acquisition costs:	
Balance, December 31, 2018	$ -
Cash	133,733
Shares issued	127,761
Balance, December 31, 2019	261,494
Exploration costs:	
Balance, December 31, 2018	-
Data handling and support	436,776
Consulting, contractors and general support	12,349
Camp and accommodations	13,353
Equipment rentals	13,703
Operator fees	37,579
Supplies and miscellaneous	2,563
Vehicle expenses	22,315
Balance, December 31, 2019	538,638
Total costs:	
Balance, December 31, 2019	$ 800,132

Gold Line Project, Sweden

On April 1, 2019, GLR entered into a purchase and sale agreement (the 'Gold Line Agreement") with Eurasian Minerals Sweden AB ("EMSAB") and Viad Royalties AB ("VRAB"), two wholly owned subsidiaries of EMX Royalty Corp. ("EMX"), to acquire 13 mineral property licenses totaling 54,591 hectares in the Gold Line of Northern Sweden (the "Gold Line Project"). The Gold Line Project includes the Långtjärn Property.

In consideration for the Gold Line Project, GLR paid $133,733 (US$101,390) and issued 2,555,210 common shares issued valued at $127,761, representing a 9.9% equity ownership of the Company on a non-diluted basis.

GLR also agreed to issue additional common shares to allow EMX to maintain a 9.9% equity ownership in GLR for no additional consideration until GLR has raised an aggregate of $5,000,000 in equity financing (the "Anti-Dilution Right"), after which EMX will have the right to participate pro-rata in future financings at its own cost to maintain its interest in GLR (the "Pre-Emptive Right").

In October 2020, GLR entered into an agreement among EMX, EMSAB and VRAB, amending and restating an agreement entered into among the parties on July 24, 2020 (the amended and restated agreement, the "Acknowledgement Agreement"). Pursuant to the Acknowledgement Agreement, (a) EMX was issued 4,391,084 shares valued at $1,097,771 upon closing of the RTO Transaction (the "EMX Closing Shares"), following which EMX will have no further Anti-Dilution Right; (b) the EMX Closing Shares will be escrowed until the release conditions have been satisfied and will be cancelled if the release conditions have not been satisfied within 1 year after October 29, 2020; (c) EMX will have the right to purchase up to 868,706 shares as a shares-only extension of the Subscription Receipt Financing (however, EMX did not exercise this right); (d) following closing of the RTO Transaction, EMX will continue to have the Pre-Emptive Right unless and until EMX's interest in the Company becomes less than 5%; and (e) the two Rötjärnen licenses will be excluded from the licenses to be acquired under the Gold Line Agreement.

Financing Commitments:

Pursuant to the Gold Line Agreement, GLR is committed to raising $600,000 in equity financings on or before October 1, 2019, to fund exploration programs on the Project and a further $500,000 by April 1, 2021. As at December 31, 2020, GLR has satisfied these financing obligations.

EMSAB Royalty:

In accordance with the Gold Line Agreement, GLR entered into a royalty agreement with EMSAB dated April 1, 2019, pursuant to which GLR is required to pay an annual advance royalty payment of 30 ounces of gold, or its value equivalent in USD or issuance of shares, on or before April 1, 2022, the third anniversary of the closing date. This royalty payment will increase by 5 ounces per year up to a maximum of 75 ounces of gold per year until commencement of commercial production.

AOI Royalty:

If at any time before April 1, 2024, EMSAB, VRAB or EMX (each, a "Seller Party") acquires any mineral interest located within the agreed upon area of interest surrounding certain of the licenses comprising the Gold Line Project (an "AOI"), then the Seller Party must provide notice to GLR and GLR may elect to acquire the AOI at the same cost that the Seller Party acquired such AOI. If GLR elects to acquire an AOI, then, in exchange for the transfer of title to the AOI, GLR will grant EMSAB a 1.0% net smelter return royalty ("NSR Royalty") in production from the AOI on the terms and conditions prescribed by the Gold Line Agreement. Additionally, if GLR or any subsidiary or affiliate of GLR (each, a "Buyer Party") acquires a new mineral exploration license (an "AOI License") or mineral interest (an "AOI Acquired Interest") covering properties with an AOI, then the Buyer Party must provide notice to EMSAB and grant EMSAB a 1.0% NSR Royalty in production from any AOI License and a 0.25% NSR Royalty in production from any AOI Acquired Interest, in each case on the terms and conditions prescribed by the Gold Line Agreement.

Failure to Comply:

If GLR delivers a relinquishment notice to EMX, fails to make the required payment of royalties or annual advance royalties or, fails to complete the second equity financing and use such amounts to fund the exploration and development of the project within two years, EMX will have the right to demand GLR transfer the Project back to EMX for no further consideration.

Additional information relating to the Company's exploration update is available on SEDAR at www.sedar.com on the Company's web site at https://www.goldlineresources.com/.

Selected Annual Information

	2020	2019	Period from incorporation on October 11, 2018 to December 31, 2018
Total assets, December 31	**$ 8,855,131**	$ 1,004,908	$ 3,994
Loss and comprehensive loss	**$ (6,688,395)**	$ (81,733)	$ (6)
Basic and diluted loss per share	**$ (0.17)**	$ (0.01)	$ (0.00)

Summary of Quarterly Results

	Q4 December 31, 2020	**Q3 September 30, 2020**	**Q2 June 30, 2020**	**Q1 March 31, 2020**
Revenue	$ -	$ -	$ -	$ -
Loss and comprehensive loss	(6,396,268)	(91,164)	(157,412)	(43,551)
Basic and diluted loss per share	$ (0.09)	$ (0.01)	$ (0.01)	$ (0.00)

	Q4 December 31, 2019	**Q3 September 30, 2019**	**Q2 June 30, 2019**	**Q1 March 31, 2019**
Revenue	$ -	$ -	$ -	$ -
Loss and comprehensive loss	(57,755)	(23,760)	(36)	(182)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

Loss during the quarter ended December 31, 2020 included listing expense of $4,732,348 pursuant to the RTO Transaction and share-based compensation of $1,059,450 from option grants during the quarter.

Overall Performance and Results of Operations

Cash increased to $5,461,327 during the year ended December 31, 2020, due to $6,798,939 from private placement financing, net of share issuance costs and $332,483 cash acquired from the RTO Transaction. $1,122,302 was used in operating activities and $624,183 spent for exploration and evaluation assets.

Three months ended December 31, 2020 and 2019

Net loss and comprehensive loss for the three months ended December 31, 2020 increased by $6,338,513 from $57,755 for the three months ended December 31, 2019, to $6,396,268 for the three months ended December 31, 2020. The increase in net loss and comprehensive loss is largely due to:

- An increase of $151,756 in advisory and consulting. Advisory and consulting was $204,109 for the three months ended December 31, 2020, compared to $52,353 for the three months ended December 31, 2019. During the current period, the Company entered into consulting agreements for corporate advisory, management and administrative services.

- An increase of listing expense of $4,732,348 during the three months ended December 31, 2020. This is a one-time charge relating to the RTO Transaction. This non-cash charge represented the difference between the net assets acquired and the fair value of the Tilting Capital Corp. shares and warrants that were exchanged.

- An increase of $176,887 in marketing and advertisement. Marketing and advertisement was $176,887 for the three months ended December 31, 2020, compared to $nil for the three months ended December 31, 2019. During the current period, the Company entered into a marketing agreement for marketing, business development and consulting services.

- An increase of $111,107 in professional fees. Professional fees were $123,548 for the three months ended December 31, 2020, compared to $12,441 for the three months ended December 31, 2019. The increase was due to legal fees related to the increased operations of the Company and the RTO Transaction.

- An increase of $1,059,450 in share-based compensation. Share-based compensation were $1,059,450 for the three months ended December 31, 2020, compared to $nil for the three months ended December, 2019. The increase was due to 5,500,000 incentive stock options granted in October 2020 to directors, officers, employees and consultants of the Company.

Years ended December 31, 2020 and 2019

Net loss and comprehensive loss for the year ended December 31, 2020 increased by $6,606,662 from $81,733 for the year ended December 31, 2019, to $6,688,395 for the year ended December 31, 2020. The increase in net loss and comprehensive loss is largely due to:

- An increase of $231,756 in advisory and consulting. Advisory and consulting was $291,109 for the year ended December 31, 2020, compared to $59,353 for the year ended December 31, 2019. During the current year, the Company entered into consulting agreements for corporate advisory, management and administrative services.

- An increase of listing expense of $4,732,348 during the year ended December 31, 2020. This is a one-time charge relating to the RTO Transaction. This non-cash charge represented the difference between the net assets acquired and the fair value of the Tilting Capital Corp. shares and warrants that were exchanged.

- An increase of $214,217 in marketing and advertisement. Marketing and advertisement was $214,217 for the year ended December 31, 2020, compared to $nil for the year ended December 31, 2019. During the current year, the Company entered into a marketing agreement for marketing, business development and consulting services.

- An increase of $149,293 in professional fees. Professional fees were $166,335 for the year ended December 31, 2020, compared to $17,042 for the year ended December 31, 2019. The increase was due to legal fees related to the increased operations of the Company and the RTO Transaction.

- An increase of $1,192,401 in share-based compensation. Share-based compensation were $1,192,401 for the year ended December 31, 2020, compared to $nil for the year ended December, 2019. The increase was due to 5,500,000 incentive stock options granted in October 2020 and 1,800,000 incentive stock options granted in April 2020 to directors, officers, employees and consultants of the Company.

Liquidity and Capital Resources

As at December 31, 2020, the Company had working capital of $5,026,854 and cash of $5,461,327 to settle current liabilities of $769,968. The Company recorded a loss of $6,688,395 during the year ended December 31, 2020, and had an accumulated deficit of $6,770,134 as at December 31, 2020. The Company does not currently have a recurring source of revenue. The sources of funds currently available to the Company for its acquisition and exploration projects are due from debt and equity financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company.

Outstanding Share Data

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

As at December 31, 2020, 84,282,485 common shares are issued and outstanding, 7,300,000 share options are outstanding and exercisable, and 31,993,400 warrants are outstanding and exercisable.

Subsequent to December 31, 2020, the Company granted the following incentive stock options:

In January 2021, the Company granted 350,000 incentive stock options to consultants of the Company pursuant to the Company's stock option plan. The options vested immediately and are exercisable at a price of $0.385 per share until January 5, 2031.

In January 2021, the Company granted 775,000 incentive stock options to a consultant of the Company pursuant to the Company's stock option plan. The options vested immediately and are exercisable at a price of $0.40 per share until January 12, 2031.

In March 2021, the Company granted 100,000 incentive stock options to a consultant of the Company pursuant to the Company's stock option plan. The options vested immediately and are exercisable at a price of $0.45 per share until March 25, 2031.

Subsequent to December 31, 2020, 100,000 options were exercised for proceeds of $10,000.

Subsequent to December 31, 2020, 1,166,200 warrants were exercised for proceeds of $406,500.

As at the date of this report, 85,548,685 common shares are issued and outstanding, 8,425,000 share options are outstanding and exercisable, and 30,827,200 warrants are outstanding and exercisable.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the years ended December 31, 2020 and 2019 are as follows:

	Years ended December 31, **2020**		2019
Consulting and management fees	**$**	**84,500**	$ 8,000
Share-based compensation		**838,682**	-
	$	**923,182**	$ -

There were no amounts owing to directors and key management as at December 31, 2020 (December 31, 2019: $8,000).

Critical Accounting Policies and Estimates

The Company has prepared the accompanying financial statements in accordance with IFRS. Significant accounting policies are described in Note 3 of the Company's financial statements as at and for the year ended December 31, 2020.

The preparation of financial statements in conformity with IFRS requires management to make estimates 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 expenses during the reporting period. Actual outcomes could differ from these estimates.

New Accounting Policy

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. There are no new standards which the Company reasonably expects are applicable to the Company and will significantly impact the Company.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Proposed Transactions

See Agnico Eagle Mines Transaction note above.

Financial Instruments

Financial instruments recognized on the consolidated statements of financial position consist of cash, amounts receivable, prepaid expenses, amounts payable and accrued liabilities and loan payable.

The carrying amounts on the statement of financial position for amounts receivable, prepaid expenses, amounts payable and accrued liabilities, and loan payable approximate their fair values due to the immediate or short-term maturities of these financial instruments.

The Company's other financial instruments, cash, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets.

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at December 31, 2020:

(a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit risk by placing its cash with high quality financial institutions. The Company's amounts receivable consist of input tax credit refunds from the federal government and as such, the Company believes the risk to be minimal.

(b) Currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, prepaid expenses, accounts payable and accrued liabilities that are denominated in the Swedish Krona. A 10% fluctuation in the SEK against the Canadian dollar would not result in any material change in net loss for the year ended December 31, 2020.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at December 31, 2020, the Company had working capital of $5,026,854 including cash of $5,461,327 to settle current liabilities of $769,968.

(d) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is not exposed to any significant interest rate risk.

(e) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

COVID-19

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Risks and Uncertainties

The Company is subject to a number of risk factors due to the nature of the mining business in which it is engaged, including adverse movements in commodity prices, which are impossible to forecast. The Company seeks to counter these risks to the extent possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits. The Company is subject to significant risks including, but not limited to, the following:

Completion of the AEM Transaction

Completion of the AEM Transaction is subject to customary closing conditions, including the approval by the TSX Venture Exchange.

There are risks associated with the AEM Transaction including (i) that market reaction to the AEM Transaction and the future trading prices of the Company shares cannot be predicted; (ii) uncertainty as to whether the AEM Transaction will have a positive impact on the entities involved therein; and (iii) that there is no assurance that required approvals will be received.

Exploration, Development and Production Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

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 to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of properties in which the Company has an interest will have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which the Company's properties will be located, often in poor climate conditions.

The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

Substantial Capital Requirements

The management of the Company anticipates that it may make substantial capital expenditures for the acquisition, exploration, development and production of its properties in the future. As the Company will be at the exploration stage with no revenue being generated from the exploration activities on its mineral properties, the Company may have limited ability to raise the capital necessary to undertake or complete future exploration work, including drilling programs. Future activities may require the Company to alter its capitalization significantly. Any restriction on the Company's access to sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competition in acquiring such properties or prospects.

Volatility of Mineral Prices

The market price of any mineral is volatile and is affected by numerous factors that are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by the Company.

Environmental Risks

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

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 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 and, in particular, environmental laws.

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 production costs or reduction in levels of production at any future producing properties or require abandonment or delays in the development of new mining properties.

Reliance on Key Personnel

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the

Company. The Company does not maintain life insurance policies in respect of its key personnel. The Company could be adversely affected in the event such individuals do not remain with the Company.

Permits and Licenses

The activities of the Company will be subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local populations. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.