VERDERA ENERGY CORP.

(Formerly POCML 7 Inc.)
Management's Discussion and Analysis
For the year ended March 31, 2026
(Expressed in Canadian Dollars)

Introduction

This Management Discussion and Analysis (this "MD&A") of Verdera Energy Corp. (formerly POCML 7 Inc.) (the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of July 27, 2026, and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended March 31, 2026 and the related notes contained therein which have been prepared under IFRS Accounting 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.

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.

Overview

Verdera Energy Corp. (formerly POCML 7 Inc.). (the "Company") is a Canadian company incorporated in British Columbia on September 27, 2024.

The Company was incorporated as Verdera Energy Corp. ("Verdera Private"), a private British Columbia company, and is the entity treated as the accounting acquirer in the Transaction described below. The Company's legal parent prior to the Transaction, POCML 7 Inc. ("POCML7"), was a capital pool company listed on the TSX Venture Exchange. Upon closing of the Transaction on February 20, 2026, POCML7 changed its name to Verdera Energy Corp. and became the legal parent and continuing reporting entity, while Verdera Private became a wholly-owned subsidiary. Accordingly, these consolidated financial statements are presented under the name of the legal parent, Verdera Energy Corp. (formerly POCML 7 Inc.), while the historical financial information presented for periods prior to the Transaction is that of Verdera Private as the accounting acquirer.

The Company's registered office is #1200 – 750 West Pender Street, Vancouver, BC, V6C 2T8.

On May 19, 2026, the Company began trading on the OTCQB Venture Market under the ticker symbol VUECF. The Company will continue to trade on the TSX Venture Exchange under the ticker symbol V.

EXPLORATION AND EVALUATION ASSETS

Uranium Projects

On April 9, 2025, the Company completed the acquisition of 100% of the shares of NM Energy Holding Canada Corp ("NM Canada"), a private British Columbia company that owns NM Energy Holding Corp. (Texas) ("NM Texas"), a corporation existing under the laws of Texas (the "NM Transaction"). NM Texas owns the Crownpoint, Hosta Butte, Nose Rock, West Largo and Ambrosia Lake/Treeline uranium projects located in New Mexico, USA.

In accordance with the terms of the NM Transaction, the Company issued 50,000,000 preferred shares to the vendor at a fair value of $10,000,000 and paid US$350,000 ($503,867) cash. The vendor was also granted a 2% net smelter return royalty on uranium and other minerals from the properties and the

properties are also subject to a prior 3% gross proceeds royalty held by NZ Uranium, LLC on uranium from the properties. The cash acquisition costs of $503,867 were recorded as deferred transaction costs as at March 31, 2025 and were subsequently reclassified to exploration and evaluation assets upon completion of the NM Transaction.

The acquisition of NM Canada was treated as an asset acquisition. The fair value of the assets acquired and liabilities assumed as at date of acquisition were $nil, so the full amount of the transaction costs have been allocated to exploration and evaluation assets.

During the year ended March 31, 2026, the Company incurred $62,253 (period ended March 31, 2025 - $nil) on mining claims maintenance costs, which were capitalized as exploration and evaluation assets in the consolidated statements of financial position.

AMALGAMATION AGREEMENT

On November 25, 2025, the Company entered into an amalgamation agreement with POCML 7 Inc. ("POCML7"), a company listed on the TSX Venture Exchange, and 1564752 B.C. Ltd. ("SubCo"), a wholly-owned subsidiary of POCML7, pursuant to which POCML7 acquired all of the issued and outstanding securities of the Company by way of a three-cornered amalgamation (the "Transaction"). Under the terms of the Transaction, the Company amalgamated with SubCo, forming AmalCo, a wholly-owned subsidiary of the Resulting Issuer, as defined below, and the holders of the common and Class A Preferred shares of the Company received one common share of POCML7 (the "Resulting Issuer") for each share of the Company issued and outstanding. The Company's shareholders approved the Transaction on January 8, 2026.

In connection with the Transaction, on February 12, 2026, Verdera Private (17,330,000 subscription receipts) and POCML7 (2,670,000 subscription receipts) completed a financing of 20,000,000 subscription receipts convertible into common shares of the Resulting Issuer at an offering price of $1.00 per subscription receipt for proceeds of up to $20,000,000 (the "Offering"). The Company entered into an agreement with Haywood Securities Inc. and SCP Resource Finance LP, acting as co-lead agents, on their own behalf and on behalf of a syndicate of agents including Stifel Nicolaus Canada Inc. and Jett Capital Advisors, LLC (collectively, the "Agents"), granting the Agents an option, exercisable up to 48 hours prior to the closing of the Offering, to purchase up to an additional 15% subscription receipts (up to 3,000,000 additional subscription receipts) for additional gross proceeds of up to $3,000,000 – this option was not exercised. In connection with the Offering, the Company paid the Agents a $1,000,000 cash commission along with $126,730 in Agents' expenses, and issued the Agents 800,000 compensation options, exercisable at $1.00 per share until August 20, 2027.

Concurrent with the closing of the Transaction, the Company also completed a non-brokered private placement for aggregate gross proceeds of $400,000 through the issuance of 400,000 common shares at $1.00 per common share. Additionally, 250,000 common shares were issued for advisory services and 15,000,000 preferred shares were converted to common shares in connection with the Transaction.

Pursuant to the Transaction, the Company also granted to another advisor 306,000 compensation options, exercisable at $1.00 per share until August 20, 2027, and incurred transactions costs of $659,012.

For accounting purposes, the Transaction constituted a reverse takeover, as the shareholders of Verdera Private acquired control of the consolidated entity upon the completion of the Transaction. The reverse takeover did not constitute a business combination under IFRS 3 and will be accounted for as a capital transaction in accordance with IFRS 2, Share-based payments. Verdera Private was treated as the accounting parent (legal subsidiary), and POCML7 was treated as the accounting subsidiary (legal parent) on closing of the Transaction.

The total purchase price has been allocated as follows:

Consideration	$
Fair value of 7,999,992 post-consolidated common shares	7,999,992
Fair value of 250,000 common shares issued for advisory services	250,000
Fair value of 306,000 options for advisory services	155,566
Transaction costs	659,012
Total consideration value:	9,064,570
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	599,265
Receivables	25,317
Accounts payable & accrued liabilities	(24,918)
Net identifiable assets	599,664
Listing expense	8,464,906

CORPORATE ACTIVITIES

Significant events during the year ended March 31, 2026 and to the date of this report

During the year ended March 31, 2026, the Company:

a) Completed non-brokered private placements consisting of the issuance of 33,477,000 common shares at prices ranging from $0.20 to $1.00 per share for proceeds of $26,08,500, $10,000 of which was received during the period ended March 31, 2025.

b) Issued 650,000 common shares valued at $325,000 pursuant to a data purchase agreement to acquire certain geological, geochemical and related data concerning its New Mexico uranium projects. Pursuant to this agreement, the Company also paid the seller US$500,000 ($696,550) in cash and granted the seller 100,000 stock options, exercisable at a price of $1.00 per share.

c) Issued stock options in aggregate of 6,336,000 at a weighted average exercise price of $0.67. During the year, 280,000 stock options were exercised for total proceeds of $46,000, resulting in the issuance of 280,000 common shares. Upon exercise, the related fair value of $36,665 was transferred from reserves to share capital.

d) Issued 1,100,000 shares with a fair value of $420,000 for success fee and advisory services.

e) Issued 50,000,000 Class A preferred shares at a fair value of $0.20 per share, for a total value of $10,000,000, as consideration for the acquisition of NM Canada. 15,000,000 of these shares converted to common shares upon the Company completing the Transaction. The holder shall have the option to convert the remaining 35,000,000 shares to common shares at any time after the Transaction with 61 days' notice.

f) Issued 7,999,992 common shares in relation to the reverse takeover of POCML 7.

Results from Operations

Selected Annual Information

The following table summarizes the results of operations since incorporation:

	Year ended March 31, 2026 ($)	From incorporation on September 27, 2024 to March 31, 2025 ($)
Revenues	Nil	nil
Loss	(11,919,979)	(389,105)
Loss per share	(0.39)	(0.04)
Total assets	36,257,924	3,082,996
Total long-term debt	60,536	Nil

During the year ended March 31, 2026, the Company recorded a listing expense of $8,464,906 in relation to the amalgamation agreement.

Summary of Quarterly Results

The following table summarizes the results of operations for the most recent quarters since incorporation:

	March 31, 2026 ($)	December 31, 2025 ($)	September 30, 2025 ($)	June 30, 2025 ($)
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the period	(10,590,880)	(418,679)	(663,229)	(247,191)
Loss per share	(0.21)	(0.01)	(0.03)	(0.01)

	March 31, 2025 ($)	December 31, 2024 ($)	September 27-30, 2024 ($)
Revenue	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the period	(259,238)	(129,867)	Nil
Loss per share	(0.02)	(0.03)	(0.00)

During the three months ended March 31, 2026, the Company recorded a listing expense of $8,464,906 in relation to the amalgamation agreement.

Results for the year ended March 31, 2026

The Company incurred a net loss of $11,919,979 for the year ended March 31, 2026 compared to a net loss of $389,105 for the period from incorporation on September 27, 2024 to March 31, 2025. As the Company was newly formed in the comparative year, there are limited transactions in the comparative year.

Notable expenses in the current year include:

- Share-based payments of $1,096,502 for the year ended March 31, 2026, compared to $112,424 for the prior period. The difference is due to the various options granted in the current year valued using the Black-Scholes Pricing Model.

- Listing expense of $8,464,906 for the year ended March 31, 2026, compared to $nil for the prior period. The difference is due to the listing expense incurred during reverse takeover of POCML7 Inc. in the current year.

- Accounting and audit of $168,320 (2025 - $42,500), consulting of $203,698 (2025 - $9,000), management fees of $236,009 (2025 - $150,000), legal fees of $188,304 (2025 - $12,174), and office and administration of $284,706 (2025 - $18,284) for the year ended March 31, 2026.

Results for the three months ended March 31, 2026

The Company incurred a net loss of $10,590,880 for the three months ended March 31, 2026 compared to a net loss of $259,238 for the three months ended March 31, 2025. As the Company was newly formed in the comparative period, there are limited transactions in the comparative period.

Notable expenses in the current period include:

- Share-based payments of $444,507 for the three months ended March 31, 2026, compared to $17,648 for the prior period. The difference is due to the grant of various stock options in the current period valued using the Black-Scholes Pricing Model.

- Listing expense of $8,464,906 for the three months ended March 31, 2026, compared to $nil for the prior period. The difference is due to the reverse takeover of POCML 7 Inc. in the current period.

- Accounting and audit of $89,120 (2025 - $42,500), consulting of $116,509 (2025 - $9,000), legal fees of $136,776 (2025 - $6,729), and office and administration of $133,801 (2025 - $15,287) for the three months ended March 31, 2026.

Liquidity and Capital Resources

As at March 31, 2026, the Company had current assets of $25,274,023 and current liabilities of $292,388; compared to current assets of $2,445,056 and current liabilities of $339,511 as at March 31, 2025. At March 31, 2026, the Company had working capital of $24,981,635 including cash and cash equivalents of $24,935,814.

During the year ended March 31, 2026, the Company's cash outflows from operations were $2,277,752 compared to cash outflows of $94,921 for the period ended March 31, 2025.

Management believes that the Company has sufficient resources to fund its planned exploration programs and general and administrative expenditures for at least the next twelve months. The Company currently relies mostly on equity financing and there can be no assurance that financing will be available on terms that are satisfactory to the Company.

During the year ended March 31, 2026, the Company:

a) Completed non-brokered private placements consisting of the issuance of 33,477,000 common shares at prices ranging from $0.20 to $1.00 per share for proceeds of $26,08,500, $10,000 of which was received during the period ended March 31, 2025.

b) Issued 280,000 common shares upon the exercise of stock options for total proceeds of $46,000, with a related fair value of $36,665 transferred from reserves to share capital.

Share Capital

As at the date of this MD&A, the Company had the following:

- 75,757,993 common shares outstanding.
- 35,000,000 preferred shares outstanding.
- Stock options outstanding:

Number of Options Outstanding	Exercise Price ($)	Expiry Date
250,000	0.10	November 8, 2029
760,000	0.20	December 31, 2029
830,000	0.20	May 23, 2030
250,000	0.20	May 27, 2030
150,000	0.20	June 18, 2030
250,000	0.50	June 20, 2030
150,000	0.20	July 7, 2030
1,760,000	0.50	September 16, 2030
306,000	1.00	August 20,2027
800,000	1.00	August 20, 2027
1,840,000	1.00	March 27, 2031
7,346,000		

- No warrants outstanding

Transactions with Related Parties

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

During the year ended March 31, 2026, the Company incurred the following transactions with related parties and had the following balances:

a) Management fees to a former officer and director of the Company totaling $30,000 (period ended March 31, 2025 - $150,000).
b) Accounting fees to an accounting firm in which an officer of the Company is a partner totaling $90,000 (period ended March 31, 2025 - $31,500).

c) Consulting fees to a company with a common officer and director totaling $nil (period ended March 31, 2025 - $9,000).
d) Management fees to a consulting company controlled by an officer totaling $206,009 (period ended March 31, 2025 - $nil)
e) Share-based payments to management and directors totaling $857,946 (period ended March 31, 2025 - $101,776).

As of March 31, 2026, $4,377 (March 31, 2025 - $143,851) was included in accounts payable and accrued liabilities and is due to related parties and former related parties of the Company in relation to the above transactions. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

All transactions with related parties occurred in the normal course of operations and are measured at their exchange amounts, which is the amount of consideration established and agreed to by the parties.

Exploration Costs

The Company incurred exploration costs of $1,094,526 for the year ended March 31, 2026 compared to $14,865 for the period ended March 31, 2025, as detailed below:

		Year ended March 31, 2026		From incorporation on September 27, 2024 to March 31, 2025
Data purchase agreement	**$**	**1,021,550**	$	-
Reports		**72,976**		14,865
	$	**1,094,526**	$	14,865

Adoption of new and amended accounting standards

Please refer to the Company's March 31, 2026 audited consolidated financial statements.

Financial Instruments and Risk Management

Please refer to the Company's March 31, 2026 audited consolidated financial statements.

Critical Accounting Estimates

The preparation of financial statements in accordance 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 revenue and expenses during the reporting period. Actual results could differ from management's estimates.

Proposed Transactions

The Company is not contemplating any other transactions which have not already been disclosed.

Contingencies

There are no contingent liabilities.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Internal Controls over Financial Reporting

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109 ("NI 52-109") 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 financial information contained in 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.

Directors and officers

Janet Lee-Sheriff – CEO and Director
William Sheriff - Director
Mark S. Pelizza – Director
Kevin Bambrough – Director
Jon Indall – Director
Greg Hayes - Director
Scott Davis – CFO

On May 13, 2025, Verdera Energy Corp. announced the resignation of Mr. Tim Gabruch, a former officer and CEO of the Company.

On March 2, 2026, Verdera Energy Corp. announced the appointment of Mr. William Sheriff as Executive Chairman of the Company.

Forward-looking information

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations, performance (both operational and financial) and business prospects and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

This MD&A contains information on risks, uncertainties and other factors relating to the forward-looking information (see "Risks and Uncertainties"). Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

Risks and Uncertainties

Please refer to the filing statement on www.sedarplus.ca for the risk factors relating to the business of the Company and the Company shares.

Additional Risks Specific to Mining Operations

Risks Inherent in the Exploration and Development of Mineral Properties

The Company's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of minerals, including, depending on the nature and stage of the Company's operations, environmental hazards, industrial accidents, unusual or unexpected formations, safety stoppages (whether voluntary or regulatory), pressures, mine collapses, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and other geotechnical instabilities, equipment failure or structural failure, metallurgical and other processing problems and other conditions involved in the mining of minerals, any of which could result in damage to, or destruction of, the Company's, if and as applicable, mines, plants and equipment, as well as personal injury or loss of life, environmental damage, delays in mining, increased production costs, asset write-downs, monetary losses and legal liability. The occurrence of any of these events could result in a prolonged interruption in the Company's operations that would have a Material Adverse Effect on the Company.

Requirement for Substantial Capital Expenditures

The Company will require substantial expenditures to (i) establish mineral reserves through drilling, (ii) develop metallurgical processes to extract uranium from the ore and, (iii) in the case of new properties, 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, there can be no assurance that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general factors such as uranium prices and government regulations, including environmental protection. Most of these factors will be beyond the control of the Company. In addition, because of these risks, there can be no assurance that the expenditures proposed to be made by the Company on the exploration of the Crownpoint Project, or any other future mineral property, will result in the discovery of commercial quantities of ore.

Fluctuations in Mineral Prices

The mining industry is heavily dependent upon the market price of the uranium or minerals being mined or explored for. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Crownpoint Project or any other property of the Company will be commercially viable. Fluctuations in the prices of uranium may also adversely affect the Company's ability to raise capital if, as and when needed, and on commercially reasonable terms.

Environmental and Endangered Species Laws and Regulations

All phases of a mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of government laws and regulations, including laws and regulations relating to the protection of endangered and threatened species. Compliance with such laws and regulations can require significant expenditures and a breach may result in the imposition of fines and penalties, which may be material. In addition, such laws and regulations can constrain or prohibit the exploration and development of new projects or the development or expansion of existing projects. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, increases in land use restrictions, larger fines and liability, and potentially increased capital expenditures and operating costs. Any breach of environmental legislation by the Company and/or the owners or operators of the properties in which the Company holds an interest could have a material

impact on the viability of the relevant property and impair any revenue derived from the subject property, which could have a Material Adverse Effect on the Company.

Inadequate Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect or inhibit the proposed operations at the Crownpoint Project and other properties in which the Company may from time to time hold an interest, which may result in a Material Adverse Effect on the Company.

Rights of Indigenous Peoples

Various international, national, state and provincial laws, codes, resolutions, conventions, guidelines, treaties and other principles and considerations relate to the rights of Indigenous peoples. The Company may hold exploration interests in respect of operations located in some areas presently or previously inhabited or used by Indigenous peoples. Many of these impose obligations on the government to respect the rights of Indigenous people. Some mandate consultation with Indigenous people regarding actions that may affect Indigenous people, including actions to approve or grant mining rights or permits. The obligations of the government and private parties under the various international and national requirements, principles and considerations pertaining to Indigenous people continue to evolve. The Crownpoint Project, or other properties in which the Company may from time to time hold an interest may be subject to the risk that one or more groups of Indigenous people may oppose operation or new development. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the operator's activities. Opposition by Indigenous people to such activities may require the modification of or preclude operation or development of projects or may require the entering into of agreements with Indigenous people. Claims and protests of Indigenous peoples may disrupt or delay the proposed activities of the Company, which may result in a Material Adverse Effect on the Company.

Permits and Licenses

The operations of the Company will require licences and permits from various governmental authorities. The Company anticipates that it will be able to obtain all necessary licences and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licences and permits. However, there can be no guarantee that the Company will be able to obtain at all or on reasonable terms, and maintain, at all times, all necessary licences and permits required to undertake its proposed exploration and development or to place the Crownpoint Project or other properties in which the Company may from time to time hold an interest into commercial production and to operate mining facilities thereon.

Regulatory Requirements

The Company's proposed operations will, at all stages, require permits from various federal and local governmental authorities, and such operations will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the exploration, development, and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that such laws and regulations will not have a Material Adverse Effect on the Company. In addition, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions 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 exploration, development, and mining operations may be required to compensate those suffering loss or damage by reason of their activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Environmental Matters

All of the Company's exploration and development operations will be subject to environmental permitting and regulations, which can make operations expensive or prohibit them altogether. The Company may be subject to potential risks and liabilities associated with the pollution of the environment and the disposal of waste products that could occur as a result of its exploration, development and production activities. To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a Material Adverse Effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a Material Adverse Effect on the Company.

International Climate Change Initiatives

The Company acknowledges climate change as an international concern. The Company supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. In addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, the Company expects this may result in increased costs at the Crownpoint Project or other properties in which the Company may from time to time hold an interest, which could have a material impact on the viability of the property and impair the revenue derived from the interest, which could have a Material Adverse Effect on the Company.

Disruption from Non-governmental Organizations and Activists

There is an increasing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. As a result, the Company may become subject to pressure and lobbying from non-governmental organizations, local community groups or other activists. There is a risk that the demands and actions of these non-governmental organizations, community groups and other activists may cause significant disruption to the Company's business, which may have a Material Adverse Effect on the Company.

Health and Safety

Mining, like many other explorative or extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, interrupt operations, lead to a loss of licences, affect the reputation of the Company and its ability to obtain further licences, damage community relations and reduce the perceived appeal of the Company as an employer.

There can be no assurance that the Company will be able to ensure compliance with all laws and regulations or hold, and be able to ensure compliance with, all required health and safety permits. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent the Company from proceeding with the development of a project or the operation or further development of a project, and any noncompliance therewith may adversely affect the Company's business, financial condition and results of operations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a Material Adverse Effect on the Company and, as applicable, cause increases in exploration expenses, capital expenditures or production costs, reduction in the levels of production at producing properties, or abandonment or delays in development of new mining properties.

Uninsured or Uninsurable Risks

During the course of exploration, development and production of mineral resource properties, several risks and, in particular, significant risks that could result in damage to, or destruction of vessels and producing or processing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability, may occur. It is not always possible to fully insure against such risks, and the Company 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 reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company. The Company cannot be certain that insurance will be available on acceptable terms or conditions. In some cases, coverage may not be acceptable or may be considered too expensive relative to the perceived risk.

Natural Disasters, Adverse Weather, and Pandemics, and Geopolitical Events

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. These events could result in, increases in fuel or other energy prices, temporary or permanent closure of the operations of the Company at the Crownpoint Project, labour shortages, temporary or long-term disruption in the supply of raw materials and other inputs, temporary disruption in transport to and from markets, or disruption to the Company's information systems, any of which could have a Material Adverse Effect on the Company.

Additional Information

Additional information pertaining to the Company is available at www.sedarplus.ca.