



**IC CAPITALIGHT CORP.**

**Management's Discussion And Analysis (MD&A)**

For the years ended December 31, 2020 and 2019

Expressed in Canadian Dollars

## **Introduction**

This Management's Discussion and Analysis (MD&A) is intended to help the reader understand IC Capitalight Corp.'s operations, financial performance, financial condition and business plans.

This MD&A, which has been prepared as of April 30, 2021, should be read in conjunction with the Company's financial statements for the year ended December 31, 2020.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"). The presentation and functional currency of the Company is the Canadian dollar.

References to "Capitalight", "Company", "we", "us", "our", refer to IC Capitalight Corp. and its consolidated subsidiaries unless the context indicates otherwise. All amounts are in Canadian dollars, unless otherwise indicated.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These are based on current expectations, estimates and assumptions that involve several known and unknown risks, uncertainties and other factors that could cause actual results to vary and, in some instances, to differ materially from those anticipated by the Company and described in the forward-looking statements. These risks include, but are not limited to, access to sufficient capital, legal and accounting risks, potential loss of key personnel, sales and marketing issues, operating cost overruns, technology issues, title disputes and compliance with various regulators. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of our research products (3) a decreased value of our investments (4) inability to locate, acquire or divest of mineral property interests, (5) the uncertainty of our operating costs, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

## **DESCRIPTION OF BUSINESS**

IC Capitalight Corp. (the "Company") is incorporated under the British Columbia Business Corporations Act and has a fiscal year-end of December 31. The Company's registered office is at 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

On October 2, 2019, the Company completed a change of business transaction whereby the company changed its name from International Corona Capital Corp. to IC Capitalight Corp., acquired all of the issued and outstanding shares of Capitalight Research Inc. ("Capitalight Research") and certain fixed income debentures of Stone Investment Group Limited ("Stone Debentures"). Prior to the change of business, the Company was focused only on the exploration and development of mineral projects.

The Company operates as a merchant bank that pursues value-based investment opportunities in accordance with its internal investment policies. The Company provides shareholders with long-term capital growth by investing in a portfolio of companies, securities and mineral properties. The securities portfolio consists primarily of Stone Debentures, which are generating positive cash flow on a quarterly basis. The Company's portfolio consists of Capitalight Research Inc., a wholly owned subsidiary, that operates a proprietary subscription research business that publishes reports focused on the gold and silver sectors, Canadian preferred shares, bonds and economics. Capitalight Research generates recurring revenues and is expected to generate positive operating cash flows as it achieves profitability. The mineral exploration portfolio consists of the Blue Lake Cu-Ni-Pt-Pd and the Ashuanipi Gold projects, which are both at an early stage of exploration.

The Company completed an initial public offering on June 28, 2010 and began trading on the TSX Venture Exchange (the "TSXV"). On October 3, 2019, the Company transferred the listing of its shares to the Canadian Securities Exchange (the "Exchange") under the symbol "IC".

### *Corporate Structure*

Capitalight Research was acquired by the Company on October 2, 2019. Capitalight Research was incorporated on January 31, 2017 pursuant to the laws of the Province of Ontario under the name Murenbeeld & Co. Inc. and was renamed as Capitalight Research Inc. on December 28, 2020.

#### *Employees and Consultants*

As of December 31, 2020, the Company had two employees and several consultants in addition to the Board of Directors, President & Chief Executive Officer and Chief Financial Officer. Certain professional, administrative and geological services are provided to the Company by independent consultants, including corporations and/or individuals who may be officers or directors of Capitalight.

#### *Dividends*

The Company does not pay dividends and is unlikely to do so in the foreseeable future.

### **PROPRIETARY RESEARCH**

Capitalight Research Inc. operates a proprietary research business which is focused on the gold and silver prices, Canadian preferred shares, bonds and economics. Capitalight Research publishes weekly and monthly research under several brands. Customers typically subscribe on an annual basis for several of the research products. Our subscriber base consists primarily of gold and silver mining companies interested in our commodity price forecasts and investment funds and wealth management companies interested in our preferred shares research, bond and economic forecasts. Our clients use our research products to inform their investment decisions, make capital allocation decisions, complete treasury operations and complete business risk assessments.

The Capitalight Research is expected to generate positive operating cash flows for the Company once it achieves profitability, which will require the Company to continue to increase research revenues while controlling its operating costs.

The following are our subscription research brands:

#### *Murenbeeld Gold Monitor*

The Gold Monitor is our flagship research publication, which is distributed internationally and has been published for nearly 40 years by Dr. Martin Murenbeeld. The Gold Monitor is published each Friday. The Gold Monitor features a gold price forecast that is based on quantitative research models that have been refined through many years of experience and analysis of the gold market.

#### *Silver Monitor*

We launched our new Silver Monitor in September 2020. The inaugural edition included our silver price forecast, which is based on quantitative research models.

#### *Canadian Preferred Share Research*

The CPSR report is published twice per month and is the leading research report covering the \$55 billion Canadian preferred share asset class. The report was launched in mid-2019 as a free publication and a subscription paywall was implemented in early 2020.

#### *Economic Monitor*

The Economic Monitor is published every other month and takes a deep dive into the current state of the Canadian and US economies. The report features topical articles and our proprietary interest and exchange rate forecasts.

#### *Equity and Bond Observer*

The Equity and Bond Observer focuses on equity and bond market valuations. Our proprietary models in this publication are based on the principles of Benjamin Graham who is recognized as “the father of value-investing”.

As of December 31, 2020, Capitalight Research had two employees and several consultants including Dr. Martin Murenbeeld.

### **INVESTMENTS**

As of December 31, 2020, the investment portfolio consisted of 2,599 debentures units, consisting of 2,599 debentures and 1,559,400 warrants, and 112,810 common shares issued by Stone Investment Group Limited (“Stone”), a private company that operates a 25-year-old mutual fund business with \$550 million of assets under management (“AUM”).

Stone initially issued 12,000 senior secured debenture units on December 28, 2006 due on December 28, 2011 earning 9% interest per annum paid in cash on a quarterly basis and additional deferred interest of 0.25% per annum per \$35 million of AUM that will be paid in cash at maturity. Each debenture unit consists of a debenture with a \$1,000 face value and 600 common share purchase warrants. The holders subsequently voted to modify the interest rate, additional deferred interest terms and extend the maturity until December 28, 2016. The holders subsequently voted to extend maturity until December 28, 2021. The debentures currently pay 7.5% interest per

annum, payable in cash on a quarterly basis, and have been earning additional interest since December 31, 2007, which is estimated at approximately 27% of the principal is payable in cash at maturity. The warrants are exercisable at a price of 0.68 per common share until maturity of the debentures and are subject to a minimum company repurchase obligation of \$0.05 per warrant at maturity of the debentures on December 28, 2021.

The Company believes that Stone intends to propose another extension of the debenture maturity to the debenture holders. Further amendments to the debenture indenture agreement require approval by 66.66% of the holders. If 33.33% of the holders vote against further proposed amendments, the debenture maturity cannot be extended and will mature on December 28, 2021. As of December 31, 2020, the Company held 21.7% of the total outstanding Stone debentures and intends to make further purchases.

As of December 31, 2020, the 2,599 debentures had a total face value of \$2,599,000 and a carrying value of \$1,786,555 for a yield to maturity of 31.2% excluding additional interest. As of December 31, 2020, the 1,559,000 warrants had a total repurchase value of \$77,970 and a carrying value of \$55,698 for a yield to maturity of 28.6%. As of December 31, 2020, the 112,810 common shares had a carrying value of \$nil.

## **MINERAL EXPLORATION PROJECTS**

The Company holds a portfolio of mineral exploration projects.

### *Blue Lake Property (Cu-Ni-Pt-Pd)*

On June 30, 2008, the Company entered into an option agreement to earn a 100% interest in the Blue Lake (formerly known as the Retty Lake Property) copper-nickel-PGM exploration property, which is located northeast of Schefferville, Quebec.

On February 12, 2013, the Company completed the earn-in by issuing 1,800,000 common shares and by incurring exploration expenditures on the property totaling \$1,855,000. This included a 2,377-line km VTEM and a 1,767-line km ProspecTEM airborne survey, which showed anomalous EM responses in the region of the historic Blue Lake mineral deposit (this historic deposit is hosted on claims not held by the Company). In 2014, the Company staked the Blue Lake South property, which is southeast of the historic Blue Lake mineral deposit. The Blue Lake South claims were staked after obtaining VTEM airborne and Pt-Pd sampling data from Anglo American Exploration (Canada).

The Blue Lake Property claims are subject to a 3% net smelter return royalty ("NSR") from the sale of mineral products from the Blue Lake Property following the commencement of commercial production less allowable deductions. The NSR is subject to a buy-back right of the Company to repurchase the NSR for \$3,000,000 and in the event the holder intends to sell all or part of the NSR, the Company has the right to require the holder to sell all or part of the NSR to the Company (the "NSR ROFR") on the terms and conditions set out in a notice which will be open for acceptance by the Company for a period of 30 days from receipt of the notice.

During the year ended December 31, 2017, the Company elected to write-down the carried value of the property to \$1 and most of the Blue Lake South claims were allowed to lapse.

On July 21, 2020, the Company announced it staked 194 high priority claims in the Blue Lake South area and renamed all of the claims as the Blue Lake Property.

The Capitalight claims now cover Pt-Pd-Cu-Ni showings in the Lac Hyland, Lost Lake, Notch Lake, Nancy Lake South, Lac Retty West, Blue Lake North, Pogo Centre, Blue Lake and Berry Lake areas. The new claims cover the southern extension of the mineralized "middle and upper peridotite sill" units southeast of the extensively drilled Blue Lake Pt-Pd-Cu-Ni deposits, including some claims that were formerly within a special mining lease. The historical Blue Lake deposits, which are on an adjoining claim block not held by Capitalight, have historical resources in nine deposits that were outlined by approximately 550 drill holes and an underground bulk sample between 1950 and 1988 that were estimated to be 4.37 million tonnes at 0.87% Cu, 0.52% Ni, 0.84 g/t Pt+Pd (as reported by La Fosse Platinum Group and T. Clark, 1991).

Staking was guided by 2,377 l/km of VTEM and magnetic data flown for Anglo American Exploration Canada in 2011 on their former North American Nickel project claims which are largely covered by the new staking. This data was acquired by the Company and merged with 1,767 l/km of ProspecTEM and magnetic data flown by Capitalight (formerly Rockland) in 2010. The surveys demonstrated strong anomalous EM responses spatially associated with the target middle and upper peridotite sills. The highly conductive pyrite-pyrrhotite rich sulphide horizon occurring immediately below the middle peridotite unit, is thought to be related to the early stages of voluminous basaltic volcanism (Frarey, 1967; Rohon, 1989). This pyrite-pyrrhotite rich unit plays an important role in localizing Cu-Ni-PGE mineralization at the Blue Lake Property and marks a stratigraphic timeline localizing the largest Cu-Ni-PGE deposits (Clark and Wares, 2005).

As of December 31, 2020, the Blue Lake Property consisted of 263 claims covering 12,724 hectares. The Company now controls a 35km long by 3 to 5km wide group of contiguous claims on one of the most under explored and prospective Pt-Pd-Cu-Ni belts in Canada. Based on a review of all of the survey data, the Company has identified more 30 anomalous EM targets for follow-up. The Company will announce its plans for the property once they are finalized.

### *Schefferville Ashuanipi Gold Property (Au)*

On June 15, 2011, the Company acquired a 55% interest in the Schefferville Ashuanipi Gold Property, which is located southwest of Schefferville, Quebec, by completing \$800,000 in exploration work, making cash payments totaling \$60,000 and issuing 300,000 common shares to Western Troy Capital Resources Inc (“Western Troy”) to complete the earn-in. Upon completing the earn-in, the Company and Western Troy Capital Resources Inc formed a joint venture. As of December 31, 2016, the Company had increased its interest in the joint venture to 64% by incurring an additional \$375,973 in exploration expenditures. During the year ended December 31, 2017, the Company elected to write-down the carried value of the property to \$1 and certain claims were allowed to lapse.

On November 3, 2020, the Company announced it had acquired an undivided 100% interest in the Schefferville Ashuanipi Gold Property mineral claims by acquiring the remaining 36% of the joint venture. To complete the acquisition, the Company paid Western Troy a consideration of \$25,000 plus 666,666 common shares and 333,333 common share purchase warrants exercisable at \$0.075 per warrant for a period of two years. The common shares were valued at \$26,667 based on a market price of \$0.04 on November 2, 2020 and the warrants were valued using the Black-Scholes valuation model at \$11,963 based on a risk-free rate of 1.66% and a volatility of 250%. The total acquisition cost of \$63,630 was expensed as part of exploration and evaluation expenses.

The Schefferville Ashuanipi property currently consists of 48 claims covering 2,359 hectares.

On February 16, 2021, the Company announced the sale of its Schefferville Ashuanipi Gold Project and related exploration data to Ethos Gold Corp. The Company received \$50,000 upon signing and received 2,000,000 shares of Ethos. Upon closing the Company will receive another \$50,000 in cash and a 2.0% net smelter royalty (“NSR”), which can be reduced to 1.0% for a further payment of \$1.0 million in cash. The fair value of the Ethos shares based on the closing market price of \$0.18 immediately prior to announcing the transaction was \$360,000. Ethos has also committed to spending \$500,000 over three years on the claims with any shortfall resulting in an additional cash payment to the Company of \$100,000 prorated based on any shortfall in the spending commitment. If the commitment is fully satisfied, then no additional payment will be owed. The final closing is expected to occur in May 2021 upon obtaining confirmation of the transfer of the mineral claims from the Quebec government.

### **DISCUSSION OF OPERATIONS**

During the year ended December 31, 2020, the Company generated revenues of \$296,537 (2019: \$81,330) from proprietary research and earned \$177,079 (2019: \$25,463) from debenture coupon interest resulting in a net loss and comprehensive loss of \$611,625 (2019: \$849,146). In particular, the Company worked to increase annual subscriptions to its proprietary research products and improve overall profitability of the research division. The Company also acquired additional debenture units, completed the acquisition of 100% ownership of the Schefferville Ashuanipi Property pursued several investment and business development opportunities.

#### *Future Outlook*

During 2021, the Company will focus on the following:

- Generating positive cash flows from and achieving profitability at Capitalight Research
- Increasing the value of the investment portfolio through the acquisition of additional debentures of Stone Investment Group
- Ensuring the debentures of Stone Investment Group mature on December 28, 2021 as per the indenture agreements
- Divesting of the Ashuanipi Gold mineral property in return for cash, shares and a royalty
- Maximizing the value of the Blue Lake mineral property

Financial Results for the year ended December 31, 2020 and 2019

	The year ended on December 31, 2020	The year ended on December 31, 2019	The three months ended on December 31, 2020	The three months ended on December 31, 2019
<b>Revenues</b>	\$ 296,537	\$ 81,330	\$ 60,526	\$ 81,330
<b>Operating expenses</b>				
Management fees	258,441	80,000	95,971	40,000
Research payroll and benefits	256,983	59,788	69,951	59,788
Research consultants and services	120,278	35,469	28,153	35,469
Exploration and evaluation expenses	105,685	35,479	67,419	5,097
Professional and legal fees	87,642	231,523	40,834	78,248
Public filing fees	26,708	56,441	9,217	22,355
Telecommunications	9,422	5,481	5,217	5,481
Travel expenses	10,899	10,560	660	10,560
Rent	19,200	3,247	4,800	3,247
Bad debts	7,731	1,212	3,834	1,212
IT systems	16,586	-	3,971	-
General and administrative expenses	12,493	9,758	1,989	8,182
Insurance expenses	8,375	4,200	2,100	2,100
Bank fees	2,278	1,027	790	1,027
Amortization of brand value	12,600	-	3,150	-
Impairment	-	421,347	-	421,347
Interest (income) expense	250	(166)	120	(166)
Share-based compensation	121,714	-	121,714	-
Accretion of deferred obligation	20,697	-	13,261	-
Foreign exchange (gain) loss	10,920	573	3,078	573
<b>Total operating expenses</b>	1,108,902	955,939	476,228	694,520
<b>Loss before other (loss) income</b>	(812,365)	(874,609)	(415,702)	(613,190)
Coupon income from debentures	177,079	25,463	50,993	25,463
Unrealized gain on investments	23,661	-	23,661	-
<b>Net loss and comprehensive loss for the year</b>	\$ (611,625)	\$ (849,146)	\$ (341,048)	\$ (587,727)
Weighted-average common shares (basic and diluted)	85,621,224	35,003,707	86,010,399	84,127,665
Net loss per common shares (basic and diluted)	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.01)

Discussion of the year ended December 31, 2020 and 2019

Management fees for the year ended December 31, 2020 increased to \$258,441 (2019: \$80,000) due to an increase in management activities by the CEO and the CFO.

Research salaries and benefits for the year ended December 31, 2020 increased to \$256,983 (2019: \$59,788) due to the acquisition of Capitalight Research on October 2, 2019 resulting in a comparative period of only three months. These expenses include the salaries of three employees in 2020 and two employees in 2019.

Research consultants and services expenditures for the year ended December 31, 2020 increased to \$120,278 (2019: \$35,469) due to the acquisition of Capitalight Research on October 2, 2019 resulting in a comparative period of only three months. These expenses include the fees for several consultants.

Exploration and evaluation expenses for the year ended December 31, 2020 increased to \$105,685 (2019: \$35,479) due to an increase in mineral claim management, renewal and new staking fees as compared to the prior year.

Professional and legal fees for the year ended December 31, 2020 decreased to \$87,642 (2019: \$231,523) due to a significant reduction in legal and auditor review fees related to the Change of Business transaction that was completed on October 2, 2019.

Share-based compensation for the year ended December 31, 2020 increased to \$121,714 (2019: \$nil) due to the granting of stock options under the Company's stock option plan for the first time in several years.

Coupon income from debentures for the year ended December 31, 2020 increased to \$177,079 (2019: \$25,463) due to the initial acquisition of debentures on October 2, 2019 resulting in a comparative period of only three months.

#### *Discussion of the three-months ended December 31, 2020 and 2019*

Management fees for the three-months ended December 31, 2020 increased to \$95,971 (2019: \$40,000) due to an increase in management activities by the CEO and the CFO.

Research salaries and benefits for the three-months ended December 31, 2020 increased to \$69,951 (2019: \$59,788) due to the acquisition of Capitalight Research on October 2, 2019 resulting in a comparative period of only three months. These expenses include the salaries of three employees in 2020 and two employees in 2019.

Research consultants and services expenditures for the three-months ended December 31, 2020 decreased to \$28,153 (2019: \$35,469) due fewer consultants in 2020 as compared to 2019. These expenses include the fees for several consultants.

Exploration and evaluation expenses for the three-months ended December 31, 2020 increased to \$67,419 (2019: \$5,097) due to an increase in mineral claim management, renewal and new staking fees as compared to the prior year.

Professional and legal fees for the three-months ended December 31, 2020 decreased to \$40,834 (2019: \$78,248) due to a significant reduction in legal and auditor review fees related to the Change of Business transaction that was completed on October 2, 2019.

Share-based compensation for the three-months ended December 31, 2020 increased to \$121,714 (2019: \$nil) due to the granting of stock options under the Company's stock option plan for the first time in several years.

Coupon income from debentures for the three-months ended December 31, 2020 increased to \$50,993 (2019: \$25,463) due to an increase in debentures as compared to the prior year.

#### *COVID-19*

As of December 31, 2020, the outbreak of the novel strain of coronavirus and its variants, specifically identified as "COVID-19", has continued to result in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak remains unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods. COVID-19 has not had a material impact on the operations of the Company. During the year ended December 31, 2020, the Company received the Canada Emergency Business Account loan in the amount of \$40,000.

## **LIQUIDITY AND CAPITAL RESOURCES**

The following disclosures are to enable users of the consolidated financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting period:

### *Credit risk*

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of accounts receivables. The Company mitigates its credit risk on receivables through a review of the counterparties in which they do business.

The Company has credit risk arising from the potential from counterparty default on cash and cash equivalents, accounts receivable and amounts receivable, excluding HST. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions. The Company manages this risk by reviewing the credit worthiness of material new customers, monitors customer payment performance and, where appropriate, reviews the financial condition of existing customers.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Liquidity risk arises from the Company's financial obligations and in the management of its assets, liabilities and capital structure. The Company manages this risk by regularly evaluating its liquid financial resources to fund current and long-term obligations and to meet its capital commitments in a cost-effective manner.

The main factors that affect liquidity include working capital requirements, capital-expenditure requirements and equity capital market conditions. The Company's liquidity requirements are met through a variety of sources, including cash and cash equivalents and equity capital markets.

As of December 31, 2020, the Company had a cash and cash equivalents balance of \$76,176 (December 31, 2019: \$645,775) to settle current liabilities of \$909,373 (December 31, 2019: \$568,567). Based on management's assessment of its past ability to obtain required funding, the Company believes that it will be able to satisfy its current and long-term obligations as they come due.

#### *Market risks*

Market risk is the potential for financial loss from adverse changes in underlying market factors, including foreign exchange rates, commodity prices and interest rates.

- Interest rate risk is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that are subject to variable interest rates.
- Commodity price risk is the sensitivity of the fair value of, or of the future cash flows, from mineral assets. The Company manages this risk by monitoring mineral prices and commodity price trends to determine the appropriate timing for funding the exploration or development of its mineral assets, or for the acquisition or disposition of mineral assets. The Company does not have any mineral assets at the development or production stage carried at historical cost. The Company has expensed the acquisition and exploration costs of its exploration stage mineral assets.
- Currency risk is the sensitivity of amounts denominated in foreign currencies. The Company enters into certain transactions with customers and suppliers denominated in U.S. dollars for which the related revenues, expenses, cash, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. As of December 31, 2020, and December 31, 2019, the following items are denominated in U.S. dollars (expressed in CAD in the table below):

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash and cash equivalents	\$ 15,107	\$ 19,572
Accounts receivable	40	2,318
Accounts payable and accrued liabilities	(13,057)	(10,394)
Net foreign exchange exposure	\$ 2,090	\$ 11,496
Impact of 10% change in foreign exchange rates	\$ 209	\$ 1,150

#### *Capital Management*

There were no changes in the Company's approach to capital management during the year ended December 31, 2020.

In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due. The Company's operations to date have been funded by issuing equity. The Company expects to improve the working capital position by securing additional financing.

The Company's investment policy is to provide shareholders with long-term capital growth by investing in a portfolio of undervalued companies, assets, or equity investment vehicles in the subscription research, recurring revenue, mineral exploration and asset



management sectors of the North American market, but may also include investments in certain other sectors, including technology, transportation, and restructuring. Financial instruments are exposed to certain financial risks, which may include currency risk, credit risk, liquidity risk and interest rate risk.

The Company's investments are not currently profitable, as such the Company remains dependent on external financing to fund its operations and administrative costs. Management mitigates the risk and uncertainty associated with raising additional capital in current economic conditions through cost control measures that minimizes discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages the capital structure (consisting of shareholders' equity) on an ongoing basis and adjusts in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company's capital structure may involve the issuance of new shares, assumption of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements other than the flow-through spending commitment (note 13).

#### *Working capital balance*

As of December 31, 2020, the Company had a working capital deficiency of \$705,922 (December 31, 2019: surplus of \$176,253).

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 76,176	\$ 645,775
Accounts receivable	13,389	22,271
Amounts receivable	42,525	34,687
Debenture interest receivable	48,731	25,463
Prepaid expenses	22,630	16,624
<b>Total current assets</b>	<b>203,451</b>	<b>744,820</b>
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	453,181	448,819
Deferred flow-through premium	21,500	21,500
Deferred revenue	134,692	98,248
Deferred obligation	300,000	-
<b>Total current liabilities</b>	<b>909,373</b>	<b>568,567</b>
<b>Working capital (deficit) surplus</b>	<b>\$ (705,922)</b>	<b>\$ 176,253</b>

#### *Cash and Cash Equivalents*

The Company's cash balances are deposited with major financial institutions in Canada.

#### *Sources and Uses of Cash*

The Company's ability to continue operations and fund its development expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The following are the Company's cash flows from operating, investing and financing activities for the year ended December 31, 2020 and 2019:

	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Cash flows from operating activities</b>		
<b>Net (loss) income for the year</b>	<b>\$ (611,625)</b>	<b>\$ (849,146)</b>
Add (deduct) items not affecting cash:		
Change in value of deferred obligation	20,697	-
Amortization of brand value	12,600	-
Share-based compensation	121,714	-
Share-based payments	38,630	-
Unrealized gain on investment	(23,661)	-
Impairment	-	421,347
Change in non-cash working capital balances:		
(Increase) decrease in accounts and amounts receivable	(22,224)	(50,210)
(Increase) decrease in prepaid expenses	(6,006)	28,826
Increase (decrease) in accounts payable and accrued liabilities	4,363	208,882
Increase (decrease) in deferred revenue	36,444	1,255
Net cash from operating activities	(429,068)	(239,046)
<b>Cash flows from investing activities</b>		
Cash acquired from Capitalight Research acquisition	-	25,637
Acquisition of debenture units	(225,166)	-
Net cash from investing activities	(225,166)	25,637
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	40,000	-
Proceeds from issuance of common shares	44,636	814,000
Net cash from financing activities	84,636	814,000
(Decrease) increase in cash and cash equivalents	(569,599)	600,591
Cash and cash equivalents - beginning of year	645,775	45,184
<b>Cash and cash equivalents - end of year</b>	<b>\$ 76,176</b>	<b>\$ 645,775</b>

#### *Contractual Obligations and Commitments*

The Company does not have any contractual obligations or commitments other than trade accounts payable due within one-year, flow-through expenditure commitments, and deferred long-term debt obligations.

#### *Off-balance sheet arrangements*

The Company does not have off-balance sheet arrangements including any arrangements that would affect the liquidity, capital resources, market risk support and credit risk support or other benefits.

## TRANSACTIONS WITH RELATED PARTIES

Parties are related if one party has the direct or indirect ability to control or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of economic resources or financial obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value.

Balances and transactions between the Company and its wholly owned subsidiary, which is a related party of the Company, have been eliminated and are not disclosed in this note.

Other related parties include companies controlled by key management personnel. Key management personnel are composed of the Board of Directors, Chief Executive Officer and Chief Financial Officer of the Company.

The following key management personnel related party transactions occurred during the year ended December 31, 2020 and 2019:

	<b>The year ended on December 31, 2020</b>	<b>The year ended on December 31, 2019</b>
Management consulting fees	258,441	80,000
Professional and legal fees	23,099	10,000
Share-based compensation	99,174	-
Total	\$ 380,714	\$ 90,000

The following key management related party balances existed as of December 31, 2020 and December 31, 2019:

	<b>As of December 31, 2020</b>	<b>As of December 31, 2019</b>
Accounts payable due to companies controlled by key management	\$ 147,069	\$ 47,270
Accrued liabilities due to companies controlled by key management	\$ 47,419	\$ -
Amounts receivable from companies controlled by key management	\$ 14,500	\$ -

## SELECTED ANNUAL INFORMATION

The following is selected information for the three most recently completed financial years:

	<b>December 31, 2020</b>	<b>Year Ended December 31, 2019</b>	<b>December 31, 2018</b>
	\$	\$	\$
Revenues	296,537	81,330	-
Debenture coupon interest	177,079	25,463	-
Net loss and comprehensive loss for the quarter	(611,625)	(849,146)	83,752
Basic and diluted loss per share for the quarter	(0.01)	(0.02)	0.00
Working capital balance	(705,922)	176,253	72,750

## SELECTED QUARTERLY RESULTS

The following is selected quarterly information for the eight most recently completed quarters:

	Quarter Ended			
	December 31,	September 30,	June 30,	March 31,
	2020	2020	2020	2020
	\$	\$	\$	\$
Revenues	60,526	86,961	63,653	85,397
Debenture coupon interest	50,993	45,416	41,029	39,641
Net loss and comprehensive loss for the quarter	(341,048)	(59,066)	(134,873)	(76,639)
Basic and diluted loss per share for the quarter	(0.00)	(0.00)	(0.00)	(0.00)
Working capital balance	(705,922)	(227,527)	(40,330)	147,401

  

	Quarter Ended			
	December 31,	September 30,	June 30,	March 31,
	2019	2019	2019	2019
	\$	\$	\$	\$
Revenues	81,330	-	-	-
Debenture coupon interest	25,463	-	-	-
Net loss and comprehensive loss for the quarter	(587,727)	(53,328)	(133,354)	(74,737)
Basic and diluted loss per share for the quarter	(0.01)	(0.00)	(0.00)	(0.00)
Working capital balance	176,253	(188,669)	(135,340)	(1,987)

## LEGAL PROCEEDINGS

We are not currently involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

## DISCLOSURE OF OUTSTANDING SHARE DATA

### Common Shares

The Company's common shares have no par value and the authorized share capital is composed of an unlimited number of common shares. As of December 31, 2020, the Company had 86,247,436 common shares issued and outstanding (December 31, 2019: 84,688,063). As of December 31, 2020, there were 19,624,001 common shares held in escrow (2019: 29,436,001) pursuant to the change of business transaction describe below.

#### *Shares issued subsequent to December 31, 2020*

On February 15, 2021, the Company announced the completion of a shares for debt settlement whereby the Company settled total indebtedness of \$299,661 by issuing 3,402,479 common shares and 1,207,692 restricted share units ("RSUs") resulting in no gains or loss on the settlement. This was completed pursuant to certain employment agreements that contain provisions for the issuance of shares as part of the annual compensation of the employees. The RSUs will automatically vest on February 28, 2021. Vested RSUs will be convertible into common shares for no additional consideration and will expire on December 31, 2023.

#### *Shares issued during the year ended December 31, 2020*

On January 28, 2020, the Company announced the completion of a shares for debt settlement whereby the Company settled total indebtedness of \$44,636 by issuing 892,707 common shares resulting in no gains or loss on the settlement. This was completed pursuant

to certain employment agreements that contain provisions for the issuance of shares as part of the annual compensation of the employees.

On November 3, 2020, the Company announced it had acquired undivided 100% interest in the Schefferville Ashuanipi Gold Property mineral claims by acquiring the remaining 36% of the joint venture. To complete the acquisition, the Company paid Western Troy a consideration of \$25,000 plus 666,666 common shares and 333,333 common share purchase warrants exercisable at \$0.075 per warrant for a period of two years. The common shares were valued at \$26,667 based on a market price of \$0.04 on November 2, 2020.

#### *Shares issued during the year ended December 31, 2019*

On October 2, 2019, the Company completed the change of business transaction (“COB”), which was approved at the annual general meeting of shareholders, whereby the company changed its name from International Corona Capital Corp. to IC Capitalight Corp., acquired all the issued and outstanding shares of Murenbeeld and certain fixed income debentures of Stone Debentures.

On October 2, 2019, the Company completed a 2:1 share consolidation resulting in the consolidation of all the 68,504,460 (pre-consolidation) common shares outstanding into 34,252,230 (post-consolidation) common shares. All references to the number of common shares have been adjusted retrospectively to reflect the 2:1 share consolidation for all periods disclosed in these consolidated financial statements.

On October 2, 2019, the Company closed a non-brokered private placement offering of 12,133,333 common shares at a price of \$0.06 and 1,075,000 flow-through common shares at a price of \$0.08 per share for aggregate gross proceeds of \$814,000. There were no finder’s fees in relation to the private placement. The flow through premium associated with this financing was \$21,500.

Pursuant to a debenture purchase agreement with Bluespring, a company owned and controlled by Brian Bosse, a director and officer of the Company, the Company acquired the sole issued and outstanding common share in the capital of Capitalight Research by issuing 6,666,667 common shares at a price of \$0.06 per Share less discount for escrow period for a fair value of \$272,149.

Pursuant to the purchase agreement, the Company entered into an employment agreement with a key employee of Murenbeeld. As part of the agreement, the Company settled amounts owed to that employee by issuing 1,416,667 common shares at \$0.06 per share with a fair value of \$85,000. The Company also settled amounts owed to Bluespring for consulting services by issuing 916,666 common shares at \$0.06 per share with a fair value of \$55,000. No gain or loss was recognized on the settlement of debt as the fair value of common shares issued was equal to the carrying value of the liabilities.

Pursuant to a debenture purchase agreement with Bluespring, a company owned and controlled by Brian Bosse, a director and officer of the Company, the Company completed the acquisition of 1,347 debentures units with a face value of \$1,347,000 by issuing 19,790,000 common shares with a fair value of \$807,874. The Company entered into a debenture purchase agreement with an arm’s length third-party to acquire 750 debenture units with a face value of \$750,000, the Company issued 8,437,500 common shares at \$0.06 per share which has closed subsequent to December 31, 2019.

As a result of the COB events, the Company had 84,688,063 common shares outstanding as of December 31, 2019. As of December 31, 2019, the Company had 29,436,001 common shares held in escrow.

#### **Warrants**

The Black-Scholes option valuation model is used by the Company to determine the fair value of common share purchase warrants based on the market price, the exercise price, compound risk free interest rate, annualized volatility and number of periods until expiration. Each warrant entitles the holder to purchase one common share of the Company at the respective exercise price prior to or on the respective expiration date.

As of December 31, 2020, the Company had 333,333 common share purchase warrants issued and outstanding (December 31, 2019: nil) with a weighted average expiration of 1.84 years (December 31, 2019: nil years) which are exercisable into 333,333 common shares (December 31, 2019: nil common shares) at a weighted average exercise price of \$0.075 (December 31, 2019: \$0.00).

#### *Warrants issued during the year ended December 31, 2020*

On November 3, 2020, the Company announced it had acquired undivided 100% interest in the Schefferville Ashuanipi Gold Property mineral claims by acquiring the remaining 36% of the joint venture. To complete the acquisition, Capitalight paid Western Troy a consideration of \$25,000 plus 666,666 common shares and 333,333 common share purchase warrants exercisable at \$0.075 per warrant for a period of two years. The warrants were valued at \$11,963 using the Black-Scholes valuation model based on a risk-free rate of 1.66%, expected term of 2 years and a volatility of 250%.

#### **Stock Options and Restricted Share Units**

The Company's long-term inc is restricted to a maximum of 10% of the issued and outstanding common shares. Under the stock option plan, the Company may grant stock options and restricted share units ("RSUs") to directors, officers, employees and consultants. The Board of Directors administers the plan and determines the vesting and terms of each grant.

The Black-Scholes option valuation model is used by the Company to determine the fair value of stock option grants based on the market price, the exercise price, compound risk free interest rate, annualized volatility and number of periods until expiration. Each stock option entitles the holder to purchase one common share of the Company at the respective exercise price prior to or on the respective expiration date.

As of December 31, 2020, the Company had 2,700,000 stock options issued and outstanding (December 31, 2019: Nil) with a weighted average expiration of 4.07 years (December 31, 2019: Nil years) which are exercisable into 2,700,000 common shares (December 31, 2019: Nil common shares) at a weighted average exercise price of \$0.05 (December 31, 2019: \$0.00). All stock options that are currently outstanding vested on their grant date.

As of December 31, 2020, the Company had Nil RSUs issued and outstanding (December 31: 2019: Nil).

#### *Stock options and RSUs issued subsequent to December 31, 2020*

On February 15, 2021, the Company announced the completion of a shares for debt settlement whereby the Company settled total indebtedness of \$299,661 by issuing 3,402,479 common shares and 1,207,692 restricted share units ("RSUs"). This was completed pursuant to certain employment agreements that contain provisions for the issuance of shares as part of the annual compensation of the employees. The RSUs will automatically vest on February 28, 2021. Vested RSUs will be convertible into common shares for no additional consideration and will expire on December 31, 2023.

On February 15, 2021, the Company announced it granted 600,000 RSUs pursuant to the hiring of a new sales consultant for Capitalight Research. The RSUs will vest on December 31, 2021 provided that certain gross sales milestones relating to the subscription research division have been achieved between January 1, 2021 to December 31, 2021. Vested RSUs will be convertible into common shares for no additional consideration and will expire on December 31, 2023.

On February 15, 2021, the Company announced it granted 1,500,000 stock options to officers, directors and employees. All the Options vested immediately and have an exercise price of \$0.065 per Share and are exercisable for a period of five years.

#### *Options granted during the year ended December 31, 2020*

On January 24, 2020, the Company announced that 2,700,000 incentive stock options have been granted to directors, officers and employees pursuant to the Company's stock option plan. The options have an exercise price of \$0.05 per share and are exercisable for a period of five years unless terminated pursuant to the terms of the stock option plan. The options were valued at \$121,714 using the Black-Scholes valuation model based on a risk-free rate of 1.66%, expected term of 5 years and a volatility of 146%.

## **DIVIDENDS**

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

## **CRITICAL ACCOUNTING ESTIMATES**

To prepare consolidated financial statements in conformity with IFRS, the Company must make estimates, judgements and assumptions concerning the future that affect the carrying values of assets and liabilities as of the date of the financial statements and the reported values of revenues and expenses during the reporting period. By their nature, these are uncertain and actual outcomes could differ from the estimates, judgments and assumptions.

The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods. Significant accounting judgments, estimates and assumptions are reviewed on an ongoing basis.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could have an effect on the amounts recognized in the consolidated financial statements relate to the following:

*Going concern:* The preparation of the consolidated financial statements requires management to make judgments and estimates regarding the ability to continue as a going concern.

*Impairment:* The preparation of the consolidated financial statements requires management to make judgments regarding the impairment of the fair value of financial assets carried at amortized costs, goodwill and intangible assets.

*Fair value of private investments (level 3):* The preparation of the consolidated financial statements requires management to make judgments regarding the fair value of the private company investments held by the Company. Where the fair values of investments cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management's judgment is required to establish fair values.

*Deferred taxes:* The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

## **RISK FACTORS**

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

The Company's focus is to provide shareholders with long-term capital growth by investing in a portfolio of undervalued companies, assets, or investment vehicles within the mineral resource and other sectors, due to the unique difficulties and uncertainties inherent in such investments, the Company faces a high risk of business failure.

### ***Risks Related to Proprietary Research Division***

*As the Company faces competition in the proprietary research sector, we will have to compete with the Company's competitors for clients and qualified employees.*

The Company's competition includes larger proprietary research companies with substantial capabilities and with greater financial and technical resources than the Company. As a result of this competition, the Company may have to compete for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for qualified employees, the Company's expansion into new research products may be slowed down or suspended, which may cause the Company to be unprofitable.

### ***Risks Related to Investment Portfolio***

*Because of the speculative nature of the debentures held in the investment portfolio, there is no assurance that the Company will realize a reasonable return on investment.*

The private company issuer does not currently have sufficient funding on its balance sheet to fully repay the debenture principal and accrued interest at maturity. As a result there is no assurance that the debenture issuer will be able to obtain sufficient funding to repay the debenture principal and accrued interest in full. Any shortfall may require the debenture issuer to restructure its operations, which could adversely affect the return on investment.

### ***Risks Related to Mineral Exploration***

*Due to the unique difficulties and uncertainties inherent of mineral exploration investments, the Company faces a high risk of business failure.*

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the Company may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's exploration do not reveal viable commercial mineralization, the Company may decide to abandon some or all of its property interests.

*Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Company's exploration activities will result in the discovery of any quantities of mineral deposits on its current properties or any other additional properties the Company may acquire.*

The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably.

The Company intends at this time to continue exploration on its current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that exploration on its current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Company from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

*The potential profitability of mineral ventures depends in part upon factors beyond the control of the Company and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.*

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explores the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

*Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.*

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect the Company's ability to carry on its business.

#### *Loss of Interest in Properties*

The Company's ability to maintain an interest in the properties optioned by the Company will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the properties optioned by the Company.



*Title to mineral properties is a complex process and the Company may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.*

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has either staked property or entered into property option agreements or joint venture agreements on its existing Project interests, the Company cannot give an assurance that title to such property will not be challenged or impugned. Further, the Company cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to one or more of its properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

The properties optioned by the Company may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties optioned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the properties optioned by the Company.

*As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with the Company's competitors for financing and for qualified managerial and technical employees.*

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Company. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, the Company's exploration programs may be slowed down or suspended, which may cause the Company to cease operations as a company.

#### ***Risks Related to financings, management and the common shares***

*Because the Company has never made a profit from its operations, the Company's securities are highly speculative and investors may lose all of their investment in the Company.*

The Company's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Company currently has investments in a subsidiary that is not currently profitable, an investment portfolio that generates coupon interest that offsets a portion of administrative costs and exploration stage properties which may not contain economic mineral deposits. Accordingly, the Company has not generated significant revenues nor has it realized a profit from its operations to date. Any profitability in the future from the Company's business will be dependent upon improving the profitability of its subsidiary, improving returns from the investment portfolio, and obtaining financing or completing option agreements to advance the exploration properties. The Company may not be able to operate profitably and may have to cease operations, the price of its securities may decline and investors may lose all of their investment in the Company.

*The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.*

The Company will require additional financing to sustain its business operations if it is not successful in earning sufficient revenues to cover operating expenses. The Company will require additional financing in order to proceed with new investments in its proprietary research division, mineral exploration properties and other sectors. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

*The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.*

The Company's directors and certain officers are involved in other business activities. As a result of their other business endeavours, the directors and these officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of these other business interests.

*A decline in the price of the Company's common shares could affect its ability to raise further working capital and adversely impact its ability to continue operations.*

A prolonged decline in the price of the Company's common shares could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's new investments may be financed through the sale of equity securities, a decline in the price of its common shares could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's shares price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance with respect to the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well-conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the disclosure and internal controls and procedures would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures as a whole. Based on their review, including a review of the compensating controls relating to the lack of segregation of duties noted above, they have concluded that the Company's internal controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective overall.

## **DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective and provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

## **ADDITIONAL INFORMATION**

Additional information about the Company is available on SEDAR at <http://www.sedar.com>.