SAN LORENZO GOLD CORP.

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## MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) for San Lorenzo Gold Corp. (“San Lorenzo’ or the “Corporation”) is a review of how the Corporation performed during the period covered by the unaudited Condensed Interim Consolidated Financial Statements for the period ending March 31, 2023 (the “Interim Financial Statements”) and is current until the date of this MD&A which is May 30, 2023. The MD&A complements and supplements the Interim Financial Statements and should be read in conjunction with the Corporation’s audited financial statements, and the related notes thereto, for the year ending December 31, 2022. The Interim Financial Statements have been prepared in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), which are also generally accepted accounting principles (“GAAP”) for publicly accountable enterprises in Canada.

The Corporation's Board of Directors has reviewed and approved the Interim Financial Statements and this MD&A, both of which are effective May 29, 2023.

Certain information presented in this MD&A constitutes forward looking information that is subject to substantial risks and uncertainties. Words such as “may”, “will”, “should”, “could”, “anticipate”, “believe”, “expect”, “intend”, “plan”, “potential”, “continue” and similar expressions have been used to describe these forward-looking statements. By their nature, forward-looking statements necessarily involve risks associated with the provision of services such as loss of market, lack of qualified personnel, impact of the regulatory environment, and competition from other companies providing similar services. Readers are cautioned that the assumptions used in the preparation of forward-looking information and statements, although considered reasonable at the time may prove to be imprecise. As such, undue reliance should not be placed on forward-looking statements. A number of factors, many of which are beyond the control of San Lorenzo, may affect the actual performance of San Lorenzo and actual results may differ from those expressed or implied by such forward looking information. Accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will occur, or if they do occur, what benefit San Lorenzo will derive from them. Readers are cautioned not to place undue reliance on these forward-looking statements.

Comparative period

Unless otherwise stated, the comparative period used in this MD&A is the period January 1, 2022 to March 31, 2022.

## DESCRIPTION OF BUSINESS

San Lorenzo Gold Corp. was formed by the amalgamation of Tailwind Capital Corporation, a capital pool corporation, and Kairos Metals Corp., a private, reporting issuer exploration company with three mineral exploration properties in Chile, on December 16, 2020. The Corporation was incorporated pursuant to the provisions of the Business Corporations Act *(Alberta).* San Lorenzo is an exploration company whose principal business is the acquisition and development of mineral properties in Chile. Terry Walker, Vice President of Exploration, P.Geo., acts as the Corporation’s “Qualified Person” as defined in National Instrument 43-101 and has reviewed the technical disclosure in this MD&A.

## OVERALL PERMORMANCE AND OUTLOOK

During the period, the Corporation:

1) submitted the application for a 6 hole drilling program at its flagship “Salvadora” property

Management expects that the Salvadora follow-up drilling program will commence during the later part of Q2 2023 with completion thereof, together with assay results, expected during Q3 2023. Drilling pad construction was completed during May 2023. The follow-up drilling program has been designed to expand on hole 2022-03 – a discovery hole drilled during the 2022 campaign.

## SELECTED FINANCIAL INFORMATION

The following summarizes information derived from the Corporation's financial statements as at and for the three months ended March 31:

| | | Three months ended March 31, 2023 | | 2022 |
|---|---|---|---|---|
| Net loss and comprehensive gain (loss) | $ | **662,198** | $ | (223,260) |
| Basic and diluted income gain (loss) per share | $ | **0.01** | $ | 0.00 |
| Total assets | $ | **4,604,698** | $ | 4,099,923 |
| Share capital | $ | **4,632,002** | $ | 4,333,895 |
| Weighted number of common shares outstanding | | **63,373,368** | | 58,200,628 |

## OPERATIONAL REVIEW

*Net Income and Cash Flow from Operations*

For the quarter ended March 31, 2023, the Corporation reported a net gain of $662,198 ($63,531 after excluding non-cash foreign exchange gain) (2022 – loss $(223,260)) and negative cash flows from operations of $(59,206) (2022 - $(55,858)). These conditions indicate the existence of a material uncertainty which may cast significant doubt related to the Corporation's ability to continue as a going concern. If the going concern assumption is not appropriate, adjustments may be necessary to the carrying amounts and classification of the Corporation's assets and liabilities. The accompanying financial statements do not include any adjustments that may result if the Corporation is unable to continue as a going concern, and such adjustments could be material.

*General and Administrative*

General and administrative expense of $39,186 was comprised primarily of professional fees of $25,913 in Canada. TSXV and OTC Markets Group listing fees were $17,982. Total expenses for the quarter of $85,606 were offset by the unrealized gain on foreign exchange of $598,667 and the foreign exchange translation adjustment of $149,137.

*Financial Resources and Liquidity*

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet financial obligations when due. The Corporation received net proceeds of $1,384,950 from the private placement which was completed in three tranches with the final tranche completed on April 28, 2022.

At March 31, 2023, shareholder loans of $211,090, funded this quarter's capital additions of $100,104 and general administrative expenses with a remaining cash balance of $59,040.

*Mineral properties - exploration and evaluation expenditures*

The Corporation's exploration and evaluation expenditures relate to mineral properties in Chile and are as follows:

| | -$ Cdn - |
|---|---|
| **Balance, December 31, 2021** | **2,325,421** |
| Addition | 1,666,004 |
| Foreign exchange effect | 166,119 |
| **Balance, December 31, 2022** | **4,157,544** |
| Addition | 100,104 |
| Foreign exchange effect | 256,199 |
| **Balance, March 31, 2023** | **4,513,847** |

*Mineral Property Description*

At March 31, 2023, the Corporation held a 100% interest in 11,996 hectares of mineral claims through its Chilean subsidiary, Compania Minera San Lorenzo Limitada, which are comprised of four discrete property packages with exploration potential to discover deposits of copper-gold and gold-silver.

*Mineral Property Expenditure Commitments*

The mineral properties do not require any minimum work or expenditure commitments. The Corporation is obligated to make annual payments of approximately US$1.50/hectare on its exploration claims and approximately US$7.50/hectare on its exploitation concessions to the Chilean government. The amounts are approximate due to Chilean peso exchange rate fluctuations.

*Notes Payable*

| | | March 31, 2023 | | March 31, 2022 |
|---|---|---|---|---|
| Note payable to LITH | $ | **953,088** | $ | 1,000,000 |
| Accretion to December 2022 | $ | **46,912** | | 38,382 |
| Loan extension costs | | **(106,700)** | | (72,500) |
| Accretion for Quarter 1, 2023 | | **8,892** | | - |
| Endng Balance | $ | **902,192** | $ | 965,882 |
| | | | | |
| The notes payable is allocated as follows: | | | | |
| Current | $ | **-** | $ | 965,882 |
| Long-term | | **902,192** | | - |
| Endng Balance | $ | **902,192** | $ | 965,882 |

During the year ended December 31, 2020, an agreement was entered into between Kairos and Lithium Chile Inc. ("LITH"), the former parent company of Kairos, to transfer certain gold, silver and copper properties (the "Retransferred Mineral Claims"), having a carrying value of $1,056,320, from San Lorenzo back to Minera Kairos (the "Retransfer Agreement"), these properties were originally transferred to Kairos during the year ended December 31, 2019. The values and terms of the note payable were adjusted as follows:

i) The Minera Kairos note payable, with the original face value of US$1,600,000 together with accrued interest of US$62,334, was satisfied in exchange for the Retransferred Mineral Claims;
ii) The LITH note payable was renegotiated from US$1,115,000, plus interest, to CAD$1,000,000 with the repayment term extended from May 16, 2020 to November 30, 2021 and is unsecured;

On June 30, 2021, the LITH note payable was amended to extend the maturity date from November 30, 2021 to November 30, 2022. In consideration for the extension of the maturity date, the Corporation issued 500,000 common shares to LITH. The shares were subject to a hold period expiring four months and one day from the date of their issuance.

On December 31, 2022, the LITH note payable of CAD $1,000,000 was renegotiated to extend the repayment term from November 30, 2022 to December 31, 2025, and the Corporation will pay to LITH, interest at 8.0% per annum payable annually with common shares in the capital of the Corporation at the 20-day weighted average trading price before the date of payment.

**SHARE CAPITAL**

**a) Authorized:**

Unlimited number of common voting shares and preferred shares without nominal or par value.

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued since the Corporation's inception.

**b) Issued:**

| Common Shares | Number | -$ Cdn - |
|---|---|---|
| **Balance, December 31, 2021** | **49,023,368** | **3,262,895** |
| Private Placement (i & ii) | 11,200,000 | 1,120,000 |
| Private Placement (iii) | 3,150,000 | 315,000 |
| Share issue costs | | (65,893) |
| **Balance, December 31, 2022 and March 31, 2023** | **63,373,368** | **4,632,002** |

i) On March 11, 2022, the Corporation completed a first tranche closing of a private placement of units of the Corporation ("Units") at a price of $0.10 per Unit. Each Unit was comprised of one (1) common share of the Corporation and one (1) common share purchase warrant, Each warrant is exercisable at $0.20 per common share for a period of 12 months from the date of issuance, The first tranche closing yielded gross and net proceeds of $400,000 which involved the issuance of 4,000,000 common shares and 4,000,000 warrants. No finder's fees, commissions or broker warrants were paid or issued in respect of the first tranche closing

ii) On March 30, 2022, the Corporation completed a second tranche closing of Units. The second tranche closing yielded gross proceeds of $720,000 which involved the issuance of 7,200,000 Units comprised of 7,200,000 common shares and 7,200,000 warrants. Finder's fees in the aggregate amount of $49,000 were paid and 490,000 broker warrants were issued in respect of the second tranche closing. Each broker warrant entitled the holder to acquire one common share at a price of $0.10 per common share for a period of 12 months from the date of issuance.

iii) On April 27, 2022, the Corporation completed a third tranche closing of Units. The third tranche closing yielded gross proceeds of $315,000 which involved the issuance of 3,150,000 Units comprised of 3,150,000 common shares and 3,150,000 warrants. Finder's fees in the aggregate amount of $1,050 were paid in respect of the third tranche closing. With the closing of the third tranche, the Corporation issued 14,350,000 Common shares, 14,350,000 warrants and 490,000 broker warrants and received gross and net proceeds of $1,435,000 and $1,384,950 respectively.

Share issue costs relating to the second and third tranche of the private placement include cash paid of $50,050 and $15,843 being the fair value of brokers' warrants. Each broker warrant entitled the holder to purchase one common share of the Corporation at a price of $0.10 per share, expiring twelve months from the date of issuance.

**c) Loss per share**

The basic and diluted loss per common share as calculated is based on the weighted average number of common shares outstanding during the year as follows:

| | 2023 | 2022 |
|---|---|---|
| **Issued and outstanding at beginning of the year** | **63,373,368** | **49,023,368** |
| Weighted issuance of March& April, 2022 shares | - | 8,677,260 |
| **Weighted average number of common shares - basic** | **63,373,368** | **57,700,628** |

**d) Escrow Shares**

At the date of close of the Qualifying Transaction, the Company had 3,999,998 common shares subject to CPC Escrow Agreement ("CPC Escrow") and 8,168,893 common shares subject to a Tier 2 Value Security Escrow Agreement ("Security Escrow"). In relation to the CPC escrow agreement, 10% of the shares or 399,400 shares were released on the date of the Final Exchange Bulletin with 15% to be released on each six-month anniversary from the date of the Final Exchange Bulletin. In relation to the Security Escrow, 10% of the shares or 816,889 common shares were released on the date of the Final Exchange Bulletin with 15% to be released on each six-month anniversary from the date of the Final Exchange Bulletin. At March 31, 2023, there were 3,650,666 common shares (March 2022 – 10,952,002) held in escrow.

### e) Stock Options

The Corporation has adopted an incentive stock option plan which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

| Options | Number of Options | Exercise price | Remaining Life (years) |
|---|---|---|---|
| **Balance, December 31, 2020** | **533,330** | 0.15 | 5.13 |
| Granted January 21, 2021 | 1,750,000 | 0.16 | 7.82 |
| Granted November 26, 2021May 15, 2021 | 150,000 | 0.13 | 8.66 |
| **Balance, December 31, 2021** | **2,433,330** | | |
| Granted March 11, 2022 | 580,000 | 0.10 | 8.95 |
| Granted September 8, 2022 | 350,000 | 0.12 | 4.44 |
| **Balance, March 31, 2023** | **3,363,330** | | |

Share based compensation recognized during the period ended March 31, 2023 was $19,546 (2022 - $55,160) using the graded vesting method in the condensed interim consolidated statement of loss and comprehensive loss.

| | 21-Jan-21 | 26-Nov-21 | 11-Mar-22 | 08-Sep-22 |
|---|---|---|---|---|
| Dividend yield | - | - | - | - |
| Share price | 0.16 | 0.13 | 0.10 | 0.12 |
| Strike price | 0.16 | 0.13 | 0.10 | 0.12 |
| Expected volatility | 130% | 127% | 126% | 121% |
| Risk free rate | 0.17% | 1.59% | 1.91% | 3.20% |
| Expected life in years | 10 | 10 | 10 | 5 |
| Forfeiture rate | - | - | - | - |

As the Corporation does not have a trading history equal to the expected life of the stock options, volatility was determined by an analysis of comparable companies.

### f) Warrants

Upon closing the first and second tranche of the Private Placement warrants were issued to subscribers and to brokers.

| Warrants held by Subscribers and Brokers | Number of Warrants | Exercise price | Remaining Life (years) |
|---|---|---|---|
| **Balance, December 31, 2021** | **-** | - | - |
| Issued April 27, 2022 | 3,150,000 | 0.20 | 0.07 |
| Issued April 27, 2022 - Brokers | 10,500 | 0.10 | 0.07 |
| **Balance, March 31, 2023** | **3,160,500** | | |

The fair value of the warrants issued during the period ended March 31, 2023 of $Nil (2022 – $156,368) have been estimated at the date of grant using the Black-Scholes option pricing model based on the following assumptions:

| | Warrants 27-Apr-22 | Broker Warrants 27-Apr-22 |
|---|---|---|
| Dividend yield | - | - |
| Share price | 0.10 | 0.10 |
| Strike price | 0.20 | 0.10 |
| Expected volatility | 82% | 82% |
| Risk free rate | 1.50% | 1.50% |
| Expected life in years | 1 | 1 |
| Forfeiture rate | - | - |

## SELECTED QUARTERLY INFORMATION

| Fiscal Quarter Ended | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|---|---|---|---|---|
| Revenue | $ - | $ - | $ - | $ - |
| Comprehensive gain (loss) | $ 662,198 | $ 458,360 | $ (121,966) | $ (655,167) |
| Net loss per share | $ 0.01 | $ (0.01) | $ (0.01) | $ (0.01) |

| Fiscal Quarter Ended | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 |
|---|---|---|---|---|
| Revenue | $ - | $ - | $ - | $ - |
| Comprehensive gain (loss) | $ (223,260) | $ (135,016) | $ (381,035) | $ 41,638 |
| Net loss per share | $ (0.00) | $ (0.02) | $ (0.01) | $ 0.00 |

## CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Other than a drilling contract related to the follow-up drilling program on the Corporation's Salvadora property in Chile, San Lorenzo is not a party to any industry contracts or obligations and there are no off-balance sheet arrangements. The drilling contract is with an arm's length service provider and is considered to be in a standard industry format that only provides for payment in relation to drilling services provided and terminates at the conclusion of the drilling program.

## CRITICAL ACCOUNTING ESTIMATES

There are no critical or material accounting estimates.

Adopted Accounting Standards

*IFRS 16 – Leases*

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019. The Corporation is still assessing this standard.

## BUSINESS RISKS

*Mining Industry Risks*

The exploration for and development of mineral deposits involves a high degree of risk that even a combination of careful evaluation, experience, knowledge, and sufficient financial resources may not eliminate. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit such as size, grade and proximity to infrastructure; commodity prices which are inherently cyclical and cannot be predicted with certainty; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, and the combination of these factors may result in not receiving an adequate return on invested capital.

*Properties without Known Mineable Reserves*

The Corporation's activities will continue to be directed towards the search for, evaluation of, and development of mineral deposits. There is no assurance that expenditures associated with those activities will result in securing commercial mineral deposits and actual expenditures may be higher than currently anticipated.

*Uncertainty as to Calculations of Mineral Deposit Estimates*

There is a significant degree of uncertainty attributable to the calculation of mineral deposit estimates. Until the mineral is actually mined and processed, mineral deposit estimates, grades and recovery rates must be considered as estimates only. Consequently, there can be no assurance that any mineral deposit estimates or grade information will prove accurate. In addition, the value of mineral deposits may vary depending on mineral prices and other factors. Any material changes in grades, stripping ratios or other mining and processing factors may affect the economic viability of projects. Furthermore, mineral deposit estimate information should not be interpreted as any assurance of mine life or of the potential profitability of existing or future projects.

*Uninsurable Risks*

The Corporation may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce the funds available for development and mining activities. Payment of liabilities for which the Corporation does not carry insurance may have a material adverse effect on the Corporation's financial position.

*Currency*

Currency fluctuations may materially affect the financial position and results of the Corporation. The Corporation does not intend to engage in currency hedging to offset currency fluctuations risks.

*Governmental Regulation of the Mining Industry*

The mineral development or exploration activities of San Lorenzo are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, and other matters. Mining and exploration activities are also subject to various laws and regulations relating to protection of the environment. Although the Corporation believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Corporation or more stringent implementation thereof could have a material adverse effect on the business, financial condition, and results of operations.

*Exploration and Development Risks*

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

There is no assurance that the Corporation’s mineral exploration and development activities will result in any discoveries or acquisitions of commercial bodies of minerals. The long-term profitability of the Corporation’s operations will in part be directly related to the costs and success of its development efforts which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery or acquisition of a deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

If the Corporation loses or abandons its interest in its properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Corporation, whether by way of option or otherwise, should the Corporation wish to acquire any additional properties.

The business of exploration and development of minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines and there is no guarantee the Corporation’s new projects will become producing mines.

*Insurance*

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected, or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of San Lorenzo.

*Permits and Licenses.*

The future operations of the Corporation may require permits from various governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that San Lorenzo will be able to obtain all necessary permits and approvals that may be required to undertake development activity or commence construction or operation of mine facilities on the Corporation’s properties.

*Environmental Legislation*

Environmental laws and regulations may affect the operations of San Lorenzo. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. In all major developments, the Corporation generally relies on recognized designers and development contractors, from which the Corporation will, in the first instance, seek indemnities. The Corporation intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards.

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

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

*Title to Properties*

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Corporation believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Corporation's interests.

*Market Prices*

If the Corporation seeks to bring a property to production, the profitability of its operations will be dependent in part upon the market price of the minerals. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of San Lorenzo. The level of interest rates, the rate of inflation, the world supply of and demand for mineral commodities, and exchange rate stability can all cause significant price fluctuations. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Corporation's business, financial condition, and results of operations.

*Competition*

The mining industry is intensely competitive in all of its phases and the Corporation will compete with many companies possessing greater financial and technical resources than itself. Competition in the mining industry is primarily for: mineral rich properties which can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine minerals but conduct refining and marketing operations on a world-wide basis. Such competition may result in the Corporation being unable to acquire desired properties (due to the auction process involved in property acquisition), to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Corporation's prospects for mineral exploration and success in the future.

*Additional Financing*

The exploration and development of the Corporation's properties, including continuing exploration and development projects, and the construction of mining facilities and the commencement of mining operations, will require substantial additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration development or production on any or all of the Corporation's properties or even a loss of a property interest. Sources of funds now available to the Corporation are limited and may include the sale of equity capital, properties, royalty interests, the entering into of future joint ventures and the exercise of outstanding options and warrants. Additional financing may not be available when needed or, even, if available, the terms of such financing might not be favourable to the Corporation and might involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on the Corporation's business, financial condition and results of operations.

*Competition for Key Personnel*

The Corporation will be dependent upon the support and involvement of a number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on the Corporation. The Corporation's ability to manage its exploration and development activities and, hence, its success, will depend in large part on the efforts of these individuals. The Corporation faces intense competition for qualified personnel and there can be no assurance that the Corporation will be able to attract and retain such personnel.

*Ability to Manage Growth*

The size of the Corporation's business and assets is expected to grow in the coming years. In order to effectively deploy its capital and manage its growth, the Corporation will need to retain additional personnel and augment, improve, or replace existing systems and controls. As a result, there can be no assurances that the Corporation will be able to effectively manage its growth and, if it is unable to do so, its business, financial conditions and results could be adversely affected.

*Acquisition Risk*

As part of the Corporation's business strategy, it may seek to grow by acquiring businesses that it believes will complement its current business. The Corporation may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel into its business. The Corporation cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any completed acquisitions will ultimately benefit its business and the results of operations of the Corporation. The risks inherit with acquisitions include the risks associated with the integration of acquired operations, diversion of management's attention and potential loss of key employees. the Corporation may not be able to successfully integrate products, technologies or personnel of a business acquired in the future. Failure could have a Material Adverse Effect on the business, financial condition and results of operations of the Corporation.

*Dividends*

To date, the Corporation has not paid any dividends on their outstanding shares and does not expect to do so in the foreseeable future. Any decision to pay dividends on the Corporation's Common Shares will be made by the Board of Directors of the Corporation on the basis of the Corporation's earnings, financial requirements, and other conditions.

*Conflicts of Interest*

Certain of the directors and officers of the Corporation will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Corporation may become subject to conflicts of interest. The Business Corporations Act (Alberta) ("ABCA") provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

*Other Risks*

The Corporation also faces a number of risk factors that are outside of its control, generally, including, without limitation, terrorist activities, natural disasters, general economic and other conditions.

## CORPORATE INFORMATION

**CONTACT**

Head Office
San Lorenzo Gold Corp.
700, 903 – 8th Avenue S.W.
Calgary, Alberta T2P 0P7
Tel: (587) 391-7474
E-Mail: jaihoshi@sanlorenzo.com

**DIRECTORS**

Kevin Baker, KC.
Al J. Kroontje
Terrence Walker
Kelly Kimbley

**AUDITORS**

MNP LLP
Calgary, Alberta

**BANKERS**

Alberta Treasury Bank
Calgary, Alberta

**LEGAL COUNCEL**

DS Lawyers Canada LLP
Calgary, Alberta