

RISK FACTORS FOR SDRS IN FIRST NORDIC

This document describes the risk factors and significant circumstances considered to be material to First Nordic Metals Corp.'s (the "Company" or "First Nordic") operations and future development as well as First Nordic's securities. The risk factors relate to First Nordic's operations, industry, and markets, and include operational risks, legal risks, tax risks, financial risks, and risk factors related to the securities. The assessment of the materiality of each risk factor is based on the likelihood of its occurrence and the expected magnitude of its adverse effects. The risk factors mentioned below are limited to risks that are specific to the Company and/or to the securities and that are material for making an informed investment decision.

Risks related to First Nordic's operations and market

Resource exploration and development projects are inherently speculative in nature

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate or adequately mitigate. While the discovery of a mineral deposit may result in substantial rewards, few projects that are explored are ultimately developed into producing mines. Major expenditures are required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. 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; metal prices (which are highly volatile and cyclical); and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, allowable production, importing and exporting of minerals and environmental protection.

Assuming discovery of a mineral deposit that may be commercially viable and depending on the type of mining operation involved, many years can elapse from the initial phase of drilling until commercial operations are commenced. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or in mineral projects failing to achieve expected project returns.

Most of the above factors are beyond the control of the Company. The exact effect of these factors cannot be accurately predicted, but any one of these factors or a combination thereof may have a significantly adverse effect on the Company's business, its ability to obtain further financing and its ability to successfully develop its resources.

Successfully establishing mining operations and profitably producing gold cannot be assured

The Company has no history of producing gold. There can be no assurance that the Company will successfully establish mining operations or profitably produce gold from the Company's material mineral property (the "**Barsele Project**") or any other project.

The Barsele Project is in the exploration and evaluation stage and as a result, the Company is subject to all of the risks associated with establishing new mining operations and business enterprises including: (i) the availability of capital to finance construction and development activities is uncertain, may not be available, or may not be available at a cost which is economic to construct and develop a mine; (ii) the timing and cost, which can be considerable, to construct mining and processing facilities is uncertain and subject to increase; (iii) the availability and cost of skilled labour, consultants, mining equipment and supplies; (iv) the timing to receive any outstanding documentation, including permits, tax exemptions and fiscal guarantees required to commence construction and/or draw down on any loan facility that may be entered into by the Company in the future; and (v) the costs, timing and complexities of mine construction and development may be increased with the Barsele Project.

It is common in new mining operations to experience unexpected problems and delays during construction, development and mine start-up. Accordingly, there are no assurances that the Company's activities will result in profitable mining operations or that the Company will successfully establish mining operations or profitably produce gold at the Barsele Project or any of its future projects.

Accordingly, given the very preliminary stages of the Company's exploration activity, it is not possible to give any assurance that the Company will ever be capable of generating revenue at the current time,

and the inability for the Company to generate revenue could have a material adverse effect on its business, results of operations, financial condition and/or prospects.

The Company's economic prospects and the viability of the Barsele Project is subject to changes in, and volatility of, the price of gold

A principal factor that will affect the Company's ability to successfully execute its business plan is the price of gold. There are numerous factors outside of the Company's control that may affect the price of gold including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, levels of gold production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the availability and attractiveness of alternative investment vehicles, the strength of the US dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events or conditions.

The future trend in the price of gold cannot be predicted with any degree of certainty. The market price of gold affects the economics of any potential development project, as well as having an impact on the perceptions of investors with respect to gold equities, and therefore, the ability of the Company to raise capital. A decrease in the market price of gold and other metals could affect the Company's ability to finance exploration and development of the Barsele Project, which would have a material adverse effect on the Company's financial condition and results of operations and, potentially, result in dilution in its ownership interest in the Barsele Project. In addition, in the event the Company achieves exploration success leading to viable mining production, the Company's financial performance will be highly dependent on commodity prices and exchange rates. There can be no assurance that the market price of gold will remain at current levels or that such prices will improve or that market prices will not fall.

Mineral resource and mineral reserve estimates are only estimates and may not reflect the actual deposits or the economic viability of gold extraction

The estimation of mineral resources and mineral reserves is inherently uncertain and involves subjective judgments about many relevant factors. The accuracy of any such estimate is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Estimates may have to be re-estimated based on, among other things: (i) fluctuations in the price of gold; (ii) results of drilling; (iii) results of metallurgical testing, process and other studies including the grade and recovery of material; (iv) changes to proposed mine plans; (v) capital and operating costs; (vi) the evaluation of mine plans subsequent to the date of any estimates; and (vii) the possible failure to receive required permits, approvals and licenses. Actual recoveries of mineral products may differ from mineral resources and mineral reserves as reported due to inherent uncertainties in acceptable estimating techniques.

Even if a study confirms the economic viability of the Company's projects, there can be no guarantee that any of the projects will be successfully brought into production as assumed or within the estimated parameters in such feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

Eventual actual production, revenues and expenditures with respect to any mineral resources and reserves will vary from estimates, and the variances may be material, particularly when an entity is still involved solely in exploration activity and significant uncertainties exist and could have a material adverse effect on the Company's business, financial condition and prospects to a much greater extent than might be expected for a larger enterprise.

The Company relies on its management team and the loss of one or more of these persons may adversely affect the Company

The Company's activities are managed by a small number of key individuals who are intimately familiar with its operations. Consequently, the success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of this management team. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the

expertise and competence of outside contractors. The Company does not have in place formal programs for succession of management and training of management. The loss of one or more of these key employees or contractors, if not replaced, could adversely affect the Company's profitability, results of operations and financial condition. Should any or all members of the existing management team resign from the Company, there can be no assurance that the directors will be able to replace such persons or replace them in a timely manner. Any such occurrence may materially and adversely affect the Company's profitability, results of operations and financial condition. At present, the Company does not maintain any "key man" life insurance.

The Barsele Project, if mining operations are established, will be subject to operational risks and hazards inherent in the mining industry

The Company does not have a project in pre or commercial production. Potential future mining operations will be subject to the risks inherent in the mining industry, including fluctuations in metal prices, exchange rates, fuel prices, costs of constructing and operating a mine as well as processing and refining facilities in a specific environment, the availability of economic sources of energy and the adequacy of water supplies, adequate access to the site, unanticipated transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment (including regulations relating to prices, royalties, duties, taxes, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands), and industrial accidents and labor actions or unrest. The occurrence of any of these factors could result in detrimental delays or stoppages to the development of a project and, as a result, materially and adversely affect the Company's business, financial condition, results of operations and cash flow.

Unanticipated grade and tonnage of ore to be mined and processed, unusual or unexpected adverse geological or geotechnical formation, or unusual or unexpected adverse operating conditions, slope failure, failure of pit walls or dams, fire, and natural phenomena and "acts of nature" such as inclement weather conditions, floods, or other conditions may be encountered in the drilling and removal of ore. These occurrences could result in damage to, or destruction of, mineral projects or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company may incur liability as a result of pollution and other casualties and may not be able to insure fully or at all against such risks, due to political reasons, unavailability of coverage in the marketplace or other reasons, or may decide not to insure against such risks as a result of high premiums or for other reasons. This can result in delayed production and increases in production costs or liability. Paying compensation for obligations resulting from such liability may be very costly and could have an adverse effect on the Company's financial position, cash flows or prospects.

The mining industry is extremely competitive

The competition to discover and acquire mineral projects considered to have commercial potential is intense. The Company competes with other mining companies, many of which are larger and have greater financial resources than the Company, including with respect to the discovery and acquisition of interests in mineral projects, financing of such projects, the recruitment and retention of qualified employees, securing other contract personnel and the obtaining of necessary equipment. There can be no assurance that the Company will be able to successfully compete against such companies.

Financial risks

The Barsele Project is subject to financing risks

The Company does not have a producing mineral project and no sources of operating revenue. The Company's ability to explore for and find potential economic projects, and then to bring them into production, is highly dependent upon its ability to raise equity and debt capital in the financial markets. There is no assurance that the Company will be able to raise the funds required to continue its exploration programs and finance the development of any potentially economic deposit, including the Barsele Project, that is identified on acceptable terms or at all. The failure to obtain the necessary financing would have a material adverse effect on the Company's growth strategy, results of operations, financial condition and prospects.

Development of the Barsele Project is dependent on the Company securing the required project financing in order to maintain its ownership interest in the Barsele Project and meet its capital commitments with respect to the joint venture with Agnico Eagle Mines Ltd. (“**Agnico Eagle**”). No assurance can be given that the Company will be successful in achieving this.

Further, global financial markets continue to display increased volatility in response to global events. Increasing geopolitical tensions could have multiple unforeseen implications for the global financial markets. Future crises may be triggered by any number of causes, including natural disasters, pandemics, geopolitical instability, changes to energy prices or sovereign defaults.

If the Company is unable to raise additional funds as needed, the scope of its operations may be reduced and or its interest in its projects may be diluted or may expire and, as a result, the Company may be unable to fulfil its medium to long-term exploration and development program.

First Nordic has a history of losses and expects to incur losses until such time as the Barsele Project achieves commercial production

The Company has incurred losses since its inception. The Company incurred the following net losses for the past two fiscal years as follows:

- \$1,827,526 for the year ended December 31, 2023.
- \$1,665,625 for the year ended December 31, 2022.

The Company expects to continue to incur losses unless and until such time as the Barsele Project generates sufficient revenues to fund continuing operations. The development of the Barsele Project will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, cash calls by Agnico Eagle, the results of consultants’ analysis and recommendations, the rate at which operating losses are incurred, and the Company’s acquisition of additional projects, some of which are beyond the Company’s control. There can be no assurance that the Company will ever achieve profitability.

Currency fluctuations may affect the Company’s financial performance

Currency fluctuations may affect the costs of the Company’s operations. Gold is sold throughout the world based principally on a US dollar price, but the majority of the Company’s operating expenses are in non-US dollar currencies. Any appreciation of these non-US dollar currencies against the US dollar could negatively affect the Company’s profitability, cash flows and financial position. The Company does not currently have a currency or gold hedging policy and does not have any hedges in place. Accordingly, the Company currently has no protection from declines in mineral prices and currency fluctuations.

Legal risks

The Company’s operations are dependent on receiving and maintaining required permits and licenses

Continued operations at the Barsele Project are subject to Gunnarn Mining AB (“**Gunnarn Mining**”) receiving and maintaining permits from appropriate governmental authorities for various aspects of exploration, mine development and ultimately mine operation. The exploration permits in respect of the Barsele Project have a defined lifespan and will eventually need to be renewed or converted to exploitation permits.

Where required, obtaining necessary permits is a complex, time-consuming and costly process. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the exploration and development of the Barsele Project or the operation or further development of a future project. There is no assurance that all necessary renewals or extension of permits for future operations will be issued on a timely basis or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or

materially delay or restrict the Company from proceeding with exploration operations or any future development projects.

Government decisions, regulations and permitting may have an adverse effect on the Company's activities

The Company's exploration and development activities are subject to a number of laws and regulations governing health and worker safety, employment standards, exports, price controls, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

For example, the County Administrative Board of Västerbotten in January 2024 proposed that an area including certain exploration rights for the Barsele Project should be declared to be *Protected Nature* (Sw. *Naturreservat*). Such a decision could materially have restricted the planned activities within the Barsele Project. After consultation, the proposal was however amended and the decision by the County Administrative Board of Västerbotten on November 21, 2024, to create the Protected Nature area Långselberget, stipulates that it does not restrict exploration activities relating to minerals within the area and other activities necessary to prepare an application for an exploitation concession (Sw. *Bearbetningskoncession*). There are no guarantees that similar decisions will not be made in the future that impacts the Company's business activities or that any existing decision, that may be appealed or otherwise changed, is not changed in a way that is negative for the Company.

Further, it is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to the Company or its projects (including retroactively), which could have a material and adverse effect on the Company's exploration activities, operations or planned exploration and development projects. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities, any of which would have a material and adverse effect on the Company's financial condition, results of operations and prospects.

Minority interest in the joint venture with Agnico Eagle for the Barsele Project

The Company currently holds its 45 per cent interest in the Barsele Project through a joint venture with Agnico Eagle. The Company is therefore subject to the typical risks associated with joint ventures, including disagreement on how to develop, operate or finance the project and contractual and legal remedies of the Company's partners in the event of such disagreements. In addition, any limitation on the transfer of cash or other assets between the Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. The Company is subject to all the risk attendant upon being the holder of a minority interest in such a joint venture. Any such limitations or the perception that such limitations may exist now or in the future, could have a material adverse effect on the Company's results of operations or financial condition. Pursuant to the terms of the joint venture agreement, Agnico Eagle's ownership interest in Gunnarn Mining, the joint venture company that holds the Barsele Project, will increase from 55 per cent to 70 per cent and the Company's interest in Gunnarn Mining will be reduced from 45 per cent to 30 per cent if and when Agnico Eagle contributes a pre-feasibility study on the Barsele Project to Gunnarn Mining. Such outcome could also have a material adverse effect on the Company's results of operations or financial condition.

Additionally, the Company is subject to risks that Agnico Eagle may: (i) have economic or business interests or targets that are inconsistent with the Company's; (ii) take action contrary to the Company's policies or objectives with respect to their investments, for instance by veto of proposals in respect of

joint venture operations; (iii) be unable or unwilling to fulfil their obligations under the joint venture or other agreements; or (iv) experience financial or other difficulties. Any of the foregoing may have a material adverse effect on the Company's results of operations or financial condition.

The Barsele Project, and future projects, are subject to title risks

The Company has taken all reasonable steps to ensure that it, and its joint ventures and subsidiaries, has proper title to its projects. However, no guarantees can be provided that there are no unregistered agreements, claims or defects which may result in the titles of such projects being challenged. Should the Company lose any mineral titles at the Barsele Project or any of its future mineral projects, the loss of such legal rights could have a material and adverse impact on the Company and its ability to explore, develop and/or operate the mineral project.

The Barsele Project is subject to environmental risks which may affect operating activities or costs

Exploration programs and potential future mining operations, including the Barsele Project, have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment, including those addressing emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive, with the trend towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees.

Compliance with environmental laws and regulations may require significant capital or operational outlays on behalf of the Company and may cause material changes or delays in the Company's actual or intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect the Company's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Company's resources and business, causing the Company to re-evaluate those activities or estimates at that time. The Company cannot give any assurance that, notwithstanding its precautions and history of activities, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results from operations.

Failure to continue to have strong local community relations may impact the Company

Mining companies face increasing public scrutiny and monitoring of their activities to demonstrate that operations will benefit local governments and the communities surrounding projects. Companies are required to expend significant amounts of time and money on local consultation and meetings as part of developing their "social license to operate". Potential consequences of this increased scrutiny and additional consultative requirements may include lawsuits, demands for increased social investment obligations and increased taxes to support local governments or fund local development projects or in extreme cases, significant local opposition to mineral exploration, project development and/or mining operations. These additional risks could result in increased costs, delays in the permitting process or other impacts on operations, any of which could adversely impact the Barsele Project and any future prospects and ability to develop or mine any mineral deposit.

Evolving anti-corruption laws may result in fines or other legal sanctions

The Company is required to comply with the *Corruption of Foreign Public Officials Act (Canada)* which has recently seen an increase in both the frequency of enforcement and severity of penalties. While the Company's code of ethical conduct mandates compliance with anti-corruption laws, there can be no assurance that the Company's internal control policies and procedures will always protect the Company from recklessness, fraudulent behavior, dishonesty or other inappropriate acts by its employees or contractors. Violation or alleged violation of anti-corruption laws could lead to civil and criminal fines and

penalties, reputational damage and other harm that may materially adversely affect our financial condition and results of operation.

The Company's insurance coverage does not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured or uninsurable

The Company maintains insurance to protect it against certain risks related to its current operations in amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk. The Company may elect, however, not to insure against certain risks due to high premiums or for various other reasons.

Although the Company maintains insurance in amounts it believes to be reasonable, such insurance may not provide adequate coverage in all circumstances. No assurance can be given that such insurance will continue to be available at economically feasible premiums or that it will provide sufficient coverage for losses related to these or other risks and hazards. Should liabilities arise as a result of insufficient or non-existent insurance, any future profitability could be reduced or eliminated and result in increasing costs and a decline in the value of the Company's assets.

Conflict of Interest

Certain of the Company's directors and officers are, and may continue to be, involved in the mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the Company's interests. Directors and officers of the Company with conflicts of interest will be subject to and must follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies. Notwithstanding this, there may be corporate opportunities which the Company is not able to procure due to a conflict of interest of one or more of the Company's directors or officers.

Risks related to the SDRs and the listing on Nasdaq First North

Prospective investors should be aware that the value of an investment in the SDRs may go down as well as up and any fluctuations may be material and may not reflect the underlying asset value

The market price of the Swedish Depository Receipts ("SDRs") could be subject to significant fluctuations due to a change in sentiment in the market regarding the SDRs. The fluctuations could result from national and global economic and financial conditions, the market's response to the listing, market perceptions of the Company and various other factors and events, including but not limited to regulatory changes affecting the Company's operations, variations in the Company's operating results, business developments of the Company and/or its competitors and the liquidity of the financial markets. Furthermore, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the SDRs.

SDR holders are likely to experience dilution in their ownership of the Company

The Company today has 267,558,766 outstanding shares and is authorized to issue an unlimited number of shares pursuant to its constating documents. Capital raises in the future may be made through public or private equity financings or by raising debt securities convertible into shares, or rights to acquire these securities. Any such issues may exclude the pre-emption rights pertaining to the then outstanding shares. If the Company raises significant amounts of capital by these or other means, it could cause dilution for the Company's existing shareholders and SDR holders. Moreover, the further issue of shares and SDRs could have a negative impact on and/or increase the volatility of the market price of the shares and SDRs. Furthermore, the issue of additional shares and SDRs may be on more favorable terms than the listing.

The Company may also issue further shares and SDRs, or create options over shares/SDRs, as part of any applicable employee remuneration policy, which could in aggregate create a dilution in the value of the shares and the SDRs and the proportion of the Company's share capital in which investors are

interested. In addition, the issue of additional shares by the Company, or the possibility of such issue or exercise, may cause the market price of the shares and SDRs to decline and may make it more difficult for shareholders to sell shares or SDR holders to sell SDRs at a desirable time or price.

Potentially volatile share price and liquidity

The Company has initiated a process to be listed on Nasdaq First North Growth Market ("**Nasdaq First North**"). To fulfill the listing requirements of Nasdaq First North, First Nordic intends to facilitate for mainly existing Swedish shareholders to be able to convert their shares to SDRs. Any holder of SDRs, may in accordance with the SDR general terms and conditions, convert their SDRs back to shares.

Hence, an investment in SDRs may be difficult to realize if the Company should not receive final approval to be listed on Nasdaq First North and carries a high degree of risk. The ability of an investor to sell SDRs will depend on there being a willing buyer for them at an acceptable price. The SDRs may be illiquid and, accordingly, an investor may find it difficult to sell SDRs, either at all or at an acceptable price.

Consequently, it might be difficult for an investor to realize his or her investment in the Company and he or she may lose all of he or she investment.

SDR holders must rely on the custodian to exercise rights attached to the underlying shares for the benefit of the SDR holders

The rights of SDR holders are governed by the terms of the SDR agreement. As the registered shareholder, the custodian has the power to exercise proxy voting and other rights conferred by Canadian law and the articles of the Company on behalf of the relevant SDR holder. Consequently, the SDR holders must rely on the custodian to exercise such rights for the benefit of the SDR holders. Although the SDR agreement requires i) the Company to give notice of any meeting of shareholders and ii) the custodian to give notice of the need to take any action in respect of any cash or other distribution or offering of any rights in respect of the shares, there can be no assurance that such notices, and consequently, all such rights and, entitlements, will at all times be duly and timely passed on or that such proxy arrangements will be effective.

There is no guarantee that the shares will continue to be traded on TSXV or that the SDRs will be listed and continue to be traded on Nasdaq First North

The Company cannot assure investors that the shares always will be traded on TSX Venture Exchange ("**TSXV**") or that the SDRs will be listed and continue to be traded on Nasdaq First North, or that the shares and/or the SDRs are admitted to any other trading place or other exchange.

Nasdaq First North can inter alia decide to delist the SDRs from Nasdaq First North, should the actual trading volumes over time not provide a purposeful mechanism for establishing a price of the SDRs.

If the SDRs are not listed or are delisted from Nasdaq First North, it may be difficult for an investor to sell its holding of SDRs. If either the shares or the SDRs are delisted, certain investors may also decide to sell their shares/SDRs, which could have an adverse impact on the price of the shares and SDRs.

The ability of SDR holders to bring actions, or to enforce judgments, against the Company, its directors or officers, may be limited

The ability of a SDR holder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in Canada. The rights of SDR holders are directly governed by Swedish law and the SDR agreement while the right of a shareholder in the Company is governed by Canadian law and the constitutional documents of the Company. Hence, the rights of a SDR holder may differ from the rights of shareholders. A SDR holder may not be able to enforce a judgment against some or all of the directors. Furthermore, it may not be possible for a SDR holder to effect service of process upon the directors within the SDR holders' country of residence or to enforce against the directors judgments of courts of the SDR holders' country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a SDR holder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than Canada against the directors. In addition, Canadian or other courts may not impose

civil liability on the directors in any original action based solely on foreign securities laws brought against the Company or the directors in a court of competent jurisdiction in Canada or other countries.

SDR holders may be subject to exchange rate risks

The shares are priced in Canadian dollars (CAD), and the SDRs will be quoted and traded in Swedish krona (SEK). In addition, any dividends the Company may pay will be declared and paid in Canadian dollars. Accordingly, SDR holders are subject to risks arising from adverse movements in the value of the Swedish krona against the Canadian dollar, which may reduce the value of the SDRs, as well as the value of any dividends paid.

The shares are publicly traded on the TSXV and are subject to various factors that have historically made the share price volatile

The market price of the shares may fluctuate based on a number of factors. The following factors may cause the volatility of the shares to increase: (i) the Company's operating performance and the performance of competitors and other similar companies; (ii) the market's reaction to the issuance of securities or to other financing transactions, to the Company's press releases and other public announcements, and to the Company's filings with the various securities regulatory authorities; (iii) changes in valuations or recommendations by research analysts who cover the shares or the shares of other companies in the resource sector; (iv) changes in general economic conditions; (v) the arrival or departure of key personnel; (vi) acquisitions, strategic alliances or joint ventures involving the Company or its competitors; and (vii) variables not directly related to the Company's success and is therefore not within the Company's control.

The effect of these and other factors on the market price of the shares on the TSXV has historically made the Company's share price volatile and suggests that the Company's share price will continue to be volatile in the future.

Dividends to SDR holders

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on its shares. The Company does not anticipate paying cash dividends on the shares, and hence indirectly to the SDR holders, in the foreseeable future. The Company currently intends to retain all future earnings to fund the development and growth of its business. Any payment of future dividends will be at the discretion of the directors and will depend on, among other things, the Company's earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends, and other considerations that the directors deem relevant. Investors must rely on sales of their shares after price appreciation, which may never occur, as the only way to realize a return on their investment.

Securities or industry analysts

The trading market for shares and SDRs could be influenced by research and reports that industry and/or securities analysts may publish about the Company, its business, the market, or competitors. The Company does not have any control over these analysts and cannot assure that analysts will cover it or provide favorable coverage. If any of the analysts who may cover the Company's business change their recommendation regarding the Company's stock adversely, or provide more favorable relative recommendations about its competitors, the stock price would likely decline. If any analyst who may cover the Company's business were to cease coverage or fail to regularly publish reports on the Company, it could lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline.