

Risk Factors Comparison 2025-03-31 to 2024-05-17 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

You should carefully consider the following factors, in addition to the other information in this **Comprehensive Annual Report on Form 10-K**, in evaluating our company and our business. Our business, operations and financial condition are subject to various risks. The material risks are described below and should be carefully considered in evaluating Odyssey or any investment decision relating to our securities. This section is intended only as a summary of the principal risks. If any of the following risks actually occur, our business, operating results, or financial results could suffer. If this occurs, the trading price of our common stock could decline, and you could lose all or part of the money you paid to buy our common stock. We face risks related to the **recent Restatement restatement** of our financial information and the material weaknesses -- **weakness** in our internal control over financial reporting, ~~as described in Item 9A — Controls and Procedures and Note 2 — Restatement of Consolidated Financial Statements~~. We are subject to various SEC reporting and other regulatory requirements. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud and material errors in transactions and to fairly present financial statements. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. In addition, any testing we conduct in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm when required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our Common Stock. As discussed in the Explanatory Note to ~~this our~~ **Comprehensive Report on Form 10-K for and in NOTE 2 to the year ended December 31, 2023 restated audited annual consolidated financial statements included in this Comprehensive Form 10-K, we determined to restate certain financial information in our previously issued consolidated financial statements for the year ended December 31, 2022, and for the interim periods ended March 31, **2022 and 2023 and 2022**, June 30, **2022 and 2023 and 2022**, and September 30, 2022. The circumstances leading to the **Restatement restatement** of our previously issued financial statements, and our efforts to investigate, assess, and remediate those matters have resulted in substantial costs in the form of accounting, legal fees, and similar professional fees, in addition to the substantial diversion of time and attention of our senior management and members of our accounting team in preparing the **restated financial Restatement statements and information**. In addition, as a result of the **Restatement restatement**, we have identified material weaknesses in our internal controls over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. ~~While~~ **Although** we have undertaken substantial work to maintain effective internal controls and have taken action to remediate the material weaknesses identified in connection with the **Restatement restatement**, we cannot be certain that we will be successful in our remediation efforts or in maintaining adequate internal controls over our financial reporting. As a result of ~~the those~~ material weaknesses, management determined that our internal control over financial reporting and disclosure controls and procedures were ineffective as of December 31, 2023, **that has not been fully remediated as of December 31, 2024**. If we fail to maintain an effective system of internal controls over financial reporting and disclosure controls and procedures, we may not be able to accurately determine our results of operations or financial conditions or to prevent fraud. As a result of the **Restatement restatement**, we have become subject to a number of additional risks and uncertainties, which may affect investor confidence in the accuracy of our financial disclosures and may raise reputational issues for our business. We expect to continue to face the risks and challenges related to the **Restatement restatement**, including the following: (**i-a**) we may face potential litigation or other disputes, which may include, among others, claims invoking the federal and state securities laws, contractual claims, or other claims arising from the **Restatement restatement**; (**ii-b**) the SEC may review the restatements, ~~including the Restatement~~, and require further amendment of our public filings; and (**iii-c**) the processes undertaken to effect the **Restatement restatement** may not have been adequate to identify and correct all errors in our historical financial statements and, as a result, we may discover additional errors and our financial statements remain subject to the risk of future restatement. We cannot provide assurance that all of the risks and challenges described above will be eliminated or that general reputational harm will not persist. If any of the foregoing risks or challenges persists, our business, operations, and financial condition could be materially adversely affected. We face risks related to being delinquent in our SEC reporting obligations. Primarily due to the matters that led to our restatement of prior financial statements and the material weaknesses identified in connection therewith, ~~which are more fully detailed in NOTE 2 — Restatement of Consolidated Financial Statements and Item 9A — Controls and Procedures, immediately prior to the filing of this Comprehensive Form 10-K~~, our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023, and our Annual Report **on Form 10-K** for the year ended December 31, 2023, were not timely filed. We expect to continue to face many of the risks and challenges related to the matters that led to the delay in the filing of ~~that Quarterly~~ **such Form 10-Q and Form 10-K Report reports and Annual Report**, including the following: • we may fail to remediate material weaknesses in our internal control over financial reporting and other material weaknesses may be identified in the future, which would adversely affect the accuracy and timing of our financial reporting; • failure to timely file our SEC reports and make our current financial information available may place downward pressure on our stock price and result in the inability of our employees to sell the**

shares of our common stock underlying their awards granted pursuant to our equity compensation plans, which may adversely affect hiring and employee retention; • litigation and claims, and any as regulatory examinations, investigations, proceedings, and orders arising out of our failure to file SEC reports on a timely basis, including the reasons and causes for the delay in filing, could divert management attention and resources from the operation of our business; and • negative reports or actions on our commercial credit ratings would increase our costs of, or reduce our access to, future commercial credit arrangements and limit our ability to refinance existing indebtedness. If any of the foregoing risks or challenges persists, our business, operations, and financial condition are likely to be materially and adversely affected. ~~8~~ We have identified material weaknesses in our internal control over financial reporting **and may identify other material weaknesses in our internal control over financial reporting in the future**, which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner. We have concluded that our internal control over financial reporting was not effective as of December 31, **2024, September 30, 2024, June 30, 2024, March 31, 2024, December 31, 2023**, and **certain** prior periods, due to the existence of material weaknesses in our internal control over financial reporting, ~~all as described in Part H, Item 9A—Controls and Procedures of this Comprehensive Form 10-K~~. Although we have initiated **and continue to apply** remediation measures to address the identified material weaknesses, we ~~cannot provide assurance that our remediation efforts will be adequate to allow us to conclude that such controls will be effective in the future~~. We also cannot assure that additional material weaknesses in our internal control over financial reporting will not arise or be identified in the future. We intend to continue our control remediation activities and to continue to improve our overall control environment and our operational, information technology, financial systems, and infrastructure procedures and controls, as well as to continue to train, retain, and manage our personnel who are essential to effective internal controls. In doing so, we will continue to incur expenses and expend management time on compliance-related issues. If we are unable to successfully complete our remediation efforts or favorably assess the effectiveness of our internal control over financial reporting, our operating results, financial position, ability to accurately report our financial results and timely file our SEC reports, and stock price could be adversely affected. Moreover, because of the inherent limitations of any control system, material misstatements due to error or fraud may not be prevented or detected on a timely basis, or at all. If we are unable to provide reliable and timely financial reports in the future, our business and reputation may be further harmed. Restated financial statements and failures in internal controls may also cause us to fail to meet reporting obligations, negatively affect investor and customer confidence in our management or result in adverse publicity and concerns from investors and customers, any of which could have a negative effect on the price of our common stock, subject us to further regulatory investigations, potential penalties or stockholder litigation, and have a material adverse impact on our business and financial condition. Our business involves a high degree of risk. An investment in Odyssey is extremely speculative and of exceptionally high risk. With respect to mineral exploration projects, there are uncertainties with respect to the quality and quantity of the material and their economic feasibility, the price we can obtain for the sale of the deposit or the ore extracted from the deposit, the granting of the necessary permits to operate, environmental safety, technology for extraction and processing, distribution of the eventual ore product, and funding of necessary equipment and facilities. In projects where Odyssey takes a minority ownership position in the company holding the mining rights, there may be uncertainty as to that company's ability to move the project forward. **We may continue to experience significant losses from operations. We have experienced a loss from operations in every fiscal year since our inception except for the year ended December 31, 2004. Our losses from operations for the years ended December 31, 2024 and 2023, were \$ 12.0 million and \$ 10.3 million, respectively. Even if we do generate operating income in one or more periods in the future, subsequent developments in our industry, customer base, business or cost structure or an event such as significant litigation or a significant transaction may cause us to again experience operating losses. We may not become profitable for the long term, or even for any quarter. The audit report covering our consolidated financial statements contains an explanatory paragraph that states that the Company's operating losses and need for additional capital to fund operations and capital expenditures raise substantial doubt about our ability to continue as a going concern.** The research and data we use may not be reliable. The success of a mineral project is dependent to a substantial degree upon the research and data we or ~~others~~ **a contracting party** have obtained. By its very nature, research and data regarding mineral deposits can be imprecise, incomplete, outdated, and unreliable. For mineral exploration, data is collected based on a sampling technique and available data may not be representative of the entire ore body or tenement area. Prior to conducting offshore exploration, we typically conduct onshore research, ~~which relies heavily on third-party data and reports~~. There is no guarantee that the models and research conducted onshore will be representative of actual results on the seafloor. Offshore exploration typically requires significant expenditures, with no guarantee that the results will be useful or financially rewarding. Operations may be affected by natural hazards. Underwater exploration and extraction operations are inherently difficult and **dangerous and** may be delayed or suspended by weather, sea conditions or other natural hazards. Further, such operations may be undertaken more ~~reliably~~ **safely** during certain months of the year than others. We cannot guarantee that we, or the entities we are affiliated with, will be able to conduct exploration, sampling or extractions operations during favorable periods. In addition, even though sea conditions in a particular search location may be somewhat predictable, the possibility exists that unexpected conditions may occur that adversely affect our operations. It is also possible that natural hazards may prevent or significantly delay operations. Seabed mineral extraction work may be subject to interruptions resulting from storms that adversely affect the extraction operations or the ports of delivery. Project planning considers these risks ~~to the extent practicable~~. We may be unable to establish our rights to resources or items we discover or recover. We may discover potentially valuable seabed mineral deposits, but we may be unable to get title to the deposits or get the necessary governmental permits to commercially extract the minerals. Mineral deposits may be in controlled waters where the policies and laws of a certain government may change abruptly, thereby adversely affecting our ability to operate in those zones. We have a process for evaluating this risk in our proprietary **"Global Prospectivity Program"** ~~which enables us to rank and prioritize projects~~. The market for minerals we recover is uncertain. During the time, ~~measured in~~

years, between when a mineral deposit is discovered and the first extracted minerals are sold, world and local prices for the mineral may fluctuate drastically and thereby adversely affect the economics of the mineral project. 9-We could experience delays in the disposition or sale of minerals. It may take significant time between when a mineral deposit is discovered, and the first extracted minerals are sold. Stakes in the mineral deposits can potentially be sold at an earlier date, but there is no guarantee that there will be readily available buyers at favorable competitive prices. Legal, political, or civil issues could interfere with our marine operations. Legal, political, or civil issues of governments throughout the world could restrict access to our operational marine sites or interfere with our marine operations or rights to seabed mineral deposits. In many countries, the legislation covering ocean exploration lacks clarity or certainty. As a result, when we are conducting projects in certain areas of the world for our own account or on our behalf of a contracting party, we may be subjected to unexpected delays, requests, and outcomes as we work with local governments to define and obtain the necessary permits and to assert our claims over assets on the seafloor bottom. ~~Our Vessels— vessel on which we work~~, equipment, personnel and ~~or~~ cargo could be seized or detained by government authorities. We may have to work with different units of a government, and there may be a change of government representatives over time. This may result in unexpected changes or interpretations in government contracts and legislation. Non- governmental organizations (“ NGOs ”) that are opposed to seafloor mineral extraction may attempt to disrupt business operations. NGOs may also use disinformation in the media to damage our reputation and the reputations of our projects. This may result in delays to project timelines and incremental costs to the company to implement strategies to mitigate and counter NGO activities. We may be unable to get permission to conduct exploration ~~and~~, ~~excavation, or~~ extraction operations. It is possible we will not be successful in obtaining the necessary permits to conduct exploration ~~and~~ ~~or~~ ~~excavation~~ ~~or~~ extraction operations. In addition, permits we obtain may be revoked or not honored by the entities that issued them. In addition, certain governments may develop new permit requirements that could delay new operations or interrupt existing operations. Changes in our business strategy or restructuring of our businesses may increase our costs or otherwise affect the profitability of our businesses. As changes in our business environment occur, we may need to adjust our business strategies to meet these changes, or we may otherwise find it necessary to restructure our operations or particular businesses or assets. When these changes or events occur, we may incur costs to change our business strategy and may need to write down the value of assets or sell certain assets. In any of these events our costs may increase, and we may have significant charges associated with the write- down of assets. We may be unsuccessful in raising the necessary capital to fund operations and capital expenditures. Our ability to generate cash inflows is dependent upon our ability to provide mineral exploration and development services to our subsidiaries and other subsea mineral companies or monetize mineral rights ~~or monetize our investments in third- party projects~~. However, we cannot guarantee that the sales and other cash sources will generate sufficient cash inflows to meet our overall cash requirements. If cash inflows are not sufficient to meet our business requirements, we will be required to raise additional capital through other financing activities. Although we have been successful in raising the necessary funds in the past, there can be no assurance we can continue to do so in the future. We depend on key employees and face competition in hiring and retaining qualified employees. Our employees are vital to our success, and our key management and other employees are difficult to replace. We currently do not have employment contracts with the majority of our key employees. We may not be able to retain highly qualified employees in the future which could adversely affect our business. We ~~may continue~~ **depend on consultants and subcontractors** ~~to experience significant losses from operations~~ **perform services in certain technical areas, and may face competition and creditor risk in engaging such consultants or vendors. Our technical consultants and subcontractors supplement and complement the work performed by our employees and are difficult to replace**. We ~~may not be able to engage highly qualified consultants~~ **have experienced a net loss in every fiscal year since our** ~~or vendors~~ **inception except for 2023 and 2004. We had net income in 2023 of \$ 1. 5 million only as a result of a gain recognized on debt extinguishment. Our net losses were \$ 23. 1 million in 2022. Even if we do generate operating income in one or more quarters in the future, subsequent developments in our** ~~or industry~~ **there may be contract or credit risk relating to engagement of key consultants or vendors**, customer base, ~~which could adversely affect our~~ **business or cost structure or an event such as significant litigation or a significant transaction may cause us to again experience operating losses. We may not become profitable for the long- term, or even for any quarter.** 10-Technological obsolescence of our marine assets or failure of critical equipment could put a strain on our capital requirements or operational capabilities. From time to time, we employ state- of- the- art technology including ~~but not limited to~~ sonars, magnetometers, ROVs, vessels, and other advanced science and technology to perform seabed mineral exploration. Although we try to maintain back- ups on critical equipment and components, equipment failures may require us to delay or suspend operations. Also, while we endeavor to keep marine equipment in excellent working condition and current with all available upgrades, technological advances in new equipment may provide superior efficiencies compared to the capabilities of our existing equipment, and this could require us to purchase new equipment which would require additional capital. We may not be able to contract with clients or customers for marine services or third- party projects. From time to time, we earn revenue by chartering out equipment and crew and providing marine services to clients or customers. Even if we do contract out our services, the revenue may not be sufficient to cover administrative overhead costs. Although the operational results of these third- party projects are generally successful, the clients or customers may not be willing or financially able to continue with third- party projects of this type in the future. Failure to secure such revenue producing contracts in the future may have a material adverse impact on our revenue and operating cash flows. The issuance of shares at conversion prices lower than the market price at the time of conversion and the sale of such shares could adversely affect the price of our common stock. Some of our outstanding shares may have been acquired from time to time upon ~~the~~ conversion of convertible notes at conversion prices that are lower than the market price of our common stock at the time of conversion. In the past, Odyssey has issued debt obligations that could be converted into common shares at prices below the current market price. Conversion of the notes at conversion prices that are lower than the market price at the time of conversion and the sale of the shares issued upon conversion could have an adverse effect upon the market price of our common

stock. Investments in subsea mineral exploration companies may prove unsuccessful. We have invested in marine mineral companies that to date are still in the exploration phase and have not begun to earn significant revenue from operations. We may or may not have control or input on the future development of these businesses. There can be no assurance that these companies will achieve profitability or otherwise be successful in capitalizing on the mineralized materials they intend to exploit or through other revenue-generating activities. We may be subject to short selling strategies. Short sellers of our stock may be manipulative and may attempt to drive down the market price of our common stock. Short selling is the practice of selling securities that the seller does not own but rather has, supposedly, borrowed from a third party with the intention of buying identical securities back **at a later date** to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is therefore in the short seller's best interests for the price of the stock to decline, many short sellers (sometimes known as "disclosed shorts") publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects to create negative market momentum and generate profits for themselves after selling a stock short. Although traditionally these disclosed shorts were limited in their ability to access mainstream business media or to otherwise create negative market rumors, the **availability-rise** of the Internet and technological advancements regarding document creation, videotaping and publication by weblog ("blogging") have allowed many disclosed shorts to publicly attack a company's credibility, strategy and veracity by means of so-called "research reports" that mimic the type of investment analysis performed by large Wall Street firms and independent research analysts. These short attacks have, in the past, led to selling of shares in the market, on occasion in large scale and broad base. Issuers who have limited trading volumes and are susceptible to higher volatility levels than large-cap stocks, can be particularly vulnerable to such short seller attacks. These short seller publications are not regulated by any governmental, self-regulatory organization or other official authority in the U. S., are not subject to certification requirements imposed by the **SEC Securities and Exchange Commission** and, accordingly, the opinions they express may be based on distortions or omissions of actual facts or, in some cases, fabrications of facts. In light of the limited risks involved in publishing such information, and the enormous profit that can be made from running just one successful short attack, unless the short sellers become subject to significant penalties, it is more likely than not that disclosed short sellers will continue to issue such reports. ~~++~~ Some of our equipment or assets could be seized or we may be forced to sell certain assets. We have pledged certain assets, such as equipment and shares of subsidiaries, as collateral under our loan agreements. Some ~~lenders could~~ **suppliers have the ability to** seize some of our assets if we do not make timely payments for the ~~loans,~~ services, supplies, or equipment that they have provided to us. If we were unable to make payments on these obligations, the lender or supplier may seize the asset or force the sale of the asset. The loss of such assets could adversely affect our operations. The sale of the asset may be done in a manner and under circumstances that do not provide the highest cash value for the sale of the asset. We could be delisted from the Nasdaq Capital Market. Our common stock is listed on the Nasdaq Capital Market, which imposes, among other requirements, a minimum bid **price** requirement. The closing bid price for our common stock must remain at or above \$ 1.00 per share to comply with Nasdaq's minimum bid requirement for continued listing. If the closing bid price for our common stock is less than \$ 1.00 per share for 30 consecutive business days, Nasdaq may send us a notice stating we will be provided a period of 180 days to regain compliance with the minimum bid requirement or else Nasdaq may make a determination to delist our common stock. Another requirement for continued listing on the Nasdaq Capital Market is to maintain our market capitalization above \$ 35.0 million. **Nasdaq notified us on October 30, 2024, that we did not meet the \$ 35.0 million market capitalization requirement for 30 consecutive business days, as required under Nasdaq Listing Rule 5550 (b) (2). In accordance with the Nasdaq Listing Rules, the Company has a 180- calendar day period, ending April 28, 2025, to regain compliance with the market capitalization requirement. On November 4, 2024, Nasdaq notified us that we did not meet the \$ 1.00 minimum bid price requirement for 30 consecutive business days, as required under Nasdaq Listing Rule 5550 (a) (2). In accordance with the Nasdaq Listing Rules, the Company has a 180- calendar day period, ending May 5, 2025, to regain compliance with the minimum bid price requirement.** Our failure to ~~maintain~~ **regain** compliance with the above-mentioned and other Nasdaq continued listing requirements, ~~including timely filing of our periodic reports with the SEC,~~ may lead to the delisting of our common from the Nasdaq Capital Market. Delisting from the Nasdaq Capital Market could make trading our common stock more difficult for investors, potentially leading to declines in our share price and liquidity. If our common stock is delisted by Nasdaq, our common stock may be eligible to trade on an over-the-counter quotation system, where an investor may find it more difficult to sell our stock or obtain accurate quotations as to the market value of our common stock. We cannot assure you that our common stock, if delisted from the Nasdaq Capital Market, will be listed on another national securities exchange or quoted on an over-the-counter quotation system. Our insurance coverage may be inadequate to cover all of our business risks. Although we seek to obtain insurance for some of our main operational risks, there is no guarantee that the insurance policies that we have are sufficient, that they will be in place when needed, that we will be able to obtain insurance coverage when desired, that insurance will be available on commercially attractive terms, or that we will be able to anticipate the risks that need to be insured. ~~For example, although we may be able to obtain War Risk coverage for a project at a specific date and location, such insurance may be unavailable at other times and locations.~~ Although we may be able to insure our marine assets for certain risks such as certain possible loss or damage scenarios, we may lack insurance to cover against government seizure or detention of ~~certain our~~ marine assets. Permanent ~~loss~~ **loss** or temporary loss of our marine assets and the associated business interruption without commensurate ~~coverage~~ **compensation** from an insurance policy could severely impact the financial results and operational capabilities of the company. We may be exposed to cybersecurity risks. We depend on information technology networks and systems to process, transmit and store electronic information and to communicate among our locations around the world and among ourselves within our company. Additionally, one of our significant responsibilities is to maintain the security and privacy of our confidential and proprietary information and the personal data of our employees. Our information systems,

and those of our service and support providers, are vulnerable to an increasing threat of continually evolving cybersecurity risks. Computer viruses, hackers and other external hazards, as well as improper or inadvertent staff behavior could expose confidential company and personal data systems and information to security breaches. Techniques used to obtain unauthorized access or cause system interruption change frequently and may not immediately produce signs of intrusion. As a result, we may be unable to anticipate these incidents or techniques, timely discover them, or implement adequate preventative measures. With respect to our commercial arrangements with service and support providers, we have processes designed to require third-party IT outsourcing, offsite storage and other vendors to agree to maintain certain standards with respect to the storage, protection and transfer of confidential, personal and proprietary information. However, we remain at risk of a data breach due to the intentional or unintentional non-compliance by a vendor's employee or agent, the breakdown of a vendor's data protection processes, or a cyber-attack on a vendor's information systems or our information systems. ¹²Subsea mineral development and operating have inherent risks. Mining operations generally involve a high degree of risk. The financing, exploration, development and mining of any of our properties is furthermore subject to a number of macroeconomic, legal and social factors, including commodity prices, laws and regulations, political conditions, currency fluctuations, the ability to hire and retain qualified people, the inability to obtain suitable and adequate machinery, equipment or labor and obtaining necessary services in the jurisdictions in which we may operate. Unfavorable changes to these and other factors have the potential to negatively affect our operations and business. Major expenses may be required to locate and establish mineral reserves and resources, to develop processes and to construct mining and processing facilities at a particular site. Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Unusual or infrequent weather phenomena, sabotage, government or other interference could adversely affect our operations, financial condition and results of operations. It is impossible to ensure that the exploration or development programs planned by us will result in a profitable commercial mining operation. Whether precious or base metal or mineral deposits will be commercially viable depends ~~on~~ upon a number of factors, some of which are: the particular attributes of the deposit, such as the quantity and quality of mineralization; mineral prices, which are highly volatile; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in not receiving an adequate return on invested capital. There is no certainty that the expenditures to be made by us towards the exploration and evaluation of our projects will result in discoveries or production of commercial quantities of the minerals. In addition, once in production, mineral reserves are finite and there can be no assurance that we will be able to locate additional reserves as ~~its~~ existing reserves are depleted. We are subject to significant governmental regulations, which affect our operations and costs of conducting our business. Our exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. For us to carry out our activities, various licenses and permits must be obtained and kept current. There is no guarantee that the Company's licenses and permits will be granted, or that once granted will be maintained and extended. In addition, the terms and conditions of such licenses or permits could be changed and there can be no assurances that any application to renew any existing licenses will be approved. There can be no assurance that all permits that we require will be obtainable on reasonable terms, or at all. Delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that we have obtained, could have a material adverse impact on our operations. We may be required to contribute to the cost of providing the required infrastructure to facilitate the development of our properties and will also have to obtain and comply with permits and licenses that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies and financial assurances. There can be no assurance that we will be able to comply with any such conditions and non-compliance with such conditions may result in the loss of certain of our permits and licenses on properties, which may have a material adverse effect on us. Future taxation of mining operators cannot be predicted with certainty so planning must be undertaken using present conditions and best estimates of any potential future changes. There is no certainty that such planning will be effective to mitigate adverse consequences of future taxation on us. We may not be able to obtain all required permits and licenses to place any of our properties into production. Our current and future operations, including development activities and commencement of production, if warranted, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, environmental protection, mine safety and other matters. Companies engaged in mineral property exploration and the development or operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. We cannot predict if all permits which we may require for continued exploration, development or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms, if at all. Costs related to applying for and obtaining permits and licenses may be prohibitive and could delay our planned exploration and development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. 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 our operations and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. ¹³Calculations of mineral resources are estimates only and subject to uncertainty. The estimation of mineral resources is an imprecise process and the accuracy of such estimates is a function of the quantity and quality of available data, the assumptions

used and judgments made in interpreting engineering and geological information and estimating future capital and operating costs. There is significant uncertainty in any reserve or resource estimate, and the economic results of mining a mineral deposit may differ materially from the estimates as additional data are developed or interpretations change. Estimated mineral resources may be materially affected by other factors. In addition to uncertainties inherent in estimating mineral resources, other factors may adversely affect estimated mineral resources and mineral reserves. Such factors may include but are not limited to metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, gold prices, and capital and operating costs. Any of these or other adverse factors may reduce or eliminate estimated mineral reserves and mineral resources and could have a material adverse effect on our business, prospects, results of operations, cash flows, financial condition and corporate reputation.