

JAXON MINING INC.

Management's Discussion and Analysis

Year ended January 31, 2018

GENERAL

The following discussion and analysis of the operations, results, and financial position of Jaxon Mining Inc. (“the Company”), for the twelve months ended January 31, 2018, should be read in conjunction with the Company’s audited financial statements for the year ended January 31, 2018 and the financial statements for the twelve months ended January 31, 2017. Unless otherwise noted, amounts are in Canadian dollars.

DATE

This Management’s Discussion & Analysis (“MD&A”) covers the fiscal year ended January 31, 2018 and was prepared on May 30, 2018.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Company’s management is responsible for the presentation and preparation of the financial statements on which this discussion and analysis is based. The financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

FORWARD LOOKING STATEMENTS

Certain information contained or incorporated by reference in this MD&A, including any information as to our future financial or operating performance, constitutes “forward-looking statements”. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or other commodities; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada and in other countries; business opportunities that may be presented to, or pursued by, us; operating or technical difficulties in connection with mining or development activities; employee relations; litigation; the speculative nature of exploration and development, including the risks of obtaining necessary licenses and permits; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks. Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements.

We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

OVERALL PERFORMANCE

Introduction

As disclosed in the last audited annual financial statements for the fiscal year ended January 31, 2017, the Company dropped the options that it previously had acquired to the Snow Lake Property in Manitoba and the Hot Bath Property in British Columbia, and is focused on its Hazelton Project in British Columbia (incorporating the Price Creek Project, extensive staking by the Company and smaller acquisitions) and the More Creek Project in the Golden Triangle region of British Columbia (incorporating the Wishbone and Foremore Project acquisitions).

Hazelton Property, British Columbia (*formerly Price Creek Project*)

The Hazelton Property covers 42,226 hectares and is located east of the town of Hazelton in north-central British Columbia, approximately 40 kilometres north of the town of Smithers.

The property hosts numerous zones of mineralization hosted in the Skeena Arch region. To date, the Company has focused on two significant targets – the Max Ag-Au-Zn-Pb VMS Target and the Red Springs Au-Cu Porphyry Target.

- The Max Target is a shallow-marine VMS target that outcrops over a 700 metre by 1000 metre area. The Company added to the pre-existing historical database by re-processing airborne VTEM data, completing a substantial surface sampling program over the Max Target area, and followed that up with a ground IP survey and then an exploratory drill campaign at the very end of the field season in 2017. All holes encountered sulphide mineralization and eleven discrete intervals of high-grade silver (over 100g/t Ag) were intercepted in 7 of the 12 holes. The Company is currently re-processing all geophysical data in conjunction with the drill-core lithology and plans follow-up drilling to target areas of suspected thicker mineralization.
- The Red Springs Target was discovered by the Company 17 kilometres south-west of the Max Target. A large 36 square-kilometre area of argillic and sericitic alteration is associated with a suite of high-grade gold-bearing tourmaline breccias, with 8 of the 49 surface samples returning between 10 g/t gold and 33 g/t gold. The Company is about to start the first comprehensive exploration program at Red Springs, to include a 6.4 square-kilometre ground geophysics survey.
- Other zones include the Knoll Zn-Pb-Ag-Au target of VMS mineralization, as well as polymetallic quartz and sulphide veins, porphyry-style molybdenum and Cu-Mo-W mineralization hosted within the Bowser Lake Group in the recently-acquired northeast corner of the Hazelton Property.

More Creek Property, British Columbia (*incorporating Wishbone and Foremore Properties*)

The More Creek Property covers 24,559 hectares and is located 150 kilometres north of Stewart in the Golden Triangle region of British Columbia.

The Property covers multiple target areas, with 23 high-grade gold-silver showings in both VMS and epithermal settings, as identified by previous operators. The area was staked by Cominco Limited after the original discovery of a quartz boulder that graded 162 g/t gold as well as several massive sulphide boulder fields in 1987. The Company made two acquisitions to put the contiguous land position together, along with some minor staking, in an area of substantial interest by other companies. Teck Resources Galore Creek Project is adjacent to the west, their Schaft Creek Project is a similar distance to the north, and Barrick Gold's Eskay Creek Project is 45 kilometres south-south-east.

A substantial database of previous exploration work, including 14,523 metres of drilling in 71 drill holes, has been compiled, with the Company's initial target consisting of an untested, 2 kilometre-long marker horizon

between two established VMS historical discoveries, the BRT Zone and the Ryder Zone. Both systems are bimodal submarine VMS systems, with BRT being highly-enriched in Zn-Cu-Ag-Au, and Ryder Zone being enriched in Zn-Cu-Ag with minor Au. Drilling at the BRT Zone in 2004 returned 15 g/t Au, 6.5% Zn and 1,075 g/t Ag over 3.1 metres within the marker horizon.

A Notice of Work (to include drilling) has been submitted to maximise its 2018 exploration season, the first phase of which will be the completion of a detailed IP geophysical survey along the 2 kilometre horizon, along with additional mapping and sampling, especially in areas of glacial retreat.

Stock Properties Joint Venture, British Columbia

The Stock Properties Joint Venture covers 4,127 hectares located in the lower east corner of the Golden Triangle region of British Columbia, in partnership with Rotation Minerals Inc, which owns the nearby Scottie Gold Mine. The Company is earning into a 75% interest in the joint venture by Spending \$375,000 over four years. Historical work on the Stock Properties include numerous tunnels and crosscuts including one that extends over 300 metres, and a sampling program indicated that silver mineralization is widespread, with all of the 201 samples containing silver values. A brief site visit by the Company in 2018 identified a gossan outcrop to be sampled in the summer, as well as faults and dykes exposed above snow. One Leucocratic dyke was estimated to be 1.5 metres wide. A 1 kilometre grid was put in for future work, and the Company's initial program will include mapping and sampling (including historical workings) with a view to subsequent airborne and/or ground geophysical surveys.

ST Silver-Gold Prospect, Yukon

The ST prospect, covering over 4 strategic claims, lies 120 km northwest of Whitehorse, Yukon in a region with major regional fault systems and a large tertiary aged multiple staged volcanic complex. Streams draining the area have long been known to carry fine crystalline gold with the source as yet undetermined. The claims cover coincident airborne EM/ground 3DIP geophysical anomalies and soil geochemical sampling has identified a gold/silver (plus indicator elements) anomaly immediately down slope from the geophysical zones. Historic exploration expenditures total approximately \$175,000. The Company has paid \$1,000 and issued 500,000 common shares to the vendor. The vendor will retain a 2% NSR on the future production and has received an annual Royalty payment of \$5,000. The Company does not plan any work on the ST prospect this year.

Qualified Person

The Company's exploration program is directed by Carl Swensson, F. AusIMM., Vice President, Exploration, who is a "qualified person" as defined by National Instrument 43-101 and who also prepared and approved the scientific and technical information contained in this MD&A.

Financial Condition

As of January 31, 2018, the Company had \$1,292,065 (2017: \$119,173) in cash and a working capital of \$2,794,031 (2017: \$8,633).

OUTLOOK

Priorities for the Year Ended January 31, 2019 (Fiscal 2019)

For fiscal 2019, the Company will focus its priorities as follows:

- Advance the Red Springs Discovery at the Hazelton Property, with mapping, sampling and ground geophysics and drilling
- Re-process geophysics from the Max Zone at Hazelton to narrow down second-stage drilling targets.
- Follow-on exploration at the West Zone and initial ground-truthing and exploration at the recently-acquired North-East Zone.

- detailed ground geophysics to target initial drilling at the marker horizon at the More Creek Property, along with mapping and sampling
- Initial sampling and mapping on the Stock Properties.
- Raise sufficient funding to continue exploration work on the Hazelton, More Creek and Stock Properties.
- Continue its search for additional mineral projects that fit within the Company's financial and technical constraints.

RESULTS OF OPERATIONS

Exploration and development

During the twelve months ended January 31, 2018, exploration expenditures were as follows:

	Balance as at		Balance as at	
	January 31, 2017	Additions	January 31, 2018	
ST Silver-Gold Prospect, Yukon:				
Acquisition costs	\$ 28,500	\$ -	\$ 28,500	
Geological services	5,000	-	5,000	
Administration and maintenance	129.00	-	129	
	33,629	-	33,629	
Hazelton Property, British Columbia:				
Acquisition costs	12,000	68,500	80,500	
Administration and maintenance	-	93,867	93,867	
Assaying and analysis	-	79,845	79,845	
Camp costs, supplies and logistics	1,603	146,925	148,528	
Drilling and drilling related costs	-	371,499	371,499	
Environmental review	-	2,205	2,205	
Geological services	33,436	237,983	271,419	
Property examination	-	581,611	581,611	
Project management	-	128,150	128,150	
Stock-based compensation	-	141,756	141,756	
Travel	-	77,780	77,780	
	47,039	1,930,121	1,977,160	
More Creek Project, British Columbia:				
Acquisition costs	-	175,500	175,500	
Geological services	-	10,675	10,675	
Legal	-	10,960	10,960	
Assay and analysis	-	341	341	
Property examination	-	16,567	16,567	
	-	214,043	214,043	
Stock Property, British Columbia:				
Geological services	-	21,000	21,000	
	-	21,000	21,000	
Total Exploration and Evaluation Assets:	\$ 80,668	\$ 2,165,164	\$ 2,245,832	

General and Administrative Expenses

	For the Years Ended January 31,	
	2018	2017
Expenses		
Advertising	\$ 20,936	\$ -
Amortization	2,177	-
Consulting fees	124,007	14,350
Corporate Development	357,660	-
Director fees	79,000	-
Interest expense	-	19,832
Management fees	174,000	17,200
Marketing and IR	669,216	206,607
Office and miscellaneous	44,548	37,768
Professional fees	53,804	27,779
Regulatory, Filing and transfer agent fees	56,825	17,061
Rent	28,875	22,500
Share-based payment expenses	691,103	98,362
Travel and entertainment	212,970	1,051
Loss from operations	(2,515,121)	(462,510)

The general and administrative expenses for the year ended January 31, 2018 totaled \$2,515,121 (2017: \$462,510). Share-based payments at \$691,103 (2017 - \$98,362) made up the largest expense category, followed in order of decreasing magnitude by Marketing and IR at \$669,216 (2017 - \$206,607), Corporate Development at \$357,660 (2017: \$Nil), Travel and entertainment at \$212,970 (2017: \$1,051), Management fees at \$174,000 (2017: \$17,200), Consulting fees at \$124,007 (2017: \$14,350), Director fees at \$79,000 (2017: \$Nil), Regulatory, Filing and transfer agent fees at \$56,825 (2017: \$17,061), Professional fees at \$53,804 (2017: \$27,779), Office and miscellaneous at \$44,548 (2017:\$37,768), Rent at \$28,875 (2017:\$22,500) Advertising at \$20,936 (2017-\$Nil), Amortization at \$2,177 (2017: \$Nil), and Interest expense at \$Nil (2017: \$19,832).

Overall, general and administrative expenses increased in 2018 by \$2,052,611 as a result of management's active efforts to attract capital, further develop its projects and pursue new project acquisitions and more specifically in conducting an active exploration season relative to that of 2017.

FOURTH QUARTER SUMMARY

Exploration expenditures during the fourth quarter ending January 31 were as follows:

	Balance as at October 31, 2017	Additions	Balance as at January 31, 2018
ST Silver-Gold Prospect, Yukon:			
Acquisition costs	\$ 28,500	\$ -	\$ 28,500
Geological services	5,000	-	5,000
Administration and maintenance	129.00	-	129
	<u>33,629</u>	<u>-</u>	<u>33,629</u>
Hazelton Property, British Columbia:			
Acquisition costs	65,500	15,000	80,500
Administration and maintenance	77,197	16,670	93,867
Assaying and analysis	43,634	36,211	79,845
Camp costs, supplies and logistics	25,667	122,861	148,528
Drilling and drilling related costs	5,824	365,675	371,499
Environmental review	2,205	-	2,205
Geological services	253,809	17,610	271,419
Property examination	603,214	(21,603)	581,611
Project management	92,750	35,400	128,150
Stock-based compensation	123,367	18,389	141,756
Travel	75,617	2,163	77,780
	<u>1,368,784</u>	<u>608,376</u>	<u>1,977,160</u>
More Creek Project, British Columbia:			
Acquisition costs	175,500	-	175,500
Geological services	-	10,675	10,675
Legal	10,960	-	10,960
Assay and analysis	341	-	341
Property examination	16,567	-	16,567
	<u>203,368</u>	<u>10,675</u>	<u>214,043</u>
Stock Property, British Columbia:			
Geological services	-	21,000	21,000
	<u>-</u>	<u>21,000</u>	<u>21,000</u>
Total Exploration and Evaluation Assets:	<u>\$ 1,605,781</u>	<u>\$ 640,051</u>	<u>\$ 2,245,832</u>

	Balance as at		Balance as at
	October 31, 2016	Additions/(disposals)	January 31, 2017
ST Silver-Gold Prospect, Yukon:			
Acquisition costs	\$ 28,500	\$ -	\$ 28,500
Geological services	5,000	-	5,000
Administration and maintenance	129	-	129
	<u>33,629</u>	<u>-</u>	<u>33,629</u>
Hazelton Property, British Columbia:			
Acquisition costs	12,000	-	12,000
Camp costs, supplies and logistics	1,603	-	1,603
Geological services	15,475	17,961	33,436
	<u>29,078</u>	<u>17,961</u>	<u>47,039</u>
Hot Bath Project, British Columbia:			
Acquisition costs	150,000		150,000
Camp costs, supplies and logistics	15,000		15,000
Property examination	2,500		2,500
Writedown of properties	-	(167,500)	(167,500)
	<u>167,500</u>	<u>(167,500)</u>	<u>-</u>
Total Exploration and Evaluation Assets:	<u>\$ 230,207</u>	<u>\$ (149,539)</u>	<u>\$ 80,668</u>

General and Administrative expenses during the fourth quarter ending January 31 were as follows:

	For the Quarters Ending January 31,	
	2018	2017
Expenses		
Advertising	\$ 8,861	\$ -
Amortization	2,177	-
Consulting fees	29,729	5,000
Corporate Development	175,865	-
Director fees	43,000	-
Interest expense	-	(4,096)
Management fees	26,000	17,200
Marketing and IR	119,284	12,396
Office and miscellaneous	18,225	18,217
Professional fees	10,672	891
Regulatory, Filing and transfer agent fees	898	9,731
Rent	28,875	-
Share-based payment expenses	74,102	98,362
Travel and entertainment	42,954	1,051
Total General and Administrative expenses	\$ (580,642)	\$ (158,752)

The general and administrative expenses for the fourth quarter ended January 31, 2018 totaled \$580,642 (2017: \$158,752) and consisted mainly of corporate development fees of \$175,865 (2017: \$Nil), marketing and IR fees of \$119,284 (2017: \$12,396), office and miscellaneous expenses of \$18,225 (2017: \$18,217), director fees of \$43,000 (2017: \$Nil), travel and entertainment expenses of \$42,954 (2017:\$1,051), consulting fees of \$29,729 (2017:\$5,000), management fees of \$26,000 (2017:\$17,200), professional fees of \$10,672 (2017: \$891), and advertising expenses of \$8,861 (2017:\$Nil).

Generally the expense categories experienced much greater activity in 2018 relative to 2017 and is the key reason for the increases.

SELECTED ANNUAL INFORMATION

The following table sets out certain audited financial information for the Company for each of the last three fiscal years.

Fiscal Year ended	Jan 31, 2018	Jan 31, 2017	Jan 31, 2016
Reporting Framework	IFRS	IFRS	IFRS
Total revenue	\$ Nil	\$ Nil	\$ Nil
Expenses	\$ 2,515,121	\$ 462,510	\$ 153,975
Exploration expenses	\$ 2,165,164	\$ 52,459	\$ 420
Net loss	\$ 1,112,077	\$ 558,724	\$ 187,658
Deficit	\$ 9,037,454	\$ 7,925,377	\$ 7,366,653
Total assets	\$ 5,635,305	\$ 206,075	\$ 40,515

SUMMARY OF QUARTERLY RESULTS

The following table sets out certain unaudited financial information for the Company for each of the last eight quarters.

Quarter ended	Jan 31, 2018	Oct 31, 2017	Jul 31, 2017	Apr 30, 2017
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
G & A expenses	\$ 496,233	\$ 1,406,872	\$ 352,183	\$ 259,833
Exploration expenses	\$ 640,051	\$ 936,533	\$ 478,732	\$ 109,848
Net loss (income)	\$ (906,811)	\$ 1,406,872	\$ 352,183	\$ 259,833
Exploration and evaluation assets	\$ 2,245,832	\$ 1,605,781	\$ 669,248	\$ 190,516
Total assets	\$ 5,635,305	\$ 3,186,606	\$ 1,285,796	\$ 459,976

Quarter ended	Jan 31, 2017	Oct 31, 2016	Jul 31, 2016	April 30, 2016
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
G & A expenses	\$ 282,962	\$ 118,382	\$ 40,860	\$ 20,306
Exploration expenses	\$ (149,540)	\$ 201,999	\$ Nil	\$ Nil
Net loss	\$ 379,176	\$ 118,382	\$ 40,860	\$ 20,306
Exploration and evaluation assets	\$ 80,668	\$ 230,207	\$ 188,506	\$ 178,629
Total assets	\$ 206,075	\$ 518,830	\$ 201,916	\$ 197,652

LIQUIDITY AND CAPITAL RESOURCES

The activities of the Company, principally the acquisition of mineral properties and exploration thereon, are financed through the completion of equity offerings involving the sale of equity securities. These equity offerings generally include private placements and the exercise of warrants and options.

As at January 31, 2018 there were 6,210,759 options outstanding at an average exercise price of \$0.18 and 14,851,772 share purchase warrants outstanding at an exercise price of \$0.18.

As of January 31, 2018, the Company had \$1,292,065 in cash (2017: \$119,173) and working capital of \$2,794,031 (2017: \$8,633).

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company does not have any long term contractual obligations.

OFF-BALANCE SHEET TRANSACTIONS

The Company has not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

The key management personnel of the Company are the Directors, Chief Executive Officer, Chief Financial Officer, and Vice President, Exploration.

During the year ended January 31, 2018, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

- a) Paid/Accrued \$174,000 (2017 – \$17,200) in management fees to the president of the Company; and
- b) Paid/Accrued \$28,875 (2017 – \$55,000) in shared office and administrative fees to a company with an officer in common with the Company;
- c) Paid/Accrued \$79,000 (2017-Nil) in director fees;
- d) Paid/Accrued \$53,750 (2017-Nil) in consulting fees;
- e) Paid/Accrued \$153,045 (2017-Nil) in corporate development fees;
- f) Paid \$400,041 (2017-Nil) in share-based payment expense;
- g) Paid/Accrued \$128,150 (2017-Nil) in project management fees included in exploration and evaluation expenditures; and
- h) Paid/Accrued \$15,000 (2017-Nil) in administration and maintenance costs included in exploration and evaluation assets.

The Following table illustrates the compensation of the Company's current and former key management personnel:

	January 31,	
	2018	2017
	-\$-	-\$-
Management fees	174,000	17,200
Administration and maintenance capitalized to exploration and evaluation assets	15,000	-
Share-based payments	14,281	-
Share-based payments capitalized to exploration and evaluation assets	141,756	-
	<u>345,037</u>	<u>17,200</u>

As at January 31, 2018 included in accounts payable and accrued liabilities is \$164,888 (2017 – \$77,411) due to related parties.

SHARES ISSUED AND OUTSTANDING

As at January 31, 2018 the Company had 75,992,334 shares outstanding, 6,210,759 options outstanding and 14,851,772 share purchase warrants outstanding. As of May 30, 2018 the Company had 77,289,334 shares outstanding, 6,148,259 options outstanding and 13,742,272 share purchase warrants outstanding.

BOARD CHANGES

On March 27, 2017, the Company announced that it has received resignations from directors Leif Smither as well as Navin Varshney and has appointed Emma Fairhurst as well as Garry Stock to its Board of Directors.

On June 23, 2017, the Company announced the appointment of John King Burns as Chairman and Lead Director.

On August 11, 2017 the Company announced the resignation of Emma Fairhurst from its Board of Directors.

On August 15, 2017, the Company announced the appointment of Dr. Yingting (Tony) Guo to its Board of Directors.

On August 29, 2017, the Company announced the resignation of Garry Stock from its Board of Directors.

SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRS applicable to the preparation of financial statements. The company has consistently applied the same accounting policies in its opening IFRS statement of financial position at February 1, 2010 and throughout all periods presented, as if these policies had always been in effect. The Company's significant accounting policies have not changed materially as a result of the adoption of IFRS but include the following policies for clarity.

New accounting pronouncements and changes in accounting policies

A description of the accounting standards adopted during the year, as well as a summary of new accounting standards and interpretations not yet adopted can be found in Note 3 of the audited financial statements for the year ended January 31, 2018.

FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to cash is remote. Receivables are due primarily from government agencies.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash and term deposits in its banking institutions and does not believe interest rate risk to be significant.

(b) Foreign currency risk

The Company has no exposure at the present time to foreign currency risk on fluctuations related to cash, receivables, accounts payable and accrued liabilities since almost all transactions are denominated in Canadian Dollars.

(c) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

RISKS AND UNCERTAINTIES

Exploration and mining companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical.

The principal activity of the Company is mineral exploration, which is inherently risky. Exploration is also capital intensive, and the Company currently has no source of income and must depend on equity financings as its main source of capital. Only the skills of its management and staff in mineral exploration and exploration financing serve to mitigate these risks and therefore are one of the main assets of the Company.

The following are the risk factors which the Company's management believes are most important in the context of the Company's business. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

Competition

The Company competes with many companies that have substantially greater financial and technical resources than the Company for the acquisition of mineral properties as well as for the recruitment and retention of qualified employees.

Title Matters

Title to and the area of mining claims may be disputed. Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has No History of Operations

The Company has no history of operations and is in the early stages of exploration on its mining property. The Company may experience higher costs than budgeted and delays which were not expected. The Company must also locate and retain qualified personnel to conduct exploration work. Further adverse changes in any one of such factors or the failure to locate and retain such personnel will have an additional adverse effect on the Company, its business and results of operations.

The Mining Industry is Speculative and of a Very High Risk Nature

Mining activities are speculative by their nature and involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company's activities are in the exploration stage and such exploration is subject to the risk that previously reported inferred mineralization is not economic. If this occurs, the Company's existing resources may not be sufficient to support a profitable mining operation. The Company's activities are subject to a number of factors beyond its control including intense industry competition and changes in economic conditions, including some operating costs (such as electrical power). Its operations are subject to all the hazards normally incidental to exploration, development and production of precious metals, any of which could result in work stoppages, damage to or loss of property and equipment and possible environmental damage. An adverse change in any one of such factors, hazards and risks would have a material adverse effect on the Company, its business and results of operations. This might result in the Company not meeting its business objectives.

The Company is Dependent on Various Key Personnel

The Company's success is dependent upon the performance of key personnel. The Company does not maintain life insurance for key personnel and the loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business and results of operations.

The Company's Activities might suffer Losses from or Liabilities for Risks which are not Insurable

The Company does not currently carry any form of political risk insurance, insurance for loss of or damage in respect of its equipment and property or any form of environmental liability insurance, since insurance is prohibitively expensive. The payment of any such liabilities would reduce the funds available to the Company. If the Company suffers damage to its equipment it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

There is Uncertainty in the Nature and Amount of the Company's Resources

While the Company has carried out, and will carry out on an annual basis, estimates of its mineral resources, this should not be construed as a guarantee that such estimates are accurate. If such estimates prove to be materially inaccurate, that would have a material and adverse effect on the Company's business and results of operations.