



JAXON MINING INC.

Management's Discussion and Analysis

For the six months ended July 31, 2018

GENERAL

The following management's discussion and analysis ("MD&A") which is dated September 26, 2018, provides a review of the operations, results, and financial position of Jaxon Mining Inc. ("the Company") as at July 31, 2018, and for the six months then ended, as well as future prospects of the Company

This MD&A should be read in conjunction with the unaudited condensed interim financial statements of the Company as at, and for the six months ended July 31, 2018, together with the audited financial statements of the Company as at and for the year ended January 31, 2018. Unless otherwise noted, amounts are in Canadian dollars. Additional information relating to the Company is available on SEDAR at www.sedar.com.

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 previously, 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 42,244 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 Red Springs Cu Porphyry Target and the Max Ag-Au-Zn-Pb VMS Target.

- The Red Springs Target was discovered by the Company 17 kilometres south-west of the Max Target. Reconnaissance work in 2017 resulted in the discovery of gold-bearing hydrothermal breccias, with 8 of 49 reconnaissance samples returning between 10 g/t gold and 33 g/t gold. The Company is almost finished the first comprehensive exploration program at Red Springs, with preliminary results indicating a 500-metre-long exposure of tourmaline breccias with a variable width up to 15 metres, called the Backbone Prospect. The Backbone has undergone detailed channel sampling consisting of 9 channels with a total of 112 samples.
- Exploration at Red Springs during the 2018 season has included geological mapping at 1:5000 scale over 36 square kilometres, extensive rock chip sampling within this area and a 23 line kilometre induced polarization survey covering the Backbone and two porphyry copper prospects identified during the mapping. The IP survey has returned strong chargeability anomalies over both styles of mineralization.
- 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 plans follow-up drilling to target areas of suspected thicker mineralization.
- 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, the first phase of which will be the completion of a detailed IP geophysical survey along the 2 kilometre horizon (schedule permitting). Results from a recent short reconnaissance program at More Creek are pending.

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 and subscribing for 1,333,334 units (previously subscribed and paid for) of Rotation Minerals at a price of \$0.15 per unit. 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 throughout the properties. A brief site visit by the Company in 2018 identified a gossan outcrop to be sampled in the summer. A 1 kilometre grid was put in for future work, and the Company's initial program is to include mapping and sampling followed by 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 July 31, 2018, the Company had \$704,058 (January 31, 2018: \$1,292,065) in cash and a working capital of \$1,063,012 (January 31, 2018: \$2,794,031).

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 Discoveries at the Hazelton Property, in particular the new Backbone Prospect, 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.
- A geophysical survey 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 six months ended July 31, 2018, exploration expenditures were as follows:

	Balance as at January 31, 2018	Additions	Balance as at July 31, 2018
ST Silver-Gold Prospect, Yukon:			
Acquisition costs	\$ 28,500	\$ -	\$ 28,500
Geological services	5,000	-	5,000
Filing fees	840	-	840
Field expenses	(711)	-	(711)
	<u>33,629</u>	<u>-</u>	<u>33,629</u>
Hazelton Property, British Columbia:			
Acquisition costs	80,500	12,000	92,500
Administration and maintenance	93,867	25,268	119,135
Assaying and analysis	79,845	61,744	141,589
Camp costs, supplies and logistics	148,528	254,106	402,634
Drilling and drilling related costs	371,499	2,222	373,721
Environmental review	2,205	11,340	13,545
Geological services	271,419	168,899	440,318
Property examination	581,611		581,611
Project management	128,150	70,800	198,950
Stock-based compensation	141,756	-	141,756
Travel	77,780	60,994	138,774
	<u>1,977,160</u>	<u>667,373</u>	<u>2,644,533</u>
More Creek Project, British Columbia:			
Acquisition costs	175,500	39,375	214,875
Administration and maintenance	-	368	368
Geological services	10,675	28,350	39,025
Legal	10,960	-	10,960
Assay and analysis	341	-	341
Property examination	16,567	-	16,567
	<u>214,043</u>	<u>68,093</u>	<u>282,136</u>
Stock Property, British Columbia:			
Geological services	21,000	-	21,000
	<u>21,000</u>	<u>-</u>	<u>21,000</u>
Cost recovery - BC METC	-	(141,455)	(141,455)
Total Exploration and Evaluation Assets:	<u>\$ 2,245,832</u>	<u>\$ 594,011</u>	<u>\$ 2,839,843</u>

During the six months ended July 31, 2017, exploration expenditures were as follows:

	Balance as at January 31, 2017	Additions	Balance as at July 31, 2017
ST Silver-Gold Prospect, Yukon:			
Acquisition costs	\$ 28,500	\$ -	\$ 28,500
Geological services	5,000	-	5,000
Filing fees	840	-	840
Field expenses	(711)	169	(542)
	<u>33,629</u>	<u>169</u>	<u>33,798</u>
Hazelton Property, British Columbia:			
Acquisition costs	12,000	72,833	84,833
Assaying and analysis	-	2,910	2,910
Camp costs, supplies and logistics	1,603	1,750	3,353
Geological services	33,436	117,698	151,134
Property examination	-	366,220	366,220
	<u>47,039</u>	<u>561,411</u>	<u>608,450</u>
More Creek Project, British Columbia:			
Acquisition costs	-	27,000	27,000
	<u>-</u>	<u>27,000</u>	<u>27,000</u>
Total Exploration and Evaluation Assets:	<u>\$ 80,668</u>	<u>\$ 588,580</u>	<u>\$ 669,248</u>

General and Administrative Expenses

	<u>For the three months ended July 31,</u>		<u>For the six months ended July 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Expenses				
Advertising	\$ 797	\$ 4,583	\$ 5,298	\$ 4,583
Amortization	2,275	-	4,549	-
Consulting fees	43,652	6,512	80,877	22,313
Corporate Development	52,000	46,017	110,209	141,300
Director fees	18,000	-	36,000	-
Management fees	30,000	88,000	64,000	106,000
Marketing and IR	41,600	165,329	195,883	179,331
Office and miscellaneous	28,585	13,029	43,245	17,565
Professional fees	4,618	10,824	6,826	15,781
Regulatory, Filing and transfer agent fees	7,579	17,890	25,391	34,421
Rent	8,107	-	21,554	-
Share-based compensation	26,678	-	26,678	-
Travel and entertainment	68,237	6,314	130,656	6,314
Loss from operations	\$ (332,128)	\$ (358,498)	\$ (751,166)	\$ (527,608)

The general and administrative expenses for the six months ended July 31, 2018 totaled \$751,166 (2017: \$527,608). Marketing and IR at \$195,883 (2017 - \$179,331) made up the largest expense category, followed in order of decreasing magnitude by Travel and entertainment at \$130,656 (2017 - \$6,314), Corporate Development at \$110,209 (2017: \$141,300), Consulting fees at \$80,877 (2017: \$22,313) Management fees at \$64,000 (2017 - \$106,000), Office and miscellaneous at \$43,245 (2017-\$17,565), Director fees at \$36,000 (2017: \$Nil), Share-based compensation at \$26,678 (2017-\$Nil), Regulatory, Filing and transfer agent fees at \$25,391 (2017: \$34,421), Rent at \$21,554 (2017:\$Nil), Professional fees at \$6,826 (2017: \$15,781), Advertising at \$5,298 (2017-\$4,583), and Amortization at \$4,549 (2017: \$Nil).

Overall, general and administrative expenses increased in the six months ended July 31, 2018 by \$223,558 but were generally comparable to the same period of the prior year.

The general and administrative expenses for the three months ended July 31, 2018 totaled \$332,128 (2017: \$358,498). Travel and entertainment at \$68,237 (2017 - \$6,314) made up the largest expense category, followed in order of decreasing magnitude by Corporate Development at \$52,000 (2017 - \$46,017), Consulting fees at \$43,652 (2017: \$6,512) Marketing and IR at \$41,600 (2017 - \$165,329), Office and miscellaneous at \$28,585 (2017-\$13,029), Share-based compensation at \$26,678 (2017-\$Nil), Director fees at \$18,000 (2017: \$Nil), Rent at \$8,107 (2017-\$Nil) Regulatory, Filing and transfer agent fees at \$7,579 (2017: \$17,890), Professional fees at \$4,618 (2017: \$10,824), Amortization at \$2,275 (2017 - \$Nil) and Advertising at \$797 (2017-\$4,583).

Overall, general and administrative expenses decreased slightly in the three months ended July 31, 2018 by \$26,370. The overall expenditure level was generally comparable to the same period of the prior year.

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	Jul. 31, 2018	Apr. 30, 2018	Jan. 31, 2018	Oct. 31, 2017
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
G & A expenses	\$ 332,128	\$ 419,038	\$ 496,233	\$ 1,406,872
Exploration expenses	\$ 312,157	\$ 140,399	\$ 640,051	\$ 936,533
Net loss (income)	\$ 304,692	\$ 1,550,760	\$ (906,811)	\$ 1,406,872
Exploration and evaluation assets	\$ 2,839,843	\$ 2,244,776	\$ 2,245,832	\$ 1,605,781
Total assets	\$ 4,295,485	\$ 4,087,931	\$ 5,635,305	\$ 3,186,606

Quarter ended	Jul. 31, 2017	Apr. 30, 2017	Jan. 31, 2017	Oct. 31, 2016
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
G & A expenses	\$ 352,183	\$ 259,833	\$ 282,962	\$ 118,382
Exploration expenses	\$ 478,732	\$ 109,848	\$ (149,540)	\$ 201,999
Net loss	\$ 352,183	\$ 259,833	\$ 379,176	\$ 118,382
Exploration and evaluation assets	\$ 669,248	\$ 190,516	\$ 80,668	\$ 230,207
Total assets	\$ 1,285,796	\$ 459,976	\$ 206,075	\$ 518,830

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 July 31, 2018 there were 4,723,259 options outstanding at an average exercise price of \$0.22 and 15,857,222 share purchase warrants outstanding at an average exercise price of \$0.19.

As of July 31, 2018, the Company had \$704,058 in cash (January 31, 2018: \$1,292,065) and working capital of \$1,063,012 (January 31, 2018: \$2,794,031).

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, Vice President, Exploration and Project Manager.

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

- a) Paid/Accrued \$64,000 (2017 – \$106,000) in management fees to the president of the Company;
- b) Paid/Accrued \$102,747 (2017 – \$15,000) in shared office and administrative fees to a company with an officer in common with the Company;
- c) Paid/Accrued \$36,000 (2017-Nil) in director fees.
- d) Paid/Accrued \$96,028 (2017-\$60,074) in consulting fees towards exploration and evaluation assets.
- e) Paid/Accrued \$Nil (2017-\$128,908) in consulting and advisory fees.

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

	<u>Six months ending July 31</u>	
	2018	2017
Management fees	\$ 64,000	\$ 106,000
Director fees	36,000	\$ -
Consulting fees in Exploration & Evaluation Assets	96,028	\$ 60,074
Consulting and advisory	-	\$ 128,908
Totals	\$ 196,028	\$ 294,982

As at July 31, 2018 included in accounts payable and accrued liabilities is \$198,154 (January 31, 2018 – \$164,888) due to related parties.

SHARES ISSUED AND OUTSTANDING

As at July 31, 2018 the Company had 82,873,834 shares outstanding, 4,723,259 options outstanding and 15,857,222 share purchase warrants outstanding. As of September 26, 2018, the Company had 83,580,084 shares outstanding, 4,454,509 options outstanding and 15,857,222 share purchase warrants outstanding.

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.