

SPEARMINT RESOURCES INC.

Management's Discussion and Analysis

For the year ended January 31, 2018

Date of Report: May 30, 2018

The following discussion and analysis of its financial condition and results of operations for the year ended January 31, 2018, should be read in conjunction with the Company's audited financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Disclaimer for Forward-Looking Information

Certain statements in this report are forward-looking statements, which reflect its management's expectations regarding its future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about the Company's current mineral property interests, the global economic environment, the market price and demand for commodities and its ability to manage its property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause its actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand or price of minerals, (3) delays in the start of projects with respect to its property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in North America regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. Except as required by law, the Company disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

Company Overview

The Company was incorporated under the Business Corporations Act of British Columbia, Canada on September 23, 2009. The Company is an exploration stage public company and is listed on the TSX Venture Exchange under the trading symbol “SRJ”. The Company’s principal business activities include acquiring and exploring exploration and evaluation assets. At January 31, 2018, the Company had exploration and evaluation assets located in Canada and the United States.

Mineral Properties

BC EL North and EL North 2 Nickel-Copper Prospects - Staking

In September 2017, the Company acquired a 100% interest in certain mineral claims (the “EL North Nickel-Copper Prospect”) in the world renowned Eskay Creek Mining Camp in the Golden Triangle of British Columbia for staking costs of \$1,400. This prospect consists of 1,975 contiguous acres.

In September 2017, the Company acquired a 100% interest in certain mineral claims (the “EL North 2 Nickel-Copper Prospect”) in the world renowned Eskay Creek Mining Camp in the Golden Triangle of British Columbia for staking costs of \$1,492. This prospect consists of 2,107 contiguous acres.

This property is seasonal and the Company expects to utilize the flow-through funds on hand to fund a work program on these prospects in the summer.

BC NEBA Copper-Gold Prospect - Staking

In September 2017, the Company acquired a 100% interest in certain mineral claims (the “NEBA Copper-Gold Prospect”) totaling 3,052 acres located in the Golden Triangle of British Columbia for staking costs of \$2,162.

This property is seasonal and the Company expects to utilize the flow-through funds on hand to fund a work program on these prospects in the summer.

BC Gold Mountain Property - Staking

In April 2017, the Company acquired a 100% interest in three separate claim blocks (the “BC Gold Mountain Property”) comprising of 1,245 acres near the town of Wells, British Columbia for staking costs of \$1,382.

This property is seasonal and the Company expects to utilize the flow-through funds on hand to fund a work program on these prospects in the summer.

BC Gold Triangle Prospects - Staking

In July 2017, the Company acquired a 100% interest in four separate gold prospects (the “Gold Triangle Prospects”) totalling 4,092 acres located in the Golden Triangle gold District in British Columbia for staking costs of \$2,900.

This property is seasonal and the Company expects to utilize the flow-through funds on hand to fund a work program on these prospects in the summer.

BC Why West Magnesium Project and the Buddy Claims - Purchase Agreement

On October 5, 2017, the Company entered into a share purchase agreement with two arm's length vendors (the "Why West Vendors") to purchase 100% of the issued and outstanding common shares of 1136693 B.C. Ltd., which, through the Why West Vendors, held a 100% interest in the Why West Magnesium Project near Rossland, British Columbia, and the Buddy Claims in the golden triangle of British Columbia. The Why West Magnesium Project consists of approximately 1,500 contiguous acres and the Buddy Claims consists of approximately 4,400 contiguous acres, respectively. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company was required to issue 7,000,000 common shares to the Why West Vendors.

On January 12, 2018, the Company amended the share purchase agreement dated October 5, 2017 with the Why West Vendors and settled the consideration for the Shares through payment of various staking, legal and other costs associated with the transaction. The Company paid \$2,632 and \$3,108 in acquisition costs for the Why West Magnesium Project and the Buddy Claims, respectively.

Subsequent to January 31, 2018, the Company acquired a 100% interest in certain mineral claims in British Columbia to increase its land holdings on the Why West Magnesium Project to approximately 10,300 acres for staking costs of \$4,689.

This property is seasonal and the Company expects to utilize the flow-through funds on hand to fund a work program on these prospects in the summer.

QC Chibougamau Vanadium Prospects - Staking

In June 2017, the Company acquired a 100% interest in five separate vanadium prospects, the "Chibougamau Vanadium Prospects", all located in the direct vicinity of Lac Chibougamau, Quebec for staking costs of \$4,550. These five separate vanadium prospects comprise 71 separate claims totaling approximately 9,728 acres.

This property is seasonal and the Company expects to utilize the flow-through funds on hand to fund a work program on these prospects in the summer.

Nevada Elon and McGee Properties - Purchase Agreement

On July 12, 2016, the Company entered into a share purchase agreement (the "Nevada Agreement") with five arm's length vendors (the "Nevada Vendors") to purchase 100% of the issued and outstanding common shares of 1074942 B.C. Ltd., which through its wholly-owned subsidiary Mathers Lithium Corp. (a Nevada corporation) holds a 100% interest in certain lithium mineral claims (the "Elon claims" and the "McGee claims") in Nevada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company issued 12,700,000 common shares at a value of \$444,500 to the Nevada Vendors pursuant to the Nevada Agreement.

In addition, the Company issued 912,000 common shares at a value of \$31,920 as a finder's fee, and paid \$20,000 to the vendor for land acquisition and \$3,903 in filings fees in connection with this transaction.

As disclosed in a news release on November 16, 2016, the Company announced that the geological crews had completed the first phase of a work program on this property and a total of 91 samples had been sent to the lab for lithium grade testing.

As disclosed in a news release on March 13, 2017, the Company announced that of the 91 samples collected and submitted to ALS Minerals in Vancouver, B.C., all were five-foot channel samples of the green clay and represent an assessment of the vertical extent of the exposed formation. This thickness was established by the qualified person geologist observing the layers exposed and basing the thickness on these observations of the property. The highest sample value obtained was 1,630 parts per million, with an overall average value of 843 parts per million lithium. 23 of the 91 samples achieved values of over 1,000 parts per million. The samples ranged from a low of 285 parts per million to the high of 1,630 parts per million.

On June 14, 2017, the Company assumed an additional US\$30,000 payment owed to the vendors for the McGee claims as follows: US\$10,000 by September 1, 2017 (paid) and US\$20,000 by December 31, 2017 (paid). The vendors retain a NSR of 3.75% on the McGee claims.

During the year ended January 31, 2018, the Company provided a security deposit of \$11,098 in relation to its Elon and McGee Properties.

As at January 31, 2018, the Company had incurred a total of \$59,048 in exploration costs on this property.

As disclosed in a news release on February 7, 2018 the Company received approval of the notice of intent to drill (NOI) from the State of Nevada Commission on Mineral Resources and on February 21, 2018 the Company began the drill program consisting of three wells testing the green clay formation.

As disclosed in a news release on April 17, 2018, the Company announced that the first phase of exploration drilling has been completed and intersected lithium as high as 1,670 parts per million lithium. The three holes drilled into the clay formation all intersected lithium. Hole 1 had a range of 1,670 to 396 parts per million lithium over 270 feet averaging 835 ppm Li, including 35 feet averaging 1,140 ppm Li. Hole 2 had a range of 1,570 to 250 ppm Li averaging 642 ppm Li over 220 feet including 20 feet of 925 ppm Li. Hole 3 had a range of 1,280 to 429 ppm Li averaging 772 ppm Li over 195 feet including 998 ppm Li over 20 feet. Due to the positive initial results, management is currently formulating plans for a follow up drill program on this property.

Management anticipates that additional funds will need to be raised, through equity financings, shareholder loans, or otherwise, to fund a work program on this property. Although the Company has secured financings in the past, there is no assurance that the Company will be able to do so in the future on terms that are favourable or at all.

QC Whabouchi Lakes Lithium Property - Staking

In March 2016, the Company acquired the Whabouchi Lakes Lithium Property, located in the James Bay area of the province of Quebec, for staking costs of \$1,068. This property consisted of four claims that total approximately 524 acres.

Subsequent to January 31, 2018, the Company decided to drop this property. Prior acquisition costs in the amount of \$1,068 were written off as of January 31, 2018.

QC Whabouchi Lakes West Lithium Property - Staking

In April 2016, the Company acquired the Whabouchi Lakes West Lithium Property located in the James Bay area of the province of Quebec, for staking costs of \$1,193. This property consisted of 20 claims that total approximately 2,636 acres.

Subsequent to January 31, 2018, the Company decided to drop this property. Prior acquisition costs in the amount of \$1,193 were written off as of January 31, 2018.

QC Preissac Lithium Property - Purchase Agreement

On May 17, 2016, the Company entered into a share purchase agreement (the “Preissac Agreement”) with four arm’s length vendors (the “Preissac Vendors”) to purchase 100% of the issued and outstanding common shares of Indefinitely Lithium Holdings Corp., which held a 100% interest in the Preissac Lithium Property in Quebec. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company paid \$10,000 in cash and issued 8,000,000 common shares at a value of \$280,000 to the Preissac Vendors pursuant to the Preissac Agreement. The Company also paid \$2,500 in filings fees in connection with this transaction. Indefinitely Lithium Holdings Corp. became a wholly-owned subsidiary of the Company.

Subsequent to January 31, 2018, the Company decided to drop this property and fully wrote off prior acquisition and exploration costs in the amount of \$303,805 as of January 31, 2018.

Otter Property, British Columbia - Option Agreement

On October 11, 2011, the Company entered into an option agreement (the “Agreement”) with an arm’s length party (the “Vendor”) whereby the Company was granted an option to acquire a 100% interest in and to twelve mineral claims known as the Otter Property located in the Similkameen Mining Division in the Princeton Area of British Columbia. The Company was required to pay \$40,000 in cash (paid), incur exploration costs of \$1,916,000 (\$125,246 incurred) and issue 4,350,000 common shares (3,350,000 common shares issued at a value of \$102,500) in set payments on or before February 3, 2019.

During the year ended January 31, 2013, the Company paid a finders’ fee of \$6,000 in connection with this transaction.

During the year ended January 31, 2016, the Company decided not to continue with certain mineral claims and allowed them to lapse when they became due. Prior acquisition costs of \$78,061 and exploration costs of \$69,980 associated with these claims were written off.

During the year ended January 31, 2017, the Company decided to drop this property and fully wrote off prior acquisition and exploration costs in the amount of \$111,291.

Airshare Acquisition

On November 25, 2015, the Company entered into an Asset Purchase Agreement with three arm’s length parties (the “Airshare Vendors”) whereby the Company agreed to acquire all of the assets related to or used in connection with a software application concept known as “Airshare” from the Airshare Vendors in exchange for 4,000,002 common shares of the Company. The assets to be acquired consist of various intellectual property assets related to the concept, including code, branding and domain names.

In March 2016, the Company issued 4,000,002 common shares per the Agreement which was valued at \$120,000.

During the year ended January 31, 2017, the Company decided not to proceed with software application concept and fully wrote off the total acquisition costs of \$124,000.

Overall Performance

The Company is an exploration stage issuer engaged in the business of acquisition, exploration and, if warranted, development of mineral properties. As such, the Company has not had any revenues in the past two fiscal years. The Company does not expect to generate any revenues in the foreseeable future. The Company expects to continue to incur expenses as work is performed to explore and develop its mineral properties.

The Company is in the process of exploring its mineral properties and has not yet determined whether the mineral properties contain reserves that are economically recoverable. The Company's future performance is largely tied to the outcome of future exploration and the overall financial markets.

The recoverability of minerals from the Company's mineral properties is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to continue to explore and develop its properties, and upon future profitable production. Uncertainty in credit markets has led to increased difficulties in raising and borrowing funds. As a result, the Company may have difficulties raising equity financing for the purposes of exploration and development of the Company's mineral properties, without diluting the interests of current shareholders of the Company.

The Company incurred operating expenses of \$615,055 and \$482,569 for the year ended January 31, 2018 and 2017, respectively. Higher operating expenses for the year ended January 31, 2018 was mainly due to increased consulting fees, filing fees, and corporate branding expenses. The Company had a working capital of \$268,530 and cash of \$842,236 at January 31, 2018 as compared to a working capital deficiency of \$383,433 and cash of \$24,747 at January 31, 2017. As at January 31, 2018, the Company had an accumulated deficit of \$2,782,675 since inception. Management believes that the Company's available funds will not be sufficient to meet the working capital requirements for the next twelve month period.

Management anticipates that additional funds will need to be raised, through equity financings, shareholder loans, or otherwise, to fund the Company's planned work programs on the mineral properties and ongoing operations. Although the Company has secured financings in the past, there is no assurance that the Company will be able to do so in the future on terms that are favourable or at all. The Company may have difficulty raising additional funds as necessary due to a number of uncertainties and risk factors, including uncertainty in credit markets, fluctuation in commodity prices and general economic downturns. See "Liquidity and Capital Resources" and "Risk Factors" for a discussion of risk factors that may impact the Company's ability to raise funds. Information about the Company's commitments relating to our mineral properties is discussed above under "Company Overview – Mineral Properties".

Additional information about the risks and uncertainties relating to the Company's business and financial performance is discussed below under "Risks Factors".

Summary of Quarterly Results

The following table sets out selected quarterly financial data for the eight most recently completed interim quarters:

	2018 Fourth	2018 Third	2018 Second	2018 First	2017 Fourth	2017 Third	2017 Second	2017 First
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Loss before discontinued operations and extraordinary items:								
Total	\$(456,477)	\$(158,399)	\$(80,229)	\$(222,433)	\$(95,776)	\$(325,383)	\$(169,674)	\$(127,815)
Loss per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Loss per share fully diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Net comprehensive loss:								
Total	\$(456,477)	\$(158,399)	\$(80,229)	\$(222,433)	\$(95,776)	\$(325,383)	\$(169,674)	\$(127,815)
Loss per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Loss per share fully diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

Summary of Results During Prior Eight Quarters

Net comprehensive loss increased by \$41,859 from the first to the second quarter of 2017 primarily due to an increase of \$128,314 in share-based payments and of \$15,637 in professional fees offset by a decrease of \$111,291 in the write-down of exploration and evaluation assets. Net comprehensive loss increased by \$155,709 from the second to the third quarter of 2017 primarily due to an increase of \$90,000 in consulting fees and of \$124,000 in write-down of intangible assets offset by a decrease of \$128,314 in share-based payments. Net comprehensive loss decreased by \$229,607 from the third to the fourth quarter of 2017 primarily due to a decrease in write-down of intangible assets offset by an increase in consulting fees. Net comprehensive loss increased by \$126,657 from the fourth quarter of 2017 to the first quarter of 2018 primarily due to an increase of \$14,023 in share-based payments, of \$35,700 in corporate branding expenses and a decrease of \$80,000 in the recovery of intangible assets. Net comprehensive loss decreased by \$142,204 from the first to the second quarter of 2018 primarily due to a decrease of \$79,150 in consulting fees and a decrease of \$35,700 in corporate branding expenses. Net comprehensive loss increased by \$78,170 from the second to the third quarter of 2018 mainly due to an increase of \$86,698 in share-based payments offset by a decrease of \$25,450 in consulting fees. Net comprehensive loss increased by \$298,078 from the third to the fourth quarter of 2018 primarily due to an increase of \$306,066 in the write-down of exploration and evaluation assets.

Selected Annual Information

The following table sets out selected financial information for our company, which have been prepared in accordance with IFRS:

	Year ended January 31,		
	2018	2017	2016
Total revenues	\$Nil	\$Nil	\$Nil
Loss before discontinued operations and extraordinary items:			
Total	\$(917,538)	\$(718,648)	\$(354,856)
Basic and diluted loss per share	\$(0.01)	\$(0.01)	\$(0.01)
Net loss and comprehensive loss:			
Total	\$(917,538)	\$(718,648)	\$(354,856)
Basic and diluted loss per share	\$(0.01)	\$(0.01)	\$(0.01)

	As at January 31,		
	2018	2017	2016
Total assets	\$1,546,053	\$884,249	\$85,646
Total long term debt	\$Nil	\$Nil	\$Nil
Cash dividends	\$Nil	\$Nil	\$Nil

Year ended January 31, 2018 Compared to the Year ended January 31, 2017

The Company did not generate any revenues for the years ended January 31, 2018 and 2017. Net comprehensive loss was \$917,538 for the year ended January 31, 2018, compared to \$718,648 for the year ended January 31, 2017. The increase was mainly due to an increase in the write-down of exploration and evaluation assets (year ended January 31, 2018: \$306,066; year ended January 31, 2017: \$111,291) and an increase in operating expenses offset by a decrease in the write-down of intangible assets (year ended January 31, 2018: \$Nil; year ended January 31, 2017: \$124,000). Subsequent to January 31, 2018, the Company decided to drop the Whabouchi Lakes Lithium Property, the Whabouchi Lakes West Lithium Property and the Preissac Lithium Property. A total of \$306,066 in prior acquisition costs and exploration costs were written off as of January 31, 2018. During the year ended January 31, 2017, the Company decided to drop the Otter Property and fully wrote off the prior acquisition and exploration costs in the amount of \$111,291; and the Company decided not to proceed with the software application concept and accordingly wrote off the total acquisition costs of \$124,000.

Operating expenses increased by \$132,486 from \$482,569 for the year ended January 31, 2017 to \$615,055 for the year ended January 31, 2018. The increase in operating expenses was mainly due to an increase in consulting fees, transfer agent and filing fees, and corporate branding expenses. Consulting fees increased to \$255,058 (year ended January 31, 2017: \$225,000). Consulting fees during 2018 consisted of \$230,000 for services provided in association with certain corporate advisory, corporate finance, strategic planning, M&A strategy and related advisory services, \$24,600 for services provided in association with certain corporate secretarial

and exchange filings assistance and \$458 for other consulting services. Consulting fees increased because of the increased corporate activity, transactions and financings in fiscal 2018. Management anticipates such expenses will decrease significantly in the next 12 month period because two consultants no longer work for the Company and the Company has streamlined its work and is not looking to replace those two consultants. The Company also reduced monthly consulting fees for the current consultants. Management anticipates that these consulting fees will stay at or near this decreased level in the next six to twelve month period. Transfer agent and filing fees increased to \$41,268 (year ended January 31, 2017: \$21,813). Transfer agent and filing fees increased because the Company incurred \$10,685 in German dual listing fees which was a one-time charge and incurred a total of \$7,019 in option plan filing fees which included filing fees for two fiscal years, fiscal 2017 and fiscal 2018. Management anticipates such expenses will decrease in the next 12 month period. Corporate branding expenses increased to \$89,580 (year ended January 31, 2017: \$2,500) because the Company incurred \$74,325 (year ended January 31, 2017: \$Nil) for a European branding program, \$12,375 (year ended January 31, 2017: \$Nil) for lead generation and news dissemination, and \$2,880 (year ended January 31, 2017: \$2,500) for news dissemination. The corporate branding expenses were incurred to increase the awareness of the Company and the mining industry in general. Management anticipates such expenses will increase in the next 12 month period due to a proposed increase in Google banner advertisement branding and a continued European branding program. These expenses represent the costs of administering a public company.

Total assets increased by \$661,804 to \$1,546,053 as at January 31, 2018 from \$884,249 as at January 31, 2017. The increase was mainly due to cash received in connection with the private placement offset by the write-down of the Whabouchi Lakes Lithium Property, the Whabouchi Lakes West Lithium Property and the Preissac Lithium Property.

Year ended January 31, 2017 Compared to the Year ended January 31, 2016

The Company did not generate any revenues for the years ended January 31, 2017 and 2016. Net comprehensive loss was \$718,648 for the year ended January 31, 2017, compared to net comprehensive loss of \$354,856 for the year ended January 31, 2016. The increase of \$363,792 was mainly due to the increase in the write-down of intangible assets associated with the Airshare acquisition in the amount of \$124,000 and the increase of \$259,371 in operating expenses.

Operating expenses totaled \$482,569 for the year ended January 31, 2017 compared to \$223,198 for the year ended January 31, 2016. The increase in operating expenses was mainly due to an increase in consulting fees, share-based payments and professional fees. Consulting fees increased to \$225,000 (year ended January 31, 2016: \$135,000). Consulting fees during 2017 consisted of \$200,000 for services provided in association with certain corporate advisory, corporate finance, strategic planning, M&A strategy and related advisory services, and \$25,000 for services provided in association with certain corporate secretarial and exchange filings assistance. Consulting fees increased because of the increased corporate activity, transactions and financings in fiscal 2017. Share-based payments increased to \$128,314 (year ended January 31, 2016: \$Nil). Share-based payments were incurred due to the Company granted a total of 3,700,000 stock options to its directors, officers and consultants with an exercise price of \$0.05 per share and expiry dates ranging from May 24, 2021 to May 30, 2021 during 2017. Professional fees increased to \$60,531 (year ended January 31, 2016: \$35,244). Increased professional fees were mainly due to increased operations and business activity in fiscal 2017. These expenses represent the costs of administering a public company.

Total assets increased by \$798,603 to \$884,249 as at January 31, 2017 from \$85,646 as at January 31, 2016 mainly due to the acquisitions of the Preissac Lithium Property and Elon and McGee Properties, offset by the write-down of the Otter Property mineral claims.

See “Company Overview – Mineral Properties” for a discussion of the Company’s mineral properties, including its plans for the mineral properties, the status of its plans, expenditures made and the anticipated timing and costs to take its mineral properties to the next stage of the project plan.

See “Overall Performance” for a discussion of events, risks and uncertainties that the Company believes will materially affect its future performance and “Risk Factors” for a discussion of risk factors affecting the Company.

Discussion of Operations

Use of Proceeds

Financing	Previously Disclosed Use of Proceeds	Status of Use of
\$750,000 Non flow-through	Non flow-through funds - towards working capital and a work program in Nevada.	As of the date of this report, for the non flow-through funds, \$293,158 used to fund a work program in Nevada, \$41,326 used in share issue costs, \$17,060 used in DTC filing fees, \$253,862 used in working capital and \$144,594 has not been used; and \$249,200 in flow-through funds has not been used.
\$249,200 Flow-through <i>January 2018 Private Placement</i>	Flow-through funds - towards existing Canadian properties.	

In December 2017, the Company announced a private placement of up to 3,846,154 FT Units at \$0.065 per unit for gross proceeds of up to \$250,000 and of up to 15,000,000 non flow-through units (the "NFT Units") at \$0.05 per unit for gross proceeds of up to \$750,000. Each FT unit consists of one flow-through common share and one non flow-through share purchase warrant which entitles the holder to purchase one non flow-through common share at a price of \$0.10 for a period of two years from the date of closing of the private placement. Each NFT unit consists of one common share and one share purchase warrant which entitles the holder to purchase one additional common share at a price of \$0.08 for a period of three years from the date of closing of the private placement. As of January 31, 2018, the Company had issued 3,833,845 FT Units and 15,000,000 NFT Units, received a total of \$523,000 in NFT and \$156,700 in FT share subscription, paid filing fees of \$750 and finders' fees of \$40,576, and issued 733,908 broker warrants in connection with this private placement. Each broker warrant is exercisable at \$0.10 per share until January 29, 2020. The broker warrants were valued at \$62,333 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 181.2%, risk-free interest rate 2.07% and an expected life of two years. Subsequent to January 31, 2018, the Company received the remaining proceeds of \$227,000 and \$92,500 relating to the NFT and FT share subscription, respectively.

Liquidity and Capital Resources

Liquidity

At January 31, 2018, the Company had \$842,236 in cash and a working capital of \$268,530 compared to cash of \$24,747 and working capital deficiency of \$383,433 at January 31, 2017. Total current assets increased by \$883,372 and current liabilities increased by \$231,409 from January 31, 2017 to January 31, 2018. Current liabilities as at January 31, 2018 consisted of accounts payable and accrued liabilities of \$590,981 (January 31, 2017: \$326,058), interest payable of \$Nil (January 31, 2017: \$822), loans payable of \$Nil (January 31, 2017: \$90,200), and flow-through premium liability of \$57,508 (January 31, 2017: \$Nil).

In November 2014, the Company entered into agreements (the "Loan Agreements") with four arm's length parties (the "Lenders"). Pursuant to the terms of the Loan Agreements, the Lenders agreed to convert a total of \$183,750 in trades payable into loans payable, bearing no interest and are payable upon demand. During the year ended January 31, 2016, the Company repaid \$5,000. During the year ended January 31, 2017, the Company repaid \$88,550. During the year ended January 31, 2018, the Company fully repaid the remaining loans of \$90,200.

During the year ended January 31, 2018, the Company received loan advances totaling \$70,000 from an arm's length lender, bearing no interest and due upon demand. The Company fully repaid these loans during the year.

At January 31, 2018, there was \$Nil (January 31, 2017: \$90,200) outstanding in loans payable.

During the year ended January 31, 2018, the Company received gross proceeds of \$402,000 for 2,350,000 share purchase warrants exercised at \$0.02 per share and 7,100,000 share purchase warrants exercised at \$0.05 per share; and the Company received gross proceeds of \$260,000 for 5,200,000 stock options exercised at \$0.05 per share.

In December 2017, the Company announced a private placement of up to 3,846,154 FT Units at \$0.065 per unit for gross proceeds of up to \$250,000 and of up to 15,000,000 non flow-through units (the "NFT Units") at \$0.05 per unit for gross proceeds of up to \$750,000. Each FT unit consists of one flow-through common share and one non flow-through share purchase warrant which entitles the holder to purchase one non flow-through common share at a price of \$0.10 for a period of two years from the date of closing of the private placement. Each NFT unit consists of one common share and one share purchase warrant which entitles the holder to purchase one additional common share at a price of \$0.08 for a period of three years from the date of closing of the private placement. As of January 31, 2018, the Company had issued 3,833,845 FT Units and 15,000,000 NFT Units, received a total of \$523,000 in NFT and \$156,700 in FT share subscription, paid filing fees of \$750 and finders' fees of \$40,576, and issued 733,908 broker warrants in connection with this private placement. Each broker warrant is exercisable at \$0.10 per share until January 29, 2020. The broker warrants were valued at \$62,333 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%, expected volatility 181.2%, risk-free interest rate 2.07% and an expected life of two years. The premium received on the flow-through shares issued was determined to be \$57,508 and was recorded as a share capital reduction. An equivalent premium liability was also recorded as of year-end. Subsequent to January 31, 2018, the Company received the remaining proceeds of \$227,000 and \$92,500 relating to the NFT and FT share subscription, respectively.

Subsequent to January 31, 2018, the Company also received gross proceeds of \$10,000 for 200,000 stock options exercised at \$0.05 per share.

Management believes that the Company's cash will not be sufficient to meet its working capital requirements for the next twelve month period. As a mineral exploration company, expenses are expected to increase as the Company explores its mineral properties further; however, management does not expect the Company to generate revenues in the foreseeable future.

The Company's ability to conduct the planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they become due is dependent, in large part, on the ability of its management to raise additional funds as necessary. Management anticipates that additional equity financings will need to be conducted to raise additional funds which, if successful, will result in dilution in the equity interests of the Company's current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase its liabilities and future cash commitments. Although the Company has secured financings in the past, there is no assurance that the Company will be able to do so in the future on terms that are favourable or at all. The Company's ability to raise additional funds in the future and its liquidity may be negatively impacted by a number of factors, including changes in commodity prices, market volatility and general economic downturns.

There is substantial doubt about the Company's ability to continue as a going concern as the continuation of its business is dependent upon obtaining further long-term financing, successful exploration of its mineral property interests, the identification of reserves sufficient to warrant development, successful development of its property interests and achieving a profitable level of operations. Due to the uncertainty of the Company's ability to meet its current operating and capital expenses, in their report on the Company's audited financial statements for the year ended January 31, 2018, the independent auditors included an explanatory paragraph regarding their substantial doubt about the Company's ability to continue as a going concern.

The Company has no long-term debt.

Capital Resources

The Company has the following commitments for capital expenditures with respect to its mineral properties as of January 31, 2018. The expenditures are optional and the Company may decide not to incur such payments in the event the Company does not decide to pursue further exploration with respect to such properties.

- *BC Gold Mountain Property:*
 - Three mineral claims will expire on October 17, 2018. In order to keep these claims in good standing, the Company is required to incur a minimum of \$2,520 in exploration expenditures on these claims by October 17, 2018 or to pay cash-in-lieu of \$5,039.
- *BC Gold Triangle Prospects:*
 - Four mineral claims will expire on July 26, 2018. In order to keep these claims in good standing, the Company is required to incur a minimum of \$8,285 in exploration expenditures on these claims by July 26, 2018 or to pay cash-in-lieu of \$16,570.

- *BC EL North and EL North 2 Nickel-Copper Prospects:*
 - Two mineral claims will expire on September 6, 2018. In order to keep these claims in good standing, the Company is required to incur a minimum of \$8,262 in exploration expenditures on these claims by September 6, 2018 or to pay cash-in-lieu of \$16,524.
- *BC NEBA Copper-Gold Prospect:*
 - One mineral claim will expire on September 12, 2018. In order to keep this claim in good standing, the Company is required to incur a minimum of \$6,178 in exploration expenditures on this claim by September 12, 2018 or to pay cash-in-lieu of \$12,356.
- *BC Buddy Property:*
 - One mineral claim will expire on September 29, 2018. In order to keep this claim in good standing, the Company is required to incur a minimum of \$8,880 in exploration expenditures on this claim by September 29, 2018 or to pay cash-in-lieu of \$17,761.
- *BC Why West Magnesium Prospect:*
 - Three mineral claims will expire on October 5, 2018. In order to keep these claims in good standing, the Company is required to incur a minimum of \$20,917 in exploration expenditures on these claims by October 5, 2018 or to pay cash-in-lieu of \$41,834.
- *QC Chibougamau Vanadium Prospects:*
 - 71 mineral claims are in good standing until August 1, 2019. In order to renew these claims for another two years, the Company is required to incur a minimum of \$55,380 in exploration on these claims by May 31, 2019 or pay it in annual rental income to the Minister of Finance by August 1, 2019. Fees associated with these claims are \$4,550 if paid by May 31, 2019 otherwise the fee will be doubled to \$9,101 if paid between June 1, 2019 and August 1, 2019.
- *Nevada Elon and McGee Properties:*
 - These mineral claims are in good standing until September 1, 2018. In order to keep these claims in good standing, the Company is required to incur pay BLM fees of USD\$8,990 and county fees of USD\$500 by September 1, 2018.

See “Company Overview – Mineral Properties” for a discussion of the Company’s capital expenditure commitments with respect to its mineral properties.

Operating Activities

During the year ended January 31, 2018, operating activities used \$330,525 in cash. The principal source of this amount was the loss for the period of \$917,538, offset mainly by share-based payments of \$105,067, the write-down of exploration and evaluation assets associated with the Whabouchi Lakes Lithium Property, the Whabouchi Lakes West Lithium Property and the

Preissac Lithium Property in the aggregate amount of \$306,066 and an increase in accounts payable and accrued liabilities of \$245,346.

During the year ended January 31, 2017, operating activities used \$300,387 in cash. The principal source of this amount was the loss for the period of \$718,648, offset mainly by share-based payments of \$128,314, the write-down of intangible assets associated with the Airshare acquisition in the amount of \$124,000, the write-down of exploration and evaluation assets associated with the Otter property mineral claims in the amount of \$111,291 and an increase in accounts payable and accrued liabilities of \$54,789.

Investing Activities

During the year ended January 31, 2018, investing activities used cash of \$84,498 in exploration and evaluation costs consisting of staking costs of \$2,892 in BC EL N. and EL N. 2 Nickle-Copper Prospects, \$2,162 in BC NEBA Copper-Gold Prospect, \$1,382 in BC Gold Mountain Property, \$2,900 in BC Gold Triangle Prospects and \$4,550 in QC Vanadium Prospects; acquisition costs of \$3,108 and \$2,632 for its BC Buddy Property and BC Why West Magnesium Project, respectively; a security deposit of \$11,098 in relation to the drilling of its Elon and McGee Properties; and cash acquisition costs of \$38,939 and exploration costs of \$14,835 on the Nevada Elon and McGee Properties.

During the year ended January 31, 2017, investing activities used cash of \$92,554 due to staking costs incurred on the two Whabouchi Lakes properties in Quebec totaling \$2,261, land acquisition and filings fees incurred on the acquisition of the QC Preissac Lithium Property and the Nevada Elon and McGee Properties totaling \$86,293, and \$4,000 in filing fees paid on the Airshare acquisition.

Financing Activities

During the year ended January 31, 2018, financing activities provided cash of \$1,232,512, which was attributable to gross proceeds of \$402,000 for 2,350,000 share purchase warrants exercised at \$0.02 per share and 7,100,000 share purchase warrants exercised at \$0.05 per share, gross proceeds of \$260,000 for 5,200,000 stock options exercised at \$0.05 per share, loan advances of \$70,000, and share subscriptions received for a private placement of \$679,700, offset by loan repayments of \$160,200, interest paid of \$822 and share issue costs of \$18,166.

During the year ended January 31, 2017, financing activities provided cash of \$416,312, which was attributable to loan advances of \$2,500, proceeds from private placement of \$237,500 at a price of \$0.025 per share and to the exercise of share purchase warrants of \$328,500 at a price of \$0.02 per share offset by loan repayments of \$150,250 and share issue costs of 1,938.

Changes in Accounting Policies including Initial Adoption

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

Financial Instruments

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but

simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

The adoption of these new standards are not expected to have a significant impact on the Company's consolidated financial statements.

Off-Balance Sheet Arrangements

As of the date of this report, the Company does not utilize off-balance sheet arrangements.

Related Parties Transactions

During the year ended January 31, 2018, the Company accrued \$7,500 in directors' fees payable to three directors, James Nelson, Dennis Aalderink and Gregory Thomson. Directors' fees and share-based payments are intended to compensate such persons for their time and dedication to the Company.

During the year ended January 31, 2018, the Company incurred share-based payments of \$7,012 to James Nelson, a director of the Company. As a mineral exploration issuer, the Company partially relies on the issuance of stock options to compensate its directors and officers for their time and dedication to the Company.

During the year ended January 31, 2018, the Company paid \$14,500 in professional fees to Sea Star Consulting Inc., a private company controlled by the Chief Financial Officer, Cindy Cai, in consideration for accounting services provided to the Company.

As at January 31, 2018, amounts due to related parties were \$10,879 (January 31, 2017: \$116,179), which included \$879 due to Cruz Cobalt Corp., a public company with directors in common for unpaid administrative expenses and office expenses; \$7,500 owing to three directors for unpaid directors' fees: \$2,500 each payable to James Nelson, Dennis Aalderink and Gregory Thomson; and \$2,500 payable to a former director, Spencer Smyl, for unpaid directors' fees. These amounts are unsecured, non-interest bearing and payable on demand.

During the year ended January 31, 2018, the Company reimbursed Makena Resources Inc., a public company with one common director, in the amount of \$3,433 (year ended January 31, 2017: \$16,162) for service provided by the Chief Financial Officer.

All transactions with related parties have occurred and are measured at the amount of consideration established and agreed to by the related parties.

Fourth Quarter - Unaudited

The Company did not have any revenue during the three months ended January 31, 2018 and 2017. Total operating expenses were decreased to \$153,994 for the three months ended January 31, 2018, as compared to \$175,776 for the three months ended January 31, 2017. The decrease resulted primarily from a decrease in consulting fees offset by an increase in professional fees and an increase in corporate branding expenses. Consulting fees decreased to \$33,808 (three months ended January 31, 2017: \$135,000). Consulting fees during the three months ended January 31, 2018 consisted of \$30,000 for services provided in association with certain corporate advisory, corporate finance, strategic planning, M&A strategy and related advisory services, \$3,350 for services provided in association with certain corporate secretarial and exchange filings assistance and \$458 for other consulting services. Consulting fees decreased because two consultants no longer work for the Company and the Company has streamlined its work and is not looking to replace those two consultants. The Company also reduced monthly consulting fees for the current consultants. Management anticipates that these consulting fees will stay at or near this decreased level in the next six to twelve month period. Professional fees increased to \$43,526 (three months ended January 31, 2017: \$24,517). Increased professional fees were due to higher audit and legal fees which was a result of increased corporation activity, transactions, and financings. Management anticipates such expenses will increase in the next 12 month period due to transactions relating to more property acquisitions and increased exploration expenditures to develop its existing properties. Corporate branding expenses increased to \$49,755 (three months ended January 31, 2017: \$Nil) because the Company incurred \$38,625 (three months ended January 31, 2017: \$Nil) for a European branding program, \$8,250 (three months ended January 31, 2017: \$Nil) for lead generation and news dissemination, and \$2,880 (three months ended January 31, 2017: \$Nil) for news dissemination. The corporate branding expenses were incurred to increase the awareness of the Company and the mining industry in general. Management anticipates such expenses will increase in the next 12 month period due to a proposed increase in Google banner advertisement branding and a continued European branding program.

The Company had net comprehensive loss of \$456,477 for the three months ended January 31, 2018 as comparing to \$175,776 for the comparative period ended January 31, 2017. The increase in net comprehensive loss was mainly due to an increase in the write-down of exploration and evaluation assets (three months ended January 31, 2018: \$306,066; three months ended January 31, 2017: \$Nil) associated with the Whabouchi Lakes Lithium Property, the Whabouchi Lakes West Lithium Property and the Preissac Lithium Property.

Financial Instruments and Other Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, interest payable and loans payable approximates their carrying values due to the short term nature of the financial instruments. The Company's cash is measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at January 31, 2018, the Company has a minimal exposure to the US\$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at January 31, 2018 the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest income on Canadian dollar cash. As at January 31, 2018, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

Proposed Transactions

There were no proposed transactions as of the date of this Report.

Additional Disclosure for Venture Issuers without Significant Revenue

During the year ended January 31, 2018 and 2017, the Company incurred the following expenses:

	2018	2017
Capitalized acquisition costs	\$58,565	\$830,084
Capitalized exploration costs	\$14,835	\$55,518
Operating expenses	\$615,055	\$482,569
Write-down of intangible assets	\$Nil	\$124,000
Write-down of exploration and evaluation assets	\$306,066	\$111,291

Please refer to Note 5 in the financial statements for the year ended January 31, 2018 for a description of the capitalized acquisition and exploration costs presented on a property-by-property basis.

Additional Disclosure of Outstanding Share Data

Common Shares

The Company's common shares are listed on the TSX Venture Exchange under the symbol "SRJ". The Company's authorized share capital consists of an unlimited number of common shares without par value.

As at January 31, 2018, the Company had 129,595,847 common shares issued and outstanding. Subsequent to January 31, 2018, the following common shares were issued:

- 200,000 common shares pursuant to the exercised of stock options a price of \$0.05 per share.

As at May 30, 2018, the Company had 129,795,847 common shares issued and outstanding.

Stock options

As at January 31, 2018, the Company had 4,075,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
1,050,000	\$0.05	October 3, 2018
725,000	\$0.05	October 8, 2018
50,000	\$0.05	June 4, 2019
1,600,000	\$0.05	May 24, 2021
400,000	\$0.05	May 30, 2021
250,000	\$0.05	March 13, 2022
<u>4,075,000</u>		

Subsequent to January 31, 2018, the following occurred:

- The Company granted 5,000,000 incentive stock options to its consultants at an exercise price of \$0.11 per share for a period of one year; and
- 200,000 stock options were exercised at a price of \$0.05 per share.

As at May 30, 2018, the Company had 8,875,000 stock options outstanding and exercisable.

Share Purchase Warrants

As of January 31, 2018 and May 30, 2018, the Company had 21,967,753 share purchase warrants outstanding. Each warrant entitles the holder to right to purchase one common share as follows:

<u>Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
4,567,753	\$0.10	January 29, 2020
15,000,000	\$0.08	January 29, 2021
2,400,000	\$0.05	September 21, 2021
<u>21,967,753</u>		

Risk Factors

An investment in the Company involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this report in evaluating the Company and our business before making any investment decision in regards to the shares of the Company's common stock. The Company's business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Company. Additional risks not presently known to us may also impair its business operations.

Risks Relating to our Financial Condition

The Company has had a history of losses and minimal revenue to date, which trend may continue and may negatively impact its ability to achieve its business objectives.

The Company has experienced net losses since inception, and expects to continue to incur substantial losses for the foreseeable future. As of January 31, 2018, the Company had accumulated losses of \$2,782,675 since inception. Management expects the business to continue to experience negative cash flow for the foreseeable future and cannot predict when, if ever, the Company's business might become profitable. The Company will require additional financing in order to conduct its future work programs on the exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. If the Company is unable to raise funds on acceptable terms, the Company may not be able to execute its business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements. This may seriously harm our business, financial condition and results of operations.

The Company's proposed operations require significant capital expenditures for which the Company may not have sufficient funding and if the Company does obtain additional financing, its existing shareholders may suffer substantial dilution.

The Company intends to make capital expenditures far in excess of its existing capital resources to acquire and explore its mineral properties. The Company intends to rely on external sources of

financing to meet its capital requirements to continue acquiring, exploring and developing mineral properties and to otherwise implement its business plan. The Company plans to obtain such funding through the debt and equity markets, but the Company can offer no assurance that the Company will be able to obtain additional funding when it is required or that it will be available to the Company on commercially acceptable terms, if at all. In addition, any additional equity financing may involve substantial dilution to our then existing shareholders.

The Company has been the subject of a going concern opinion by its independent auditor who has expressed substantial doubt as to the Company's ability to continue as a going concern.

The independent auditor has added an explanatory paragraph to their audit report issued in connection with the Company's annual audited financial statements for the year ended January 31, 2018 which states that the Company's recurring losses from operations and the need to raise additional financing in order to execute its business plan raise substantial doubt about the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustment that might result from the outcome of this uncertainty. Assurances cannot be given that adequate financing can be obtained to meet its capital requirements. If the Company is unable to generate profits and unable to continue to obtain financing to meet its working capital requirements, the Company may have to curtail its business sharply or cease operations altogether. The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis to retain its current financing, to obtain additional financing, and, ultimately, to attain profitability. Should any of these events not occur, the Company will be adversely affected and the Company may have to cease operations.

Risks Related to our Business

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Company faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Company intends to undertake on its properties and any additional properties that the Company may acquire. These potential problems include unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the Company may make in the exploration of any other mineral property that the Company may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of its exploration do not reveal viable commercial mineralization, the Company may decide to abandon its property interests.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Company's exploration activities will result in the discovery of any quantities of mineral deposits on its current properties or any other additional properties the Company may acquire.

The Company intends to continue exploration on its current properties and the Company may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Company can provide investors with no assurance that

exploration on its current properties, or any other property that the Company may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent us from discovering any mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Company is unable to establish the presence of mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Company will not be able to operate profitably and investors may lose all of their investment in the Company.

The potential profitability of mineral ventures depends in part upon factors beyond the Company's control and even if the Company discovers and exploits mineral deposits, the Company may never become commercially viable and the Company may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Company's control, including the existence and size of mineral deposits in the properties the Company explore, the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Company not receiving an adequate return on invested capital. These factors may have material and negative effects on the Company's financial performance and its ability to continue operations.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Company.

Exploration and exploitation activities are subject to federal, provincial, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to federal, provincial, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by federal, provincial, state or local authorities may be changed and any such changes may prevent the Company from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damages that the Company may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner which will alter and negatively affect its ability to carry on its business.

Title to mineral properties is a complex process and the Company may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company

does not have title to one or more of its properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

The Company has a very small management team and the loss of any member of the team may prevent the Company from implementing its business plan in a timely manner.

The Company has two executive officers and a limited number of additional consultants upon whom its success largely depends. The Company does not maintain key person life insurance policies on its executive officers or consultants, the loss of which could seriously harm its business, financial condition and results of operations. In such an event, the Company may not be able to recruit personnel to replace its executive officers or consultants in a timely manner, or at all, on acceptable terms.

Because its property interests may not contain mineral deposits and because the Company has never made a profit from its operations, our securities are highly speculative and investors may lose all of their investment in the Company.

The Company's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Company currently has exploration stage property interests which may not contain mineral deposits. The Company may or may not acquire additional interests in other mineral properties but the Company does not have plans to acquire rights in any specific mineral properties as of the date of this report. Accordingly, the Company has not generated significant revenues nor has the Company realized a profit from its operations to date and there is little likelihood that the Company will generate any revenues or realize any profits in the short term. Any profitability in the future from its business will be dependent upon locating and exploiting mineral deposits on its current properties or mineral deposits on any additional properties that the Company may acquire. The likelihood that any mineral properties that the Company may acquire or have an interest in will contain commercially exploitable mineral deposits is extremely remote. The Company may never discover mineral deposits in respect to its current properties or any other area, or the Company may do so and still not be commercially successful if the Company is unable to exploit those mineral deposits profitably.

As the Company faces intense competition in the mineral exploration and exploitation industry, the Company will have to compete with its competitors for financing and for qualified managerial and technical employees.

The Company's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than us. As a result of this competition, the Company may have to compete for financing and be unable to acquire financing on terms the Company considers acceptable. The Company may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Company is unable to successfully compete for financing or for qualified employees, its exploration programs may be slowed down or suspended, which may cause us to cease operations.

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its exploration activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company requires additional financing in order to proceed with the exploration

and development of its properties. The Company will also require additional financing for the fees the Company must pay to maintain its status in relation to the rights to its properties and to pay the fees and expenses necessary to operate as a public company. The Company will also need more funds if the costs of the exploration of its mineral claims are greater than the Company anticipated. The Company will require additional financing to sustain its business operations if the Company is not successful in earning revenues. The Company will also need further financing if the Company decide to obtain additional mineral properties. The Company currently does not have any arrangements for further financing and the Company may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company do not obtain such financing, its business could fail and investors could lose their entire investment.

Complying with environmental and other government regulations could be costly and could negatively impact its production.

The Company's business is governed by numerous laws and regulations at various levels of government. These laws and regulations govern the operation and maintenance of our facilities, the discharge of materials into the environment and other environmental protection issues. Such laws and regulations may, among other potential consequences, require that the Company acquire permits before commencing mining operations and restrict the substances that can be released into the environment.

Under these laws and regulations, the Company could be liable for personal injury, clean-up costs and other environmental and property damages, as well as administrative, civil and criminal penalties. Prior to commencement of mining operations, the Company may secure limited insurance coverage for sudden and accidental environmental damages as well as environmental damage that occurs over time. However, the Company does not believe that insurance coverage for the full potential liability of environmental damages is available at a reasonable cost. Accordingly, the Company could be liable, or could be required to cease production on properties, if environmental damage occurs.

The costs of complying with environmental laws and regulations in the future may harm its business. Furthermore, future changes in environmental laws and regulations could result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, any of which could have a material adverse effect on its financial condition or results of operations.

Risks Related to its Common Stock

Because the Company does not intend to pay any cash dividends on its shares of common stock in the near future, its shareholders will not be able to receive a return on their shares unless they sell them.

The Company intends to retain any future earnings to finance the development and expansion of its business. The Company does not anticipate paying any cash dividends on its common stock in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors as the board of directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. Unless the Company pays dividends, its shareholders will not be able to receive a return on their shares unless they sell them.

A decline in the price of its common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of its common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of its operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to its liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on its business plan and operations, including its ability to develop new products and continue its current operations. If its stock price declines, the Company can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

The market price for its common stock may also be affected by its ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of its common stock.

Additional Information

The Company files annual and interim reports, information circulars and other information with certain Canadian securities regulatory authorities. The documents filed with the Canadian securities regulatory authorities are available at <http://www.sedar.com>.