Josephine
Mining Corp

Management's Discussion and Analysis

For the year ended December 31, 2018

(Financial information expressed in Canadian dollars unless otherwise noted)

Introduction

This management's discussion and analysis ("MD&A") is dated May 2, 2019 and is in respect of the annual reporting period ended December 31, 2018. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars and narrative references to financial values are rounded. References to "US$" mean United States dollars.

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with its consolidated financial statements and related notes for the annual period ended December 31, 2018. This section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those described under "Forward looking information".

Forward looking information

Certain statements in this MD&A are forward-looking statements or information (collectively "**forward-looking statements**"). The Company is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward- looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and processing licenses and permits; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of the Company.

Furthermore, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Historical information

Josephine Mining Corp. (the "**Company**") was incorporated under the laws of British Columbia and, together with its former wholly owned subsidiary, was engaged in the exploration and development of the

Turner Gold Property in southern Oregon. Following the final payment to General Moly, Inc. ("**GMI**"), the Company's associate, Gold Coast Mining, Inc. ("**GCM**"), received title to the Turner property and all relevant mining rights.

The Turner Gold project comprises three patented mining claims and an additional 265 acres of contiguous private land. In addition, GCM purchased 40 acres of private land to the west of the property and has an option to purchase an additional 333 acres to the east of the property. GCM also controls 25 mineral lode claims. The Turner Gold deposit was initially discovered in the early 1900s.

In March 2008, the Company completed an initial public offering of 3,000,000 common shares. The Company's shares began trading on the TSX Venture Exchange (the "**Exchange**") on March 24, 2008 under the trading symbol "GRP.P". Prior to March 24, 2011, the Company was classified as a Capital Pool Company ("**CPC**") within the meaning ascribed by the Exchange.

In March 2010, the Company entered into a letter agreement to purchase all of the issued and outstanding securities of 0854742 B.C. Ltd. ("**0854742**"). The acquisition of 0854742, then known as Josephine Mining Corp., constituted the Company's Qualifying Transaction under the policies of the Exchange. 0854742 was at arm's length to the Company at the time of the Qualifying Transaction.

On March 24, 2011, the Company completed its Qualifying Transaction when its wholly-owned subsidiary, 0890810 B.C. Ltd., amalgamated with 0854742. After the Qualifying Transaction, the Company's sole activities related to the acquisition and exploration of the Turner Gold Property ("**Turner**" or the "**Project**"), including ancillary properties. In connection with the Qualifying Transaction, the Company changed its name to Josephine Mining Corp., ceased to be a CPC and commenced trading as a Tier 2 mining issuer on the Exchange on March 29, 2011. On commencement of trading, the Company's trading symbol changing from "GRP.H" to "JMC".

December 31, 2013, management finalized the reduction of 79% of the Company's interest in Turner by way of the sale of 51% of the common shares of the Company’s previously wholly owned subsidiary, GCM, and a settlement of debt for 28% of the common shares in GCM. The sale of GCM shares was made to companies owned and operated by individuals who were officers and shareholders of the Company. A loss of $2,487,162 was reported because of the loss of control of GCM. The Company’s interest in GCM was reported as an investment in associate at December 31, 2013, at a value of $1,882,327. GMI retains a production royalty of 1.5% of net smelter return on future production from the Project.

The Company received total consideration of US$1,605,421 under the terms of the above transaction. Consideration from this transaction was used to cause GCM to own an undivided interest in Turner, such that the Company's interest in its sole mining project became held through a 21% interest in GCM, which has an undivided interest in Turner.

In April 2014, the Company received approximately $60,000 from its then President, who is also an officer and director of entities related to the Company, in order to meet the Company's regulatory requirements.

On May 11, 2015 the Company has halted from trading on the Exchange as a result of the issuance of cease trade orders being issued by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission (the "**CTOs**"). The CTOs were imposed due to the failure of the Company to file its annual audited financial statements, its management discussion and analysis and related certifications for the year ended December 31, 2014. At present, the foregoing cease trade orders remain in full force and effect. Subsequent to the issue of the CTOs, on August 21, 2015 the Company was transferred to the NEX board of the Exchange, and ultimately delisted on March 23, 2016. The Company has prepared and submitted documentation to have the cease trade orders revoked

During the period subsequent to December 31, 2014, the Company was inactive. Since the date of the CTOs, the Company has conserved its cash resources as much as possible and has only expended sufficient monies to maintain its corporate status. Management explored a number of different methods for advancing the status of its properties but was unable to secure financing or identify prospective partners for the continued exploration of the Project.

On January 29, 2019, the sole director and officer of the Corporation resigned following the appointment of a new board of three directors and new management to see the Company through the next stage of its development. Richard Buzbuzian, one of the director appointees, was also appointed CFO, CEO and President. Mr. Buzbuzian is a principal of Buzbuzian Capital Corp., a company which is providing the funding necessary to see the Company through the CTO revocation process.

Strategy and Outlook

Management intends to support its US based associate, GCM, in the development and stewardship of GCM's undivided interest in Turner, to the extent that such support does not hamper its future business opportunities.

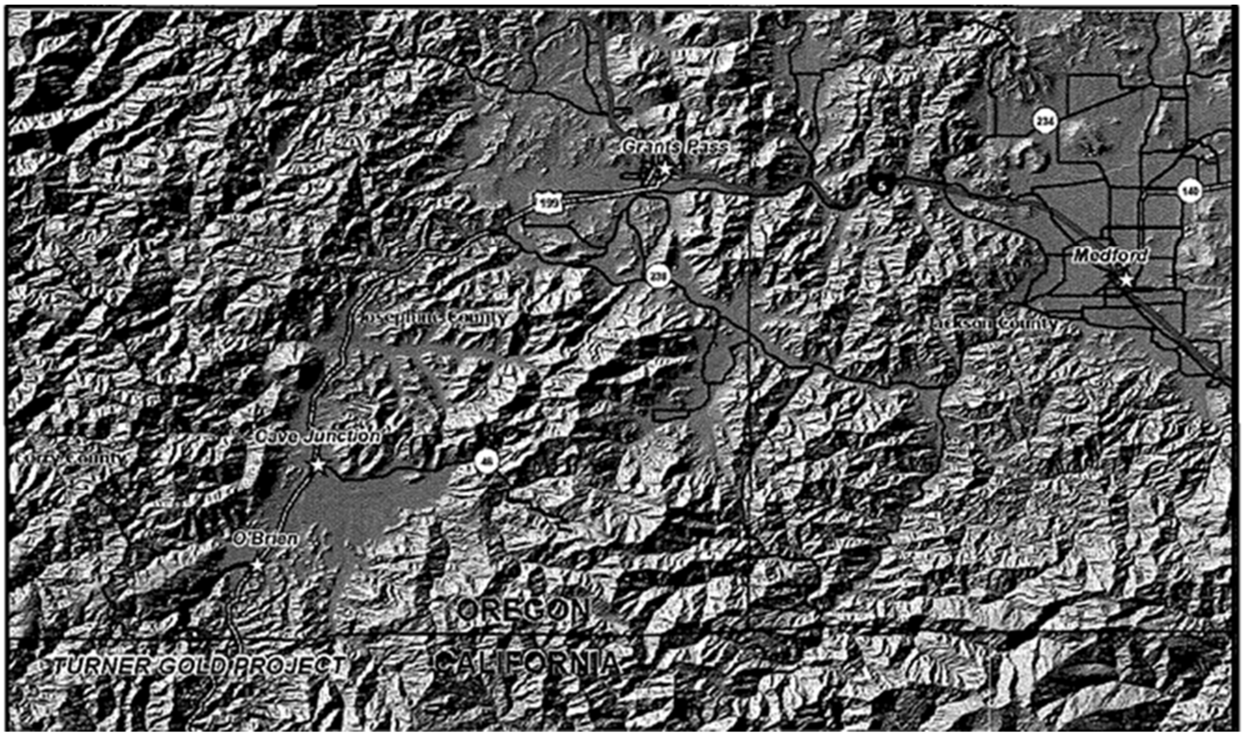
Due to an ongoing lack of funds available in public debt and equity markets, management intends to support GCM by way of related party funding, so long as following a rigorous review of the Company's current status following the revocation of the CTO's, the status of the Project and the revocation of the CTO's, management believes such support will provide long term shareholder value. However, there can be no reliance on additional related party funding, as there have been no commitments or guarantees made with respect to further financing. In addition, upon revocation of the CTO's the Company intends to pursue business opportunities outside of the mineral resource space, including those relating to cannabis and technology, and if any such acquisitions or business combinations come to fruition, the Company may seek to divest itself of any interests in the Project which are not inline with future business plans or which do not maximize shareholder value. As a result, management intends to pursue other opportunities for the Company, including those outside of the mining sector, and there should be no expectation that the Company will continue as a mineral resource company following the revocation of the CTOs.

Select Annual Information

	Year ending 2018	**Year ending 2017**
Total revenue	$0	$40,000
Net Income/(loss) for the year	($18,008)	(28,331)
Total assets	$6	$246
Total non-current liabilities	Nil	Nil
Dividends	Nil	Nil
Basic and diluted net loss per common share	($0.001)	($0.001)

Mining project - Turner Gold Property

The Turner Gold Property is the Company's sole property, by way of its interest in GCM, and the focus of all of its operations to date. The Turner Gold Property is located in southwestern Josephine County, Oregon, approximately 2 miles west of Highway 199 and 40 miles southwest of Grants Pass, Oregon.



SCALE IN MILES

FIGURE 1

SITE LOCATION MAP

The Turner Gold project is a volcanogenic massive sulfide deposit with an indicated and inferred resource of 4.7 million tons. As stated in the October 2012 press release with the updated resource, the indicated resource has increased 42.55% in tonnage and shows metal grades of 1.015% copper, 2.91g/t gold, 13.3 g/t silver and 2.46 % zinc. Encompassed in the indicated resource are a total of 296,493 contained troy ounces of gold, 70.8 million pounds copper, 1.35 million troy ounces silver and 171.8 million lbs. of zinc or alternately 6.1 g/t equivalent gold (equating to 620,891 equivalent troy ounces of gold contained). With this increase to a total of 4.71 million tons of resource above an increased NSR cutoff grade of $52/ton, JMC reported with the improved delineation of the resource with the 2011 drilling data, 1.04 million tons of the resource was moved from inferred to the indicated category. Equivalent troy oz/ton gold levels are used to illustrate the combined effect of copper, gold, silver, and zinc in the project in one metal.

Economic Parameters for Turner Gold		
Parameter	Units	Mill

Economic Parameters for Turner Gold		
Parameter	Units	Mill
Copper Price per Pound	(US$)	3.00
Gold Price per Pound	(US$)	1,200.00
Silver Price per Pound	(US$)	15.00
Zinc Price per Pound	(US$)	0.75
Base Mining Cost Per Ton of Material	(US$)	27.45
Process Cost Per Ton	(US$)	14.68
General and Administrative Cost Per Ton	(US$)	2.66
Process Recovery of Copper (Average)	(%)	90.8
Process Recovery of Gold (Average)	(%)	71.9
Process Recovery of Silver (Average)	(%)	83.2
Process Recovery of Zinc (Average)	(%)	75.1
Smelting/Refining Payable for Copper	(%)	96.5
Smelting/Refining Payable for Gold	(%)	97.0
Smelting/Refining Payable for Silver	(%)	77.0
Smelting/Refining Payable for Zinc	(%)	95.0
Gross Royalty	(%)	1.5

Source: *Parameters described in the Turner Gold Resource and Preliminary Economic Assessment dated November 16, 2009 as revised May 17, 2010 available at www.sedar.com (contents were reviewed by qualified persons; John M. Marek, P.E. of Independent Mining Consultants, Brian W. Buck, P.G. of JBR Environmental Consultants, Michael D. Strickler, P.G of LithoLogic Resources, Srikant Annavarapu, P.E. of Master Geotech Services, and James J. Moore, P.E.).*

Market Trends

Average annual prices as well as the 2018 average price through the date of this document, for copper and gold are summarized in the table below:

Average annual market prices (US$)		
Year	**Copper (lb)**	**Gold (oz)**
2008	3.11	880
2009	2.41	981
2010	3.45	1,233
2011	4.02	1,568
2012	3.63	1,681
2013	3.30	1,394
2014	3.17	1,294
2015	2.50	1,161
2016	2.20	1,251
2017	2.81	1,257
2018	2.94	1,269

Source: *Monthly spot prices per London PM Fix- Kitco (Gold} and London Metal Exchange (Copper).*

Summary of quarterly results

	Three months ended			
	December 31, 2018	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**
Total operating expenses	$ 9,554	$ 19,501	$ 18	$ (26)
Net loss	(1,697)	19,501	18	186
Total comprehensive loss	0	0	0	0
Net loss. per common share, basic and diluted	0.0000	0.0000	0.0000	0.0001
Total assets	6	24	42	60
Total operating expenses	338,896	340,611	321,128	321,128
	December 31, 2017	**September 30, 2017**	**June 30, 2016**	**March 31, 2017**
Total operating expenses	$ 34,868	$ 10,929	$ 4,527	$ 18,009
Net loss (income)	34,868	10,929	4,527	(21,993)
Total comprehensive loss	0	0	0	0
Net loss per common share, basic and diluted	0.0000	0.0000	0.0000	0.0001
Total assets	246	248	250	12,391
Total liabilities	321,128	286,127	276,164	322,849

Results of operations

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

Three months ended December 31, 2018 and 2017

Net loss and operating expenses

Operating expenses for the three months ended December 31, 2018 ("**Q4 2018**") were approximately $9,554; during the comparative period in 2017, operating expenses were approximately $34,868. Expenses were limited during the three months ended December 31, 2018 due to the Company's limited available cash. Also contributing to the decrease was a lower share-based payment expense, as no new option-based payments were granted during the three months ended December 31, 2018. Net loss was lower for Q4 2018 because the Company did not accrue as many expenses and capital investment contributing $71,767 of trust payments from Dentons Canada LLP for Buzbuzian Capital Corp. were applied to company accounts payable as part of an effort to reactivate the Company.

Mineral property

The Company's investment in mineral properties decreased from December 31, 2014, to December 31, 2018, due to the loss of control of its formerly consolidated subsidiary, GCM, as described in the "Historical Information" section of this document.

Years ended December 31, 2018 and 2017

Net loss and operating expenses

The Company's net loss decreased from $34,868 for the year ended December 31, 2017, to net profit of $1,697 for the year ended December 31, 2018. General and administrative costs decreased by approximately $39,000 and the Company received capital investment trust payments applied directly to vendor accounts payable accounts in the amount totaling $72,000 as a loan payable. The Company is in a limited cash position and has experienced a lack of new option grants. During 2018, the Company recorded debt forgiveness income in the amount of $11,250 (2017 - Nil).

Mineral Property

The company decided to impair the investment properties in 2014. There has been no activity on the mineral properties since the time of impairment. The Company's mineral properties are in good standing and all amounts due with respect to such claims have been paid and are up-to-date.

Capital resources and liquidity

At December 31, 2018, the Company had cash and cash equivalents of approximately $6, compared to approximately $246 on December 31, 2017. Its working capital deficit at December 31, 2018 was approximately $(1697) (December 31, 2017 – approximately $35,000).

The Company manages liquidity risk through maintaining sufficient cash or credit terms with its suppliers to meet the operating requirements of the business and investing excess funds in highly liquid short term cash deposits. Management's ability to manage liquidity over the next 12 months is dependent on the Company's ability to raise funds. The Company manages this risk through the management of its capital structure.

During the year ended December 31, 2018, the Company was advanced funds from Buzbuzian Capital Corp. As discussed elsewhere, the Company previously disposed of 79% of GCM in 2013.

Contractual obligations and rights

On June 26, 2009, the Company entered into the Turner Option Agreement with GMI for land, patented mining claims and unpatented mining claims at the Property in Josephine County, Oregon, USA for US$2,000,000, originally to be paid by December 2011. Currently, this property was impaired in 2014 and remains impaired due to inactivity of the Company and limited cash flows. Management will reassess the status of this financial asset in a future reporting period, however, the Company may not spend additional resources on the Property in the future or at all.

The agreement was amended and extended through subsequent agreements. By December 31, 2013, the Company exchanged 79% of its interest in the underlying property, through shares of its formerly wholly owned subsidiary, GCM, in order to make the option payments and cause GCM to have an undivided interest in the relevant mining rights. GMI retains a production royalty of 1.5% of net smelter return on future production from the Property.

On June 30, 2009, the Company acquired an exclusive option to purchase approximately 333 acres of land in Josephine County, Oregon, for a 12-month period commencing June 18, 2011 (the "**Wagner**

Option"). The Company paid US$25,000 for the Wagner Option, which applies against the purchase price of US$925,000.

The Company's associate investee, GCM, must make payments against the commitment under the amended agreement as follows in order to acquire the underlying property:

Payment	**Scheduled due date**	**Date paid**	**Extension Fee US$**	**Scheduled credit to purchase price**	**Total payments remitted through US$**	**Balance of purchase price due at December 2017**
Initial purchase price						$ 925,000
Initial Payment	June 30, 2011	June 2011	5,000	25,000	25,000	900,000
1st extension	January 30, 2013	January 2013		25,000	30,000	875,000
2nd extension	December 5, 2013	December 2013		10,000	10,000	865,000
3rd extension	March 1, 2014			10,000		865,000
4th extension	June 1,2014			10,000		865,000
5th extension	September 1,2014			10,000		865,000
6th extension	December 1, 2014			10,000		865,000
7th extension	March 1, 2015		10,000			865,000
Purchase	September 30,2015			825,000		865,000
Total			$ 15,000	$ 925,000	$ 65,000	$ 865,000

Transactions with related parties

A number of former key management personnel, or their related parties, hold or held positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company in the reporting period of the 2018 financial statements. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities at an arm's length basis.

*Russell Mining Corporation ("**RMC**")*

RMC is a private corporation which owns 10,600,010 shares in the Company and owns 51% of the Property and mineral rights. RMC's management has or had owners, officers and directors in common with the Company and Big Rock Holdings, LLC.

*Big Rock Holdings ("**BRH**")*

BRH is a private corporation, which owns 28% of the Property and mineral rights. BRH has or had owners, officers and directors in common with the Company and RMC.

*Norton Rose Fulbright Canada, LLCP ("**NRC**")*

NRC was the Company's securities counsel during the period, and a principal of the firm was the Company's corporate secretary.

Disposition of 79% of Turner

Effective December 31, 2013, management finalized the disposition of 79% of the Company's interest in Turner by way of the sale of 79% of the common shares of the Company's previously wholly owned subsidiary, GCM. The sale of GCM shares was made to companies owned and operated by individuals who were also officers and are owners of the Company at the time. A loss of $2,487,162 was reported as a result of the loss of control of GCM. The Company's interest in GCM is reported as an investment in associate at December 31, 2013, at a value of $1,882,327.

The Company received total consideration of US$1,605,421 under the terms of this transaction. Consideration from this transaction was used to cause GCM to own an undivided interest in Turner.

Notes Payable to BRH

The Company's payable to BRH ($600,521) was settled in exchange for 28% of the Project in December 2013. The Company issued 2,220,000 warrants, valued at $99,800 as part of the consideration for the note in 2012 which were cancelled as part of the exchange.

Convertible note payable to RMC

On September 26, 2012, the Company issued a note payable to RMC, a private company with officers and directors common to the Company, for US$50,000. The principal and accrued interest totaled approximately $56,000 at December 31, 2013 when it was derecognized as a liability of GCM, following the Company's loss of control of GCM.

RMC was issued 100,000 shares, fair-valued on the grant date at $12,500 as part of consideration for the note.

Finder’s Agreement

On June 22, 2009, the Company entered into a Finder’s Agreement with RMC for mining claims located in Josephine County, Oregon. Pursuant to this agreement, Russell Mining and Minerals, ULC ("**RMMU**") agreed to advance the Company funds and provide the technical support to complete a reserve study on the claims. The agreement also contemplates RMC and the Company entering into a management agreement for RMMU to provide technical and administrative services to the Company.

When production begins on the Property, US$1,500,000 is due to RMC in 24 equal installments.

Summary of transactions with RMC and Norton Rose:

	Amounts payable as at December 31		**Expenses incurred during the years ended December 31, 2018**	
	2018	**2017**	**2018**	**2017**
RMC	106,942	149,682	$ 0	$ 0
Norton Rose	86,220	90,638	0	10,392
Totals	$ 193,162	$ 250,712	$ (0)	$ 10,392

The above transactions were conducted in the normal course of operations and measured at agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

Off-balance sheet arrangements

As at December 31, 2018, the Company had no off-balance sheet arrangements.

Financial instruments and other instruments

The fair values of the Company's cash and cash equivalents, accounts payable and notes payable approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, and commodity price risk.

Currency risk

The Company's property interests in the United States make it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not use hedging instruments to mitigate the financial statement or cash flow risks associated with fluctuations in exchange rates.

Credit risk

The Company's cash is held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper in its short-term investments, nor receivables from customers.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within twelve months of the balance sheet date. At December 31, 2018, current liabilities exceeded current assets, resulting in negative working capital of approximately $338,896 (December 31, 2017 - approximately $321,128); in which is due within normal trade terms.

Commodity price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company has not hedged any of its potential future gold sales. The Company's input costs are also affected by the price of fuel. The Company monitors gold and fuel prices to determine the appropriate course of action to be taken by the Company.

Outstanding share data

As at the date of this MD&A, the Company's outstanding equity securities are described as follows:

Security	Outstanding
Voting equity securities issued and outstanding	25,551,010 common shares
Securities convertible or exercisable into voting equity securities -stock options	Nil
Securities convertible or exercisable into voting equity securities –warrants	Nil

Risks and uncertainties

No history of earnings and CTOs

The Company has no history of earnings. Additional external financing would be required to finish a feasibility study and develop the Property, which would require further related party and other financing. There can be no assurances that any of the Company's properties contain an economic ore body or that such properties will ever be developed.

In addition, as the Company is subject to the CTOs, the Company is not permitted to issue securities from treasury, and current shareholders may not trade securities of the Company to others. As a result, until such time as the CTOs are revoked the Company has no ability to raise capital and shareholders have no liquidity with respect to their securities.

Title risks

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Until competing interests, if any, in the mineral lands have been determined, the Company can give no assurance as to the validity of title to those lands.

Exploration and development

Resource exploration and development is a highly speculative business activity, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals the Company may acquire or discover may be affected by numerous factors that are beyond its control and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to allowable production, the import and export of minerals and environmental protection, the combination of such factors may result in the Company not receiving an adequate return of investment capital.

The Property is in the development stage and as part of that stage determining if it is a commercially mineable ore body. No further work has been completed on the Property since 2014.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of its operations will in part be directly related to the costs and success of its development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

The Company is required to obtain various permits from government departments to carry out its work programs. There is no guarantee all required permits will be granted on terms satisfactory to the Company, or at all. If such permits are not received, the Company may not be able to carry out or complete its business objectives.

Uninsured or uninsurable risks

Exploration, development and production of mineral properties is subject to certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have a material adverse impact on the Company's operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Operating hazards and risks

Mineral exploration and development involves risks which even a combination of experience, knowledge and careful examination may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to hazards and risks normally incidental to exploration, developments and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. The nature of these risks is such that liabilities might exceed insurance policy limits, the liabilities and hazards might not be insurable or the Company may elect not to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have a materially adverse effect upon the Company's financial condition.

Environmental risks, regulations, permits and licenses and other regulatory requirements

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Company's operations, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws, and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that the Company obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project that it might undertake.

Failure to comply with applicable laws/ regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Competition

The mining industry is intensely and increasingly competitive in all its phases, and the Company will compete with other companies that have greater financial and technical resources. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically and businesses compete for the technical expertise to find, develop, and produce such properties, the skilled labor to operate the properties and the capital for the purpose of financing development of such properties. Such competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties.

Dependence on management and directors

The Company is largely dependent on the performance of its directors and officers. There is no assurance the Company will be able to maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects.

Fluctuating mineral prices

The mining industry is heavily dependent upon the market price of metals or minerals being mined. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist at the time of sale. Factors beyond the Company's control may affect the marketability of metals or minerals discovered, if any. Metal prices have fluctuated widely, particularly in recent years, and the Company will be affected by numerous factors beyond the control of the Company. The effect of these factors on the Company's operations cannot be predicted. If mineral prices decline significantly, it could affect the Company's decision to proceed with further exploration of its properties.

Future financing

The Company's continued operation will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms to the Company, if at all. Failure to obtain additional financing on a timely basis has resulted in delay and indefinite postponement of further exploration and development and forfeiture of some rights in some or all of the Company's properties. If additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to further explore and develop its properties, take advantage of other opportunities, or otherwise remain in business. Events in the equity market may impact the Company's ability to raise additional capital in the future.

Future acquisitions

As part of the Company's business strategy, it may seek to grow by acquiring companies, assets or establishing joint ventures that it believes will complement its current or future business. The Company may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for its business. The Company cannot guarantee that it can complete any acquisition it pursues on favorable terms, or that any acquisitions completed will ultimately benefit its business.

Volatility of share price

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earning.

Conflicts of interest

Certain directors and officers of the Company will and may continue to be involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures, which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the interest of the Company. Directors and officers of the Company with conflicts of interest will be subject to and follow procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dividends

The Company has never paid a dividend on its common shares. It is not anticipated that the Company will pay any dividends on its common shares in the foreseeable future.

Adverse fluctuations in currency exchange rates

The Company will be subject to fluctuations in the rates of currency exchange between the Canadian dollar and the United States dollar, these fluctuations could materially affect the Company’s financial position, and results of operations as costs may be higher than anticipated. The costs of goods and services could increase due to changes in the value of the Canadian dollar or the United States dollar. Consequently, operation and development of the Company's properties might be more costly than the Company anticipates.

Current global economic conditions

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase its cost of capital. The Company's failure to raise capital when needed or on reasonable terms may have material adverse effects on the Company's business, financial condition and results of operations. A trend in the global mining industry relates to government nationalization of natural resources; the Company's sole project is located in the United States.

Valuation of investment in mineral properties

Management has identified indicators of impairment and tested its investment in mineral properties for impairment. No impairment expense was recorded during the year ended December 31, 2018.

Critical accounting policies and estimates

Statement of compliance

The Company's consolidated financial statements, including comparatives, for the years ended December 31, 2018, have been prepared in accordance with International Financial Reporting Standards effective for the Company's reporting year ending December 31, 2018.

Exploration and evaluation

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and assaying. When commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditures before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Exploration and evaluation analysis

Management has performed a review of its contractual commitments and rights and IFRS 6- Exploration for and evaluation of mineral resources. The Company's expenditures included in the Company's mineral properties include those that have directly benefited the Project and which management has determined, based on an impairment analysis, to be recoverable.

The impact of the Company's treatment of capitalized expenses in respect of the Company's financial statements has been to increase the Company's assets and decrease net loss, as compared to a policy which expenses a higher proportion of Project expenditures.