



Management's Discussion and Analysis

For the three months ended March 31, 2019

(Financial information expressed in Canadian dollars unless otherwise noted)

Introduction

This management's discussion and analysis ("**MD&A**") is dated May 29, 2019 and is in respect of the three months ended March 31, 2019. 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 Josephine Mining Corp. (the "**Company**") should be read in conjunction with its unaudited consolidated financial statements and related notes for the three months ended March 31, 2019. The unaudited consolidated financial statements for the three months ended March 31, 2019 and additional information related to the Company can be found under the Company's profile on SEDAR at www.sedar.com. This MD&A 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**") within the meaning of applicable securities legislation. The Company is hereby providing cautionary statements identifying important factors that could cause the actual results, performance or achievements of the Company 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.

In particular, forward-looking statements in this MD&A include, but are not limited to, management's efforts to reactivate the Company; disclosure under the heading "Strategy and Outlook"; the Company's ability to manage liquidity risk over the next 12 months; management's ability to reassess the Project (as defined herein) in the future; that production will begin on the Project and the future profitability therefrom; the effect mineral prices may have and their impact on the Company's decision to proceed with further exploration of its mineral properties; the Company's purchase (or not) of adequate insurance; statements that the Company will compete in the mining industry; the Company's strategy to grow by acquiring companies, assets or entering into joint venture arrangements and any statements that imply any future

earnings, profitability, economic benefit or financial results from the foregoing; the Company's dividend strategy; and statements regarding the disparity between the Canadian and US dollars and how this may affect 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

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 ("**Turner**" or the "**Project**") 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 Project and all relevant mining rights.

The 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 Project. 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 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".

On 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 was 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 MD&A and related certifications for the year ended December 31, 2014. Recently the Company filed its audited annual financial statements for the years ended December 31, 2017 and 2018, the related MD&A and required certifications, and has otherwise met its continuous disclosure obligations pursuant to securities laws and the revocation orders granted by the securities regulators. On May 27, 2019, the CTOs were revoked by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, and the Company was subsequently permitted to resume normal trading activities.

During the period subsequent to December 31, 2014, the Company was inactive, and 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 President, CEO and CFO. Mr. Buzbuzian is a principal of Buzbuzian Capital Corp. ("**BCC**"), a company which provided 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 and the status of the Project, 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, 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 will seek to divest itself of any interests in the Project that are not inline with future business

FIGURE 1

SITE LOCATION MAP

The 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, the Company 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 the Project		
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 average price from January 1, 2019 through the date of this MD&A, 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
2019	2.83	1,325

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

Summary of Quarterly Results

	Three months ended			
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Total operating expenses	\$ 176,645	\$ 9,554	\$ 19,501	\$ 18
Net loss	176,645	(1,697)	19,501	18
Total comprehensive loss	0	0	0	0
Net loss per common share, basic and diluted	0.0001	0.0000	0.0000	0.0000
Total assets	974	6	24	42
Total liabilities	516,509	338,896	340,611	321,128
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Total operating expenses	\$ (26)	\$ 34,868	\$ 10,929	\$ 4,527
Net loss (income)	186	34,868	10,929	4,527
Total comprehensive loss	0	0	0	0
Net loss per common share, basic and diluted	0.0001	0.0000	0.0000	0.0000
Total assets	60	246	248	250
Total liabilities	321,128	321,128	286,127	276,164

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 March 31, 2019 and 2018

Net loss and operating expenses

Operating expenses for the three months ended March 31, 2019 were approximately \$176,645; during the comparative period in 2018, operating expenses were approximately \$(26). Expenses were limited during the three months ended March 31, 2019 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 March 31, 2019. Net loss was higher for the three months ended March 31, 2019 because the Company did accrue expenses and it received capital investment trust payments payable to Dentons Canada LLP. General and administrative costs increased by approximately \$147,598 due to acquired consulting fees. The Company is in a limited cash position and has experienced a lack of new option grants. During the three months ended March 31, 2019, the Company did not record debt forgiveness income. (2018 – \$11,250).

Mineral property

The Company decided to impair its 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. 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.

Capital Resources and Liquidity

At March 31, 2019, the Company had cash and cash equivalents of approximately \$974, compared to approximately \$6 on December 31, 2018. Its working capital deficit at March 31, 2019 was approximately \$176,645 (December 31, 2018 – approximately \$18,000).

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 three months ended March 31, 2019, the Company was advanced funds from BCC in the amount of \$32,936; totaling to date \$104,703.

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 Project in Josephine County, Oregon, USA for US\$2,000,000, originally to be paid by December 2011. 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 Project in the future or at all.

The Turner Option Agreement was amended and extended through subsequent agreements. On 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 Project.

Transactions with Related Parties

A number of former key management personnel, or their related parties, hold or held positions in other entities that results 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 three months ended March 31, 2019 and the year ended December 31, 2018. 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.

BCC

During the three months ended March 31, 2019, an additional \$32,936 of capital investment trust payments were received from BCC for working capital purposes and applied directly to vendor accounts payable as part of an effort to reactivate the Company. The aggregate amount owing by the Company to BCC is \$104,703 and is a non-interest bearing, unsecured demand loan. BCC's management has or had owners, officers and directors in common with the Company.

Finder's Agreement

On June 22, 2009, the Company entered into a Finder's Agreement with Russell Mining Corporation ("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 Project, US\$1,500,000 is due to RMC in 24 equal installments.

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 March 31, 2019, 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 12 months of the balance sheet date. At March 31, 2019, current liabilities exceeded current assets, resulting in negative working capital of approximately \$515,535 (December 31, 2018 - approximately \$338,890), 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

The Company has no history of earnings. Additional external financing would be required to finish a feasibility study and develop the Project, 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.

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 Project is in the development stage and as part of that stage the Company determining if it is a commercially mineable ore body. No further work has been completed on the Project 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 that 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, regulations, 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 three months ended March 31, 2019.

Critical Accounting Policies and Estimates

Statement of compliance

The Company's consolidated financial statements, including comparatives, for the three months ended March 31, 2019, have been prepared in accordance with International Financial Reporting Standards effective for the three months ending March 31, 2019.

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 an 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 that expenses a higher proportion of Project expenditures.