2017

LITHIUM ENERGY PRODUCTS INC.

(FORMERLY NORTHERN IRON CORP.)

REPORT TO SHAREHOLDERS - MANAGEMENT DISCUSSION AND ANALYSIS

STATED IN CANADIAN FUNDS

THIS REPORT PROVIDES A MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2017

5/15/2017

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

TO OUR SHAREHOLDERS

This Management Discussion and Analysis ("MD&A") supplements - but does not form part of - the Condensed Interim Consolidated Financial Statements for the six and three months ended 31 March 2017. Consequently, the following discussion and analysis of the financial condition and results of operations for Lithium Energy Products Inc. (formerly Northern Iron Corp.) ("LEP" or the "Company"), should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the period ended 31 March 2017, and the related notes therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), consistently applied.

Discussion of the Company, its operations and associated risks are further described in the Company's filings, available for viewing at www.sedar.com. A copy of this MD&A will be provided to any applicant upon request.

FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's filings and herein. Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available through the SEDAR website at www.sedar.com.

The table below sets forth the significant forward-looking information included in this MD&A:

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Future funding for ongoing Operations	LEP has the resources to fund their ongoing operations and the ability to raise funds for further operations exceeding current resources.	LEP has disclosed that this may be difficult and failure to raise these funds will materially impact the Company's ability to continue as a going concern.
Proving LEP deposits' economic viability.	Deposits are either economically viable or LEP can obtain new sources of lithium for exploitation, trading or offtake agreements.	Lack of information to assess corporate and mining strategy for the existing assets.
Proving LEP deposits' processability.	LEP deposit compositions are favourable towards economically recovering lithium.	Lack of information to assess asset grade.
LEP intends to acquire further properties to expand their mining and supply operations.	Properties demonstrating economic potential and have existing supportive infrastructure can be located and acquired.	Prospective acquisitions do not demonstrate sufficient potential and viability to justify acquisition.
LEP intends to enter into MOUs with several customers to ensure a customer base exists for LEP products.	Potential customers are willing to commit to mineral acquisition from LEP prior to exploration completion and exploitation.	Potential LEP customers may overstate the quantities they intend to purchase as they are currently predictive.
LEP intends to explore non-conventional methods of obtaining lithium external to conventional mining sources	Economic amounts of lithium are recoverable from non-conventional sources and extractive technologies exist and are sufficient to obtain the lithium	LEP investigative and research expenditure might conclude that there is no economic benefit and be unable to recoup expenditure.

FUTURE OUTLOOK

LEP is currently undertaking gravitational and electro-magnetic analysis on the Jackpot Lake property. Subject to the identification of brine aquifers LEP will initiate a drilling and sampling program to determine the mineralogy of the brine and to inform a feasibility study for future mining operations on the property. The analysis of these survey results and the subsequent study will inform LEP's strategic direction with the project. LEP is scheduling the same proving process for its Willcox Playa property. This work will commence once the electro-magnetic analysis has been completed on the Jackpot Lake property.

LEP is involved in negotiations with property holders in South America to purchase several salar properties. These properties are in close proximity to other lithium operations and present LEP with viable means of expanding its holdings and increasing its economic potential.

LEP is exploring alternative sources of lithium through non-traditional sources. If proven economically viable these prospects will present LEP with a readily available supply of lithium that will provide an income stream almost immediately and in limitless supply.

LEP will retain its Griffith iron ore mine until the project can be commenced with profitable returns. The iron ore spot price is currently increasing and when suitable LEP will approach its prospective industry partners in North America to provide expertise and capital to advance the project.

GENERAL

LEP – formerly Northern Iron Corp - is a publicly traded junior mining company whose principal business is identifying the most promising mineral deposits to purchase, progress and exploit. Currently the Company is focusing on progressing its lithium projects towards exploitation, production and supplying lithium and cobalt to the markets. LEP acquired 3 highly prospective lithium properties in Nevada and Arizona in August 2016. The decision to acquire these sites was based on grade, accessibility and serviceability. The company examined other sites in South America and the U.S. but decided against these because of inaccessibility, uncertain political climates and poor local infrastructure

LEP's projects are in their exploration stages, and LEP has the financial resources available to undertake the geological work to further progress the lithium projects. At LEP's disposal are geologists, geophysicists, mining engineers and market experts that are responsible for developing the project towards production. Once this work is underway - and a greater appreciation of the deposits has been obtained - the company intends to seek partnership and further investment to advance the deposit towards exploitation.

The business is managed by specialist staff and experts with diverse experience across the entire mineral resource industry. The company has a proven track record of identifying viable mineral deposits and progressing these discoveries to operation and sale. LEP is listed on the TSX Venture Exchange and commenced trading on 26 August 2011.

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

On 12 October 2016, the Company amended the terms of options issued on 13 October 2011. The renewed terms extended the expiry date of options to 17 February 2019. The exercise price of options is the same at $0.30.

On 12 October 2016, the Company closed the first tranche of a non-brokered private placement. The tranche consisted of 3,100,000 units of the Company (“Units”) at a price of $0.05 per Unit for aggregate gross proceeds of $155,000. Each unit consist of one common share in the capital of the Company (“Common Share”) and one Common Share purchase warrant (“Warrant”). Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.10 for a period of six years from the date of issuance. All securities issued pursuant to the second tranche are subject to a four month and one day hold period. In addition, The Company recorded $12,800 of share issuance costs including 128,000 compensation options (“Compensation Options”). Each Compensation Option can be exercised for one Unit for a period of five years from the date of issuance at an exercise price of $0.05.

On 13 October 2016, the Company announced appointment of Michael Li to the board of directors.

On 2 November 2016, the Company closed the second tranche of a non-brokered private placement financing for aggregate gross proceeds of $1,345,000. A total of 26,900,000 Units were issued as part of the first tranche for aggregate gross proceeds of $1,345,000. Each Unit consists of one Common Share in the capital of the Company and one Common Share purchase warrant with each Warrant entitling the holder thereof to acquire one Common Share at a price of $0.10 per share for a period of six years from the date of issuance. The Company recorded $128,132 of share issuance costs.

On 7 December 2016, the Company announced a name change from Northern Iron Corporation to Lithium Energy Products Inc. due to a change in strategic direction.

On 13 January 2017 LEP signed a Memorandum of Understanding “MOU” for lithium off-take with Sichuan Zhiyuan Lithium Industries “SZLI”, a subsidiary of Shehong Zhiyuan Industry Co. SZLI is a Sichuan based cathode manufacturer.

On 23 January 2017 LEP signed a Memorandum of Understanding “MOU” for lithium off-take with Shenzhen Optimum Nano Energy Ltd Co.

On 25 January 2017 the Company granted incentive stock options to its directors, officer, and consultants to purchase up to an aggregate of 3,000,000 common shares at an exercise price of $0.065 per share. These options have a life of 5 years and vest immediately. The options were approved by the shareholders and limit the total number of options to a maximum of 10% of the Company’s issued capital.

EVENTS SUBSEQUENT TO 31 MARCH 2017

On 13th April LEP released a Press Release detailing the gravitational survey work it had commissioned on its Jackpot Lake property. The site work was conducted by KLM Geoscience and the data analysis, interpretation and report was undertaken and produced by Hasbrouck Geophysics.

This work was followed by an electro-magnetic analysis survey, which began on 18th May 2017. The EM field work was conducted by South West Geophysics and the data analysis, interpretation and report was undertaken and produced by Hasbrouck Geophysics.

RESULTS OF OPERATIONS

The comprehensive loss reported during the six month period ended 31 March 2017 was $794,465 compared to $95,357 in the comparative period. The main fluctuations in costs are as follows:

Management fees (rounded to the nearest '000)	**6 months** **2017**	6 months 2016	**3 months** **2017**	3 months 2016
	$ 221,000	$ 166,000	**$ 117,000**	$ 83,000
Variance increase	**$ 55,000**		**$ 34,000**	

During the six months period ended 31 March 2017, the Company incurred additional costs as management personnel were recruited to facilitate the strategic change of exploring lithium properties.

Shareholder relations (rounded to the nearest '000)	**6 months** **2017**	6 months 2016	**3 months** **2017**	3 months 2016
	$ 74,000	$ 29,000	**$ 26,000**	$ 11,000
Variance increase	**$ 45,000**		**$ 15,000**	

The increase is due to more active shareholder relations in the efforts of increasing marketing awareness outside of North America on the international markets due to the Company's shift towards lithium properties.

Travel (rounded to the nearest '000)	**6 months** **2017**	6 months 2016	**3 months** **2017**	3 months 2016
	$ 11,000	$ 32,000	**$ -**	$ 4,000
Variance increase	**$ (21,000)**		**$ (4,000)**	

The comparative period included international trips, which have not recurred this year. Management is committed to minimizing cash expenditures.

Stock based compensation (rounded to the nearest '000)	**6 months** **2017**	6 months 2016	**3 months** **2017**	3 months 2016
	$ 208,000	$ -	**$ 205,000**	$ -
Variance increase	**$ 208,000**		**$ 205,000**	

During the six months ended 31 March 2017, the Company granted 3,000,000 incentive stock options to its directors, officer, and consultants. This resulted in an increase in the stock based compensation in comparison to prior period.

Impairment of deposit (rounded to the nearest '000)	**6 months** **2017**	6 months 2016	**3 months** **2017**	3 months 2016
	$ 200,000	$ -	**$ 200,000**	$ -
Variance increase	**$ 200,000**		**$ 200,000**	

During the six months ended, a deposit of $200,000 paid to exploration vendor was deemed unrecoverable and resulted in the impairment of this deposit.

SUMMARY OF QUARTERLY RESULTS

Three months ended	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15
	$	$	$	$	$	$	$	$
Total revenue	-	-	-	-	-	-	-	-
Profit (loss) for the period	(589,961)	(204,504)	(10,073,103)	(126,885)	74,593	(169,950)	(199,107)	(227,270)
Loss per share	(0.00)	(0.00)	(0.09)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	2,150,812	2,557,640	1,496,900	10,588,789	10,713,249	10,671,024	10,830,559	11,023,937
Working capital surplus	897,185	1,164,005	98,613	369,265	507,430	432,210	601,294	846,476

During year ended 30 September 2016, the company recognized impairment on the exploration properties in Canada. This resulted in a significant decrease in total assets and a simultaneous increase in loss for the period.

EXPLORATION AND EVALUATION ASSETS

	Jackpot Lake	Willcox Playa	Little Rock	Karas	Whitemud	Griffith	El Sol	Papagonga	Total
ACQUISITION									
Balance as at 1 October 2015	$ -	$ -	$ -	$ 188,650	$ 138,600	$ 375,749	$ 1,060,000	$ 105,000	$ 1,867,999
Additions	547,934	379,803	80,635	-	-	-	-	-	1,008,372
Impairment	-	-	-	(188,649)	(138,599)	(375,748)	(1,059,999)	(104,999)	(1,867,994)
Balance as at 30 September 2016	$ 547,934	$ 379,803	$ 80,635	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1,008,377
Additions	**56,628**	-	-	-	-	-	-	-	**56,628**
Balance as at 31 March 2017	**$ 604,562**	**$ 379,803**	**$ 80,635**	**$ 1**	**$ 1**	**$ 1**	**$ 1**	**$ 1**	**$ 1,065,005**
EXPLORATION EXPENDITURES									
Balance as at 1 October 2015	$ -	$ -	$ -	$ 4,505,365	$ 377,843	$ 2,995,961	$ 3,120	$ 111,846	$ 7,994,135
Staking	32,836	-	3,384	2,280	-	-	14,025	-	52,525
Geological and consulting	-	-	-	-	-	16,712	-	-	16,712
Assaying	-	-	-	-	-	12,303	-	-	12,303
Admin and camp	-	-	-	-	-	11,254	-	-	11,254
Impairment	-	-	-	(4,507,645)	(377,843)	(3,036,230)	(17,145)	(111,846)	(8,050,709)
Balance as at 30 September 2016	$ 32,836	$ -	$ 3,384	$ -	$ -	$ -	$ -	$ -	$ 36,220
Geological and consulting	**7,933**	**3,150**	**3,150**	-	-	-	-	-	**14,233**
Assaying	**6,606**	**3,170**	**512**	-	-	-	-	-	**10,288**
Admin and camp	**2,983**	**2,177**	**2,178**	-	-	-	-	-	**7,338**
Balance as at 31 March 2017	**$ 50,358**	**$ 8,497**	**$ 9,224**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 68,079**
CARRYING AMOUNTS									
Balance at 30 September 2016	$ 580,770	$ 379,803	$ 84,019	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1,044,597
Balance at 31 March 2017	**$ 654,920**	**$ 388,300**	**$ 89,859**	**$ 1**	**$ 1**	**$ 1**	**$ 1**	**$ 1**	**$ 1,133,084**

OUTSTANDING SHARES

As at 31 March 2017 and the date of this report, the Company had 168,377,875 common shares issued and outstanding. The fully diluted amount of 222,850,875 includes options of 5,425,000 and warrants of 49,048,000.

FINANCIAL POSITION AND LIQUIDITY

As at 31 March 2017, the Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

The following discussion relates to the six month period ended in fiscal 2017 and compares that to the same period in fiscal 2016.

As at 31 March 2017 the Company had a working capital surplus of $897,185 compared to a working capital of $99,000 as at 30 September 2016.

Cash used in operating activities during the period ended 31 March 2017 totalled $431,978 (Comparative period: $317,419). This is consistent with expectations of management.

Cash used in investing activities during the period ended 31 March 2017 totalled 88,487 (Comparative period: ($207,404)). In comparative period. In comparative period, there was a one-time sale of assets which resulted in increment in cash.

Cash raised in financing activities during the period ended 31 March 2017 totalled $1,275,468 (Comparative period: $nil). In the current period there was an equity placement and there was no such placement in comparative period.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2017 and 30 September 2016. There have been no changes in levels during the year.

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, and accounts payable and accrued liabilities. As at 31 March 2017 and 30 September 2016, the carrying value of cash is at fair value. Amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, accordingly the Company believes it not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk, as a 5% shift in foreign exchange rates would result in an impact of approximately $40,000. At 31 March 2017 the Company held currency totalling the following:

Currency		**31 March 2017**		30 September 2016
Canadian (Dollars)	**$**	**72,000**	$	118,000
US (Dollars)	**$**	**601,000**	$	-

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 31 March 2017, the Company had a cash balance of $873,426 to settle current liabilities of $30,539 which are due within one year. The Company is not exposed to a significant liquidity risk.

CAPITAL RESOURCES

LEP has no recent history of profitable operations. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of adequate revenues.

It will be necessary for LEP to arrange for additional financing to meet its on-going exploration and overhead requirements.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although LEP successfully completed a financing subsequent during the six months ended 31 March 2017, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at 31 March 2017 and as at the date hereof.

RELATED PARTY TRANSACTIONS

Transactions and balances with related parties not disclosed elsewhere in the Financial Statements are as follows:

RELATED PARTY DISCLOSURE

Name and Principal Position	Period(i)		Remuneration or fees(ii)		Share-based awards		Amounts Payable
Basil Botha – President and Director, consulting fees	**2017**	**$**	**72,000**	**$**	**27,333**	**$**	**-**
	2016	$	72,000	$	-	$	-
Clearline – a company of which the CFO is a director, professional fees	**2017**	**$**	**24,000**	**$**	**17,083**	**$**	**-**
	2016	$	18,225	$	-	$	-
Michael Hepworth, VP Corporate Development	**2017**	**$**	**48,000**	**$**	**27,333**	**$**	**-**
	2016	$	-	$	-	$	-
Paul Sarjeant, Director	**2017**	**$**	**-**	**$**	**17,083**	**$**	**-**
	2016	$	-	$	-	$	-
James Walker – CEO	**2017**	**$**	**39,000**	**$**	**23,917**	**$**	**-**
	2016	$	-	$	-	$	-
Huaiguo Shen, Director	**2017**	**$**	**-**	**$**	**20,500**	**$**	**-**
	2016	$	-	$	-	$	-
Changxian Li, Director	**2017**	**$**	**-**	**$**	**20,500**	**$**	**-**
	2016	$	-	$	-	$	-
Annie Storey, Director	**2017**	**$**	**-**	**$**	**17,083**	**$**	**-**
	2016	$	-	$	-	$	-
Alberto Hassan, Director	**2017**	**$**	**-**	**$**	**17,083**	**$**	**-**
	2016	$	-	$	-	$	-

(i) For the six month periods ended 31 March 2017 and 2016.
(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Consistent with other companies in the mineral exploration industry, LEP has no source of operating revenue. The Condensed Interim Consolidated Financial Statements for the period ended 31 March 2017 provide a breakdown of the general and administrative expenses for the period under review and an analysis of the capitalized and expensed exploration and development costs incurred on its mineral properties.

INVESTOR RELATIONS ACTIVITIES

With respect to public relations, the Company's policy is to provide information from its corporate offices to investors and brokers directly.

MANAGEMENT

LEP is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of LEP could result, and other persons would be required to manage and operate the Company.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer of LEP are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring. The officers will continue to monitor very closely all financial activities of LEP and increase the level of supervision in key areas. It is important to note that this issue would also require LEP to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten LEP's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. LEP has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

RISK FACTORS

Companies operating in the mining industry face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company:

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

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

At present the principal activity of the Company is the exploration and development of lithium resource properties. The feasible development of such properties is highly dependent upon the price of lithium commodities. A sustained and substantial decline in these commodity prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors that could affect these commodity prices in order to assess the feasibility of its resource projects.

LITHIUM ENERGY PRODUCTS INC.

FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2017

Canadian Funds

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in the Management Discussion and Analysis.

A CAUTIONARY TALE

This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of reserves and resources, the realization of reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of resources; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the resource industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Respectfully submitted on behalf of the Board of Directors,

"James Walker"

James Walker

CEO