

ZADAR VENTURES LTD.

Management Discussion and Analysis

(Expressed in Canadian Dollars, Unless Otherwise Stated)

For the Year Ended July 31, 2016

INTRODUCTION

This Management Discussion and Analysis (“MD&A”) of the operating results and financial condition of Zadar Ventures Ltd. (the “Company” or “Zadar”) for the year ended July 31, 2016 should be read in conjunction with the audited financial statements for the year ended July 31, 2016, which are prepared in accordance with International Financial Reporting Standards (“IFRS”).

This MD&A is prepared as of November 30, 2016. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise stated. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain statements that constitute forward-looking statements. When used in this document the words “anticipate”, “believe”, “estimate”, “expect”, “plan”, “future”, “intend”, “may”, “will”, “should”, “predicts”, “potential”, “continue”, and similar expressions, as they relate to Zadar Ventures Ltd. or its management, are intended to identify forward-looking statements. Such statements reflect current views of Zadar Ventures Ltd. with respect to future events and are subject to certain known and unknown risks, uncertainties, and assumptions. These statements should not be relied upon. Many factors could cause the actual results, performance, or achievements to be materially different for many future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, or expected. Zadar Ventures Ltd. does not intend, and does not assume, any obligation to update these forward looking statements, other than as required by securities law.

DESCRIPTION OF THE BUSINESS

Zadar Ventures Ltd. is a public company incorporated under the *Business Corporations Act* of British Columbia on August 6, 2008. The common shares of Zadar commenced trading on the TSX Venture Exchange on May 28, 2012 under the trading symbol “ZAD”

The Company’s principal business activity is the acquisition and exploration of mineral properties.

The Company’s corporate office and principal place of business is at Suite 908 – 510 Burrard Street, Vancouver, B.C. V6C 3A8.

The Company is engaged in the business of mineral exploration. It acquires, explores, and develops mineral resource properties. The Company's immediate goal is to undertake exploration for lithium projects in Nevada, USA known as the WSP and CR claims.

WSP and CR Lithium Projects

On February 25, 2016 the Company entered into an option agreement with GeoXplor Corp. ("GeoXplor") to acquire a 100% interest in two prospective lithium projects in Nevada, USA.

In order to exercise the option to earn the 100% interest, Zadar will issue 5,000,000 of its common shares and pay US\$450,000 in cash payments, in addition to US\$21,000 non-refundable deposit (paid), to GeoXplor as follows:

- a) US\$25,000 on the effective date (paid);
- b) 1,000,000 common shares on TSX.V approval (issued);
- c) US\$50,000 on or before March 25, 2016 (paid);
- d) 1,000,000 common shares on each of the first four anniversaries of the effective date;
- e) US\$75,000 on each of the first and second anniversaries of the effective date; and
- f) US\$100,000 on each of the third and fourth anniversaries of the effective date.

Zadar will be required to make exploration expenditures of US\$200,000 in year one, a further US\$300,000 in year two, a further US\$1,000,000 in year three and a further US\$1,000,000 in year four. On the fifth anniversary of the Effective Date, and annually thereafter, Zadar shall pay minimum advanced annual royalties payments of US\$100,000.

Upon completion of an inferred resource calculation that confirms either of the properties having a minimum presence of 100,000 tons lithium carbonate equivalent grading at no lower than 28 parts per million lithium grade average, Zadar shall pay GeoXplor US\$1,000,000 in cash or Zadar Shares, or a combination thereof at Zadar's election.

Upon Completion of an Economic Study, as defined in the option agreement, on either of the properties on or before the 10th anniversary of the effective date, Zadar shall pay to GeoXplor US\$2,000,000 in cash or Zadar Shares, or a combination thereof at GeoXplor's election.

GeoXplor will maintain 3% gross value Royalty return of which 2% can be purchased by Zadar at any time for US\$5,000,000.

The WSP project is located immediately adjacent to the Rockwood/Albamarle claims in North Clayton Valley and covers approximately 425 hectares, including a gravity low anomaly interpreted to represent a basinal low permissive to host brines containing elevated concentrations of lithium. This project's merit is supported by a USGS test hole (Drillhole CV-2) located approximately 600m from the eastern claim boundary that reported a 55ppm Li maximum content from analyzed water samples.

The CR project lies approximately 18 kilometres southeast of Silver Peak, Nevada and covers over 330 hectares of an isolated and un-drilled basin which has the potential to host a similar lithium brine environment by virtue of its proximal location to the possible source of the lithium within the Clayton Valley system. This later project has also been the subject of a suite of initial

gravity surveys and shows a basinal feature, which if closed, could host brines with elevated lithium concentrations.

Whiskey Gap Property

The Company entered into an Option Agreement dated April 29, 2010 as amended on May 30, 2011, September 30, 2011, June 1, 2012, November 19, 2014 and November 28, 2015 with 1177129 Alberta Limited (the "Optionor"). The Optionor is a wholly owned subsidiary of International Ranger Corp. Jason Walsh, who is the President and Director of the Optionor, is also a Director of International Ranger Corp. and a shareholder and former Chief Financial Officer and Secretary of International Ranger Corp.

The Option Agreement, as amended, provides that in order for the Company to earn a 60% interest in the Property (as hereinafter defined), the Company must pay the Optionor:

- a) \$12,500 (paid) and issue and allot to the Optionor 100,000 shares of the Company (issued);
- b) on or before the first anniversary of the execution of the Agreement, it must pay the Optionor a further \$12,500 (paid) and issue and allot to the Optionor a further 200,000 shares (issued);
- c) on or before the second anniversary of the execution of the Agreement, it must pay the Optionor a further \$25,000 (paid) and issue and allot to the Optionor a further 300,000 shares (issued);
- d) on or before September 30, 2010, the Company shall expend not less than \$100,000 on Exploration Expenditures on the Property; (which has been incurred)
- e) on or before June 30, 2012, the Company shall pay \$100,000 to the Optionor (paid);
- f) on or before December 31, 2012, the Company shall pay a further \$50,000 (paid) and issue and allot to the Optionor a further 500,000 shares (issued).

The Company has a further option to acquire the remaining 40% interest in the Property by paying the Optionor \$100,000 and issuing the Optionor an additional 1,000,000 shares (issued) on or before September 1, 2017.

Metallic mineral production in Alberta is subject to a provincial royalty amounting to one percent gross mine mouth revenue until payout and the greater of one percent gross mine mouth revenue and 12 % net revenue, after payout.

In 2015, management wrote down the costs accumulated on the property to \$10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitated a write down at the time in line with the Company's accounting policy for exploration and evaluation assets.

Upper Poulton Lake

On April 10, 2013 and as amended on October 10, 2013 and April 15, 2014, the Company entered into an option agreement with an arm's length vendor (the "Vendor"), whereby the Company can earn a 100% interest in the Upper Poulton Lake Property located in the Athabasca Basin in Saskatchewan, Canada.

In 2015, the Company allowed its interest in the Upper Poulton Lake property to lapse and is negotiating a settlement with the Vendor, and the capitalized costs have been written off.

Pasfield Lake Project

On September 25, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, for consideration comprising \$25,000 in cash (paid) and issuance of 1,745,000 shares of the Company (issued).

During 2014 a fee of \$50,000 was paid to extend the option period and a finder's fee of \$6,000 was paid.

The vendor will retain a NSR of 2%, of which 1% may be purchased the Company for \$1,000,000.

The Pasfield Lake project (37,445 hectares) is situated on the Pasfield Structure (possibly an astrobleme and similar to the Cluff Lake Structure) and astride the Cable Bay shear zone ("CBSZ"). Exploration has identified important indications of the presence of uranium-bearing hydrothermal fluids along the fault that forms the eastern arm of the CBSZ. Further drilling is required to adequately test for uranium mineralization in this structurally complex area, especially where shallow basement (300-500 metres) is indicated by geophysical surveys. The property is a large and compelling exploration target encompassing a major basement uplift feature, with at least 600 metres of vertical displacement relative to regional basement depths. It is located on a major regional shear zone, with strong surface geochemical anomalies and strongly altered and radioactive rocks discovered in drill core, and coincident with the eastern and western "arms" of the "CBSZ".

Historic exploration comprised lake sediment sampling, soil and biogeochemical sampling, airborne electromagnetic and gravity surveys, and diamond drilling. Soil and bio-geochemical surveys identified a robust multi-element anomaly with significantly elevated uranium values accompanied by elevated levels of boron, lead, molybdenum, vanadium and arsenic, the five key pathfinder elements associated with alteration halos above unconformity-type uranium deposits in the Athabasca Basin. Previous reconnaissance drilling identified the presence of significant alteration features indicative of proximity to uranium ore-bodies. Pervasive bleaching was present in basement rocks at the unconformity in all holes. Other features intersected in individual holes included intensely clay-altered granitic gneiss, hematite-filled breccia in basement granite gneiss, + 300 metres of graphitic garnet-mica metapelitic gneiss, strongly graphitic fracture zones, and weak but extensive clay alteration of the sandstone. Two zones with

increased radioactivity and elevated uranium, boron and other key pathfinder elements were identified; one at the unconformity and another 800 metres above the unconformity.

In 2015, management wrote down the costs accumulated on the Pasfield Lake property to \$10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitated a write down at the time in line with the Company's accounting policy for exploration and evaluation assets.

Highrock/Riverlake Projects

On November 21, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, in exchange for issuance of 330,000 common shares of the Company (issued).

The vendor will retain a NSR of 2%, of which 1% may be purchased the Company for \$1,000,000.

The Riverlake (5,583 hectares) and Highrock projects (5,831 hectares) have a similar geological setting as the Key Lake mine (Gaertner and Deilmann uranium-nickel orebodies (mined out)). The northwest corner of the Highrock property is 8 km from the Gaertner and Deilmann orebodies. Historic exploration comprised airborne and ground electromagnetic surveys, soil sampling and diamond drilling. At Riverlake, a 1,200 metre long NE-SW by 600 metre wide NW-SE soil anomaly with peak uranium values of 3.74 ppm and coincident elevated to anomalous arsenic, molybdenum, vanadium and lead values was identified (A1 grid). The A1 grid covers a set of three sub-parallel conductors having a combined strike length of 5 km and interpreted to be a single metasedimentary unit that is disrupted by folds and faults.

Previous reconnaissance drilling intersected continuous and significantly anomalous radioactivity within sheared and fault-brecciated basement rocks of graphitic metapelite and pegmatite. One hole intersected a 63 metre interval exhibiting 5 to 10 times background radioactivity including a measured 2,625 cps in schistose graphitic fault breccias. Geochemically, the radioactive graphite schist breccias have anomalous uranium contents up to 3.34 ppm, with interleaved pegmatite bands containing up to 116 ppm uranium. Of the key pathfinder elements, boron correlates most strongly with the uranium anomalies, and is important evidence for the presence of hydrothermal fluids. The pronounced orientation of the soil anomaly and the presence of anomalous uranium and alteration in the basement rocks are strongly reminiscent of the Gaertner, Deilmann and P-Patch uranium deposits. The B1 grid on the Highrock property covers part of the eastern limb of the Key Lake syncline, which hosts uranium mineralization at the P-Patch prospect, 7 kilometres north of the grid, and the Gaertner and Deilmann deposits.

In 2015, the Company allowed the Highrock claims to lapse.

West Carswell Project

On December 17, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, in exchange for issuance of 385,000 common shares (issued) of the Company.

The vendor will retain a NSR of 2%, of which 1% may be purchased the Company for \$1,000,000.

The West Carswell project (8,157 hectares) is situated on the west margin of the Carswell Structure (a meteorite-impact site or astrobleme) which is a multi-ring, roughly circular feature approximately 35 km in diameter that represents a “plug” of uplifted basement material (up to 2 km) within the Athabasca Basin boundary. There are numerous uranium deposits within the Carswell Structure (SMDI: Saskatchewan Mineral Deposit Inventory occurrences) including the D, N, OP, Claude, Dominique-Peter, Dominique-Janine and West Dominique-Janine collectively are referred to as the Cluff Lake Mine which COGEMA Resources Inc. operated for 22 years, producing > 60M lbs of U308 (Geology, Mineral and Petroleum Resources of Saskatchewan; Saskatchewan Industry and Resources, 2003). The Shea Creek uranium prospect (Kianna, Anne, Collette and 58B deposits) remains the largest undeveloped uranium resource in the Athabasca Basin and is the third largest uranium resource in the Athabasca Basin (http://www.uex-corporation.com/s/shea_creek.asp). The Shea Creek uranium mineralization lies outside of the Carswell Structure, about 20 kilometres to the south of the Cluff Lake deposits and 15 kilometres to the south-east of the West Carswell project. The West Carswell property is within the same basement domain as both Cluff Lake and Shea Creek defined by narrow, northwest-southeast trending magnetic zones defined on regional aeromagnetic maps. The Harrison Shear Zone is a regional fault/shear zone that forms part of the southwestern margin of the Carswell Structure. The shear zone transects the northeastern part of the West Carswell project and is a significant target for potential uranium deposits. Historic exploration comprised airborne and ground electromagnetic surveys and diamond drilling. The electromagnetic surveys outlined a strongly conductive feature named the MP Anomaly (~ 4.3 km long E/W by 1.2 km wide N/S). Reconnaissance drilling of the MP anomaly intersected evidence of uranium mineralization in the form of fault and hydrothermal breccia zones, elevated to anomalous boron (9-316 ppm) in the sandstone, weakly radioactive zones up to 60 metres wide in sandstones at the unconformity, and haematitic and radioactive basement granitoid rocks. The geophysical surveys also identified electromagnetic conductors associated with the Harrison Shear Zone which have not been drilled.

In 2015, management wrote down the costs accumulated on the West Carswell property to \$10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitated a write down at the time in line with the Company’s accounting policy for exploration and evaluation assets.

SELECTED ANNUAL INFORMATION

Year Ended July 31	2016	2015	2014
Revenues	\$ -	\$ -	\$ -
Net loss for the year	\$ (1,382,088)	\$ (2,414,750)	\$ (1,579,763)
Loss per share (basic and diluted)	\$ (0.03)	\$ (0.09)	\$ (0.08)
Total assets	\$ 893,811	\$ 298,367	\$ 2,582,023
Total non-current financial liabilities	\$ -	\$ -	\$ -
Dividends declared	\$ Nil	\$ Nil	\$ Nil

RESULTS OF OPERATIONS

The Company's net loss for the year ended July 31, 2016 was \$1,382,088 as compared to a net loss of \$2,414,750 for the year ended July 31, 2015. The decrease in net loss is due mainly to the following:

- In 2015, the Company recorded a write-off of exploration evaluation assets of \$1,996,414 as explained under each property under "Description of the Business" section.
- The unrealized loss on investments was \$108,099 for 2016 compared to \$259,387 in 2015.
- The above decreases were partially offset by an increase in stock-based compensation of \$400,000 related to 2,500,000 stock options granted in April 2016 to employees, officers, directors and/or consultants of the Company, as well as consulting fees of \$417,440 and promotion expenses of \$204,019 for 2016 compared with \$18,976 and \$8,549, respectively, for 2015.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	Revenue \$	Net loss \$	Loss per share \$
July 31, 2016	–	(552,961)	(0.01)
April 30, 2016	–	(627,804)	(0.01)
January 31, 2016	–	(74,758)	(0.00)
October 31, 2015	–	(126,565)	(0.00)
July 31, 2015	–	(1,986,593)	(0.08)
April 30, 2015	–	(205,744)	(0.01)
January 31, 2015	–	(131,172)	(0.00)
October 31, 2014	–	(91,241)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2016, the Company had working capital deficiency of \$308,378. To date, the Company has relied entirely upon the sale of common shares to generate working capital for exploration activities and to fund the administration expenses of the Company. Since the Company does not expect to generate any revenues in the near future, it will continue to rely primarily upon the sale of common shares to raise capital. There can be no assurance that financing will be available to the Company on acceptable terms when required, or at all.

Cash flows from financing activities for the year ended July 31, 2016 was \$1,358,963, mainly from issuance of shares for cash, compared to \$117,604 in 2015.

At present, there are no known demands, commitments, events or uncertainties that would adversely affect the trends and expected fluctuations in the Company's liquidity. The Company does not believe that its current financial resources will be adequate to meet its business objectives and projected working capital and other cash requirements for at least 12 months. The Company may have to evaluate additional means of financing, including additional debt or equity financings. See "Risk Factors".

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the year ended July 31, 2016, the Company incurred an aggregate of \$23,800 (2015 – \$30,000) for management fees of which \$12,000 was payable to 622738 B.C. Ltd., a company wholly owned by Mark Tommasi, the Chairman of the Company and \$11,800 was payable to GRW Inc., a company wholly owned by Geoffrey R. Watson, the CFO and Secretary of the Company.

During the year ended July 31, 2016, the Company incurred an aggregate of \$45,512 (2015 – \$1,500) for consulting fees of which \$14,112 was payable to Paul D. Gray, the President and CEO of the Company, and his company, and \$31,400 was payable to 0868143 B.C. Ltd., a company controlled by a director of the Company.

Accounts payable and accrued liabilities as of July 31, 2016 include \$33,441 owing to companies controlled by directors and officers of the Company for services rendered.

Amounts due from related parties comprise \$139 in advances to companies controlled by officers and directors. Such amounts are unsecured, non-interest bearing and without specific repayment terms.

Amounts due to related parties comprise \$14,000 in advances from companies with officers in common.

PROPOSED TRANSACTIONS

There are no proposed assets or business acquisitions or disposition, other than those in the ordinary course of business, before the board of directors for consideration.

COMMON SHARES OUTSTANDING

As of July 31, 2016, a total of 66,281,536 common shares were issued and outstanding.

Subsequent to July 31, 2016, the Company issued additional 8,200,000 common shares, resulting in an aggregate of 74,481,536 common shares as of the date of this report.

WARRANTS OUTSTANDING

As of July 31, 2016, the Company has the following share purchase warrants outstanding:

Expiry date	Number of warrants	Exercise Price \$
December 23, 2018	18,193,979	0.05
April 22, 2017	10,120,072	0.15
	28,314,051	0.08

Subsequent to July 31, 2016, the Company issued additional 2,760,000 warrants and 3,200,000 warrants were exercised, resulting in an aggregate of 27,874,051 warrants as of the date of this report.

OPTIONS OUTSTANDING

As of July 31, 2016, the Company has the following options outstanding:

Expiry date	Remaining contractual life (years)	Options outstanding and exercisable	Exercise Price \$
May 30, 2017	0.83	600,000	0.25
April 19, 2018	1.72	2,500,000	0.15
		3,100,000	0.17

CRITICAL ACCOUNTING ESTIMATES

Mineral Properties and Exploration Costs

The Company records its interests in mineral properties and exploration costs at historical cost. All direct costs are capitalized until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized on the unit of production basis over the proven reserves of the related property following commencement of production. Proceeds received, as a result of the sale of a mineral property, will be applied first against the book value of the property, and any excess will be set off against deferred exploration costs.

The mineral properties and exploration costs are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. When there is evidence of impairment, the net carrying amount of the asset will be written down to its net recoverable amount which is the estimated undiscounted future net cash flows expected to result from the asset and its eventual disposition.

The amounts shown as mineral properties and deferred exploration costs represent unamortized costs to date and do not necessarily reflect present or future values.

Stock-based Compensation

Stock options granted to directors, officers, employees and non-employees at fair value of the awards as the grant date using the Black-Scholes option pricing model. The fair value of stock options granted to non-employees is measured based on the fair value of the goods and services received, unless that fair value cannot be estimated reliably, in which case the fair value is determined with reference to the fair value of the instruments granted. The fair value is re-measured over the vesting period at each financial reporting or vesting date. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Asset Retirement Obligations

The Company's exploration activities to date have consisted principally of geophysics. As a result, there has been little to no impact on the physical state of the properties that would give rise to asset retirement obligations.

CHANGES IN ACCOUNTING POLICIES

The following new accounting standards have not yet been adopted by the Company:

IFRS 9 – 'Financial Instruments'

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after January 1, 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The impact of the adoption of this standard is yet to be assessed.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of

revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. It is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Standard is not expected to have an impact on the Company in its present form.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments include cash, amounts receivable, investment, due from related parties, accounts payable and accrued liabilities, loans payable and due to related parties. The fair value of cash, amounts receivable, due from related parties, accounts payable and accrued liabilities, loans payable and due to related parties approximates their carrying value.

The Company classifies financial assets and liabilities as fair value through profit and loss, available-for-sale, held-to maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition.

The Company classified its cash and due from related parties as loans and receivables and its accounts payable and accrued liabilities and due to related parties as other financial liabilities, and its investment as held for trading, fair value through profit or loss.

OTHER RISKS AND UNCERTAINTIES

The Company is an exploration stage company with respect to its mineral interests. Based on the information available to date, the Company has not yet determined whether its mineral interests contain economically recoverable reserves. The recoverability of the amounts shown for mineral interests is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development, and upon future profitable production. In conducting its business, the Company is subject to a number of other risks and uncertainties that could have a material adverse effect on the Company's business prospects or financial condition that could result in a delay or indefinite postponement in the development of the Company's mineral interests.

Risks associated with exploration stage companies

Exploring for mineral resources involves a variety of operational, financial, and regulatory risks that are typical in the natural resource industry. The Company has not commenced commercial operations and has no proven history of performance, earnings, or success. There is no guarantee that the Company will ever be able to achieve profitable results or successfully execute its business plan. The Company's Common Shares must be considered speculative primarily due to the nature of the Company's business and early stage of development. The Company has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions, and to fund the administration of the Company. Since the Company

does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. There can be no assurance that financing, whether equity or debt, will be available to the Company in the amount required by the Company at any particular time or for any period, and that such financing can be obtained on terms satisfactory to the Company.

Exploration and development

At this time, the Company's mineral properties are in the exploration stage and the Company does not have an operating history with respect to its exploration activities. Exploration and development of mineral resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. The amounts attributed to the Company's interest in its properties as reflected in its financial statements represent acquisition and exploration expenses and should not be taken to represent realizable value. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs which may be affected by a number of factors such as unusual or unexpected geological formations, and other conditions.

Property title

Although the Company believes it has exercised commercially reasonable due diligence with respect to determining title to properties it owns, controls, or has the right to acquire by option, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral interests may be subject to prior unrecorded agreements or transfers or native land claims, and title may be affected by undetected defects. There may be valid challenges to the title of the Company's mineral interests which, if successful, could impair development and operations. This situation may be exacerbated due to the large number of title transfers historically involved with some properties.

Licenses and permits

The Company will require licenses and permits from various governmental authorities regarding the Company's mineral interests. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations for its mineral interests. Failure to obtain and maintain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration and development work which may result in its losing its interest in the subject property.

Operating hazards and risks

Fires, power outages, labour disputes, flooding explosions, cave-ins, landslides, and the inability to obtain suitable or adequate machinery, equipment, or labour are some of the risks involved in exploration programs. Unknowns with respect to geological structures and other conditions are involved. Existing and future environmental laws may cause additional expense and delays in the activities of the Company, and may render the Company's properties uneconomic. The Company

has no liability insurance and the Company may become subject to liability for pollution, cave-ins, or hazards against which it cannot insure, or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect of the Company's financial position.

Competition

The mining industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other corporations which have greater technical and financial resources. The Company may be unable to acquire additional attractive mining properties on terms it considers acceptable.

Profitability of operations

The Company does not have profitable operations at this time and it should be anticipated that it will operate at a loss until such time as production is achieved from its properties, if production is in fact ever achieved. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.

Market risks

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. Mineral prices have fluctuated widely in recent years. The marketability and price of minerals which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These factors include extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals, and many other aspects of the mining business. Declines in mineral prices may have a negative effect of the Company.

Future financings

If the Company's exploration programs are successful, additional funds will be required for further exploration and development to place a property into commercial production. The Company's available sources of funds are: existing cash; the further sale of equity capital; and the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof. There is no assurance such sources will continue to be available on favourable terms or at all. If available, future equity financings may result in dilution to current shareholders.

Going concern

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its on-going commitments and further its mineral exploration programs.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.