GLOBAL LI-ION GRAPHITE CORP.

(formerly Thelon Diamonds Ltd.)
(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Expressed in Canadian Dollars)

For the year ended August 31, 2017

INTRODUCTION

Information presented in the Management's Discussion and Analysis ("MD&A") of Financial Condition and Results of Operations of Global Li-Ion Graphite Corp. (formerly Thelon Diamonds Ltd.) (the "Company" or "Global Li-Ion") is for the year ended August 31, 2017. The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the audited consolidated financial statements for the years ended August 31, 2017 and 2016, which are prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A is prepared as of December 22, 2017. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise stated. Additional information is available 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 the Company or its management, are intended to identify forward-looking statements. Such statements reflect current views of management 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 from 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. The Company does not intend, and does not assume, any obligation to update these forward looking statements, except as required by securities regulation.

DESCRIPTION OF THE BUSINESS

Global Li-Ion was incorporated under the laws of the province of British Columbia on November 6, 2014. The Company's principal business is the exploration and evaluation of mineral resources.

The Company's principal business activity has been the acquisition and exploration of mineral properties. The Company holds interests in certain mineral properties and on the basis of information available to date may not have economically viable reserves. The underlying value of the mineral interests and related deferred exploration expenditures is dependent upon the existence and economic recovery of such reserves in the future, confirmation of the Company's interest in the underlying mineral claims, and the ability to raise long-term financing.

On December 31, 2014, the statutory plan of arrangement (the "Arrangement") entered into on December 18, 2014, among Thelon Capital Ltd, the then parent company of the Company; Thelon Diamond Company Limited ("TDC"), a company with common Directors; and the Company, received approval from the Supreme Court of British Columbia in accordance with Part 9 of the Business Corporation Act (British Columbia), and the arrangement was subsequently completed on January 14, 2015. As a result of completing the arrangement, the Company became a reporting issuer in Alberta and British Columbia, and THD became a wholly owned subsidiary of the Company.

Effective July 11, 2017, the Company completed a corporate name change from "Thelon Diamonds Ltd." to "Global Li-Ion Graphite Corp." and effective July 14, 2017, the Company trades on the Canadian Securities Exchange (the "CSE") under the symbol LION.

The Company's corporate office is located at Suite 908 - 510 Burrard Street, Vancouver B.C.

The diverse backgrounds and experience of the Company's management will facilitate the ongoing corporate and exploration growth. The Management team will continue to evolve as the Company grows as a mineral exploration company.

Chedic Property, Nevada

Effective December 31, 2016, the Company has entered into an Option Agreement to acquire a 100% interest in the Chedic property located in Nevada, USA. In order to exercise the option to acquire 100% interest in the property, the Company is required to make the following cash and share payments:

a) US$25,000 on execution of the Standstill Agreement (paid);
b) 1,000,000 common shares upon the Company achieving a successful listing on the Canadian stock exchange (issued);
c) US$50,000 on the execution of the Option Agreement (paid);
d) 1,000,000 common shares on each of the first four anniversaries of the effective date;
e) US$75,000 on or before each of the first and second anniversaries of the effective date;
f) US$100,000 on or before each of the third anniversary of the effective date; and
g) US$100,000 on or before the fourth anniversary of the effective date.

Pursuant to the Option Agreement the Company is also required to make the following minimum exploration expenditures:

a) US$100,000 by the first anniversary of the effective date (incurred);
b) an additional US$200,000 by the second anniversary of the effective date;
c) an additional US$300,000 by the third anniversary of the effective date;
d) an additional US$500,000 by the fourth anniversary of the effective date; and
e) Minimum advanced annual royalties payments of US$100,000 on the fifth anniversary of the effective date; and annually thereafter.

Upon completion of an inferred resource calculation that confirms a minimum presence of 100,000 tons equivalent grading at no lower than 5% carbon content on the property, the Company shall pay a total of US$1,000,000 in cash or common shares of the Company, or a combination thereof at the Company's election.

Upon Completion of an Economic Assessment on the property, on or before the sixth anniversary of the effective date, the Company shall pay US$2,000,000 in cash or common shares of the Company, or a combination thereof at the election of the Company.

Madagascar Graphite Property

On September 9, 2017, the Company entered into a memorandum of understanding ("MOU") with Avana Resources Limited ("Avana") to acquire a 100% interest in Avana's graphite interests in Madagascar, the project comprises 3 mining exploitation licenses totaling 4,375 hectares (10,811 acres), in the vicinity of Andasibe in Toamasina Province in Madagascar (collectively, the "Property").

Pursuant to the MOU, to acquire a 100% interest in the Property, the Company will make the following cash and share payments to Avana:

a) US$40,000 within one day of signature of the MOU (paid);
b) US$100,000 within 5 business days of signature of the Definitive Agreement;
c) US$100,000 within 30 business days of signature of the Definitive Agreement;
d) EUR$200,000 to be directed to certain third parties in respect of an agreement to transfer the Property from the original license holders to Avana;
e) 4,000,000 common shares of the Company within 10 business days of approval by the CSE of the transaction;
f) Upon the Company achieving an annualized production rate from the Property of at least 5,000 tons of graphite oxide per year as calculated on a monthly basis for at least three consecutive months;
    (i) US$1,000,000 in cash or in common shares of the Company; and
    (ii) The greater in terms of value of either 1,000,000 common shares of the Company or common share of the Company worth US$1,000,000.

Callinex Mines Inc. ("Callinex") Option Agreement

On October 27, 2017, the Company entered into an option agreement to purchase a 100% interest in the Neuron Graphite Project in the Thompson mining district of Northern Manitoba from Callinex.

The Company may exercise its option to acquire 100% of the Neuron Graphite Project from Callinex by:

a) Paying $200,000 cash (paid) and issuing 1,000,000 common shares (issued) to Callinex within three days of signing the option agreement; and
b) Issuing 1,000,000 common shares to Callinex on the second anniversary of signing the option agreement.

The Company is also required to issue 3,000,000 common shares to Callinex on the earlier of completing a Preliminary Economic Assessment, Pre-Feasibility Study or Feasibility Study on or before the third anniversary of signing the option agreement.

The Company issued 100,000 shares as a finder's fee related to this agreement.

(Expressed in Canadian Dollars)

Bego Technologies Agreement

On October 24, 2017, the Company entered into a MOU to acquire an interest in BEGO Technologies Ltd. Under the terms of the agreement, the Company will acquire 16% of BEGO and 49% of BEGO Energy Storage. BEGO, an acronym for Bio Electro Chemical Graphene Oxide, is a Hong Kong incorporated private company, which was formed to commercialize a new and innovative way to produce low cost, high value graphene oxide and graphene from Graphite.

Lac de Gras, Northwest Territories

The Lac de Gras properties are located approximately 300 km north-northeast of the city of Yellowknife in the Northwest Territories, Canada to the southeast of the Diavik diamond mine.

The Project consists of three mineral leases with an aggregate area of 1,632.91 ha held by a joint venture (JV) between Thelon Diamonds Ltd. (29.46%) and Peregrine Diamonds Ltd. (Peregrine; 70.54%) Subject to a royalty of 4% gross overriding royalty (GOR) on all diamonds and 4% net smelter return (NSR) royalty on all metals, of which 50% of either of these royalties can be purchased for $4,000,000.

In addition to the royalty noted above, royalty payments would also be required to be made to the Government of the Northwest Territories in the event of future production.

In 2017, management wrote down the costs accumulated on the Lac de Gras 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, necessitates a write down at this time in line with the Company's accounting policy for exploration and evaluation assets.

SELECTED ANNUAL INFORMATION

Year Ended August 31		2017		2016		2015
Revenues	$	-	$	-	$	-
Net Income/(Loss) for the Year	$	(1,099,308)	$	94,131	$	(274,696)
Income/(Loss) per share (basic and diluted)	$	(0.06)	$	0.01	$	(0.03)
Total assets	$	2,581,000	$	390,502	$	225,468
Total long term liabilities	$	19,500	$	35,368	$	19,500
Dividends declared	$	-	$	-	$	-

RESULTS OF OPERATIONS

The Company's net loss for the year ended August 31, 2017 was $1,099,308 (2016: net income of $94,131).

The resulting loss for the year ended August 31, 2017 was increased in part by the unrealized loss on investment in Zadar Ventures Ltd. ("Zadar") of $140,000 (2016: gain of $220,000). As at August 31, 2017, the investment in Zadar has a fair value of $90,000 (2016: $230,000).

(Expressed in Canadian Dollars)

The Company also recorded stock-based compensation of $302,527 (2016: $Nil) related to 1,550,000 stock options granted during the year, and recorded a write-down of exploration and evaluation assets of $94,489 in 2017 related to the Lac de Gras property (2016: $Nil).

Advertising and promotion costs, consulting fees and professional fees all increased significantly in 2017 compared to 2016 as a result of management's efforts to promote the Chedic property through awareness programs, and consulting fees paid to generate interest for the recent equity financing activities responsible for raising over $2 million.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	Revenue $	Net gain/ (loss) $	Income/ (loss) per share $
August 31, 2017	-	(659,828)	(0.04)
May 31, 2017	-	(249,897)	(0.01)
February 28, 2017	-	(41,744)	(0.01)
November 30, 2016	-	(147,839)	(0.01)
August 31, 2016	-	(180,708)	(0.01)
May 31, 2016	-	254,021	0.02
February 29, 2016	-	58,600	0.00
November 30, 2015	-	(37,782)	(0.00)

LIQUIDITY

As at August 31, 2017, the Company has working capital of $1,401,975

The Company does not have any cash inflow from operations or any production of mineral resources; accordingly, it must also rely on equity financing to fund operations. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to any equity funding.

There can be no assurance that future financings will be available to the Company or that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital, and substantial doubt exists regarding the Company's ability to continue as a going concern. The Company has no long term debt, capital lease obligations, operating leases, or any other long term obligations.

PROPOSED TRANSACTIONS

(Expressed in Canadian Dollars)

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 August 31, 2017, a total of 28,641,166 common shares were issued and outstanding.

On October 27, 2017, the Company closed a non-brokered private placement and issued 2,900,000 units at a price of $0.50 per unit for gross proceeds of $1,450,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable for a term of two years at a price of $0.75 in the first year from the date of issuance, and $1.00 in the second year from the date of issuance. The Company paid finder's fees of $54,000 and issued 108,000 finder's warrants. The finder's warrants have the same exercise prices and term as the unit warrants.

Subsequent to August 31, 2017, 1,100,000 warrants and 125,000 options were exercised, and 1,100,000 shares were issued in connection with the Callinex agreement and finder's fees.

As of the date of this MD&A, a total of 33,866,166 common shares were issued and outstanding.

WARRANTS OUTSTANDING

Warrants outstanding at December 22, 2017 are as follows:

Number of warrants	Exercise price	Expiry date
1,297,500	$0.50	March 14, 2018
8,046,500	$0.50	August 23, 2018
3,008,000	$0.75 / $1.00	October 27, 2019
12,352,000		

OPTIONS OUTSTANDING

As of December 22, 2017, the Company had 1,425,000 options outstanding exercisable at $0.25 per common share until July 14, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

(Expressed in Canadian Dollars)

TRANSACTIONS WITH RELATED PARTIES

Key management includes directors, executive officers and officers of the Company. The Company paid or accrued fees to companies controlled by key management as follows:

	For the year ended August 31, 2017	For the year ended August 31, 2016
Administration fees	$ 46,000	$ 42,500
Accounting fees	28,214	18,000
Consulting fees	45,000	30,700
Stock-based compensation	165,903	-
Interest expense	-	3,500
	$ 285,117	$ 94,700

As at August 31, 2017, accounts payable and accrued liabilities included $62,528 (2016: $61,078) owed to companies controlled by directors of the Company. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

During the year ended August 31, 2017, a total of 100,000 warrants were exercised by the Company on behalf of a Director of the Company to settle accounts payable of $10,000.

During the year ended August 31, 2017, the Company reimbursed Zadar for expenses totalling $67,469 (2016 – Nil) and Bua Capital Management Ltd. for expenses totalling $11,497 (2016 - $6,011).

Loans and Amounts due from related parties

	August 31, 2017	August 31, 2016
THC BioMed Int'l Ltd.	$ 17,294	$ 17,294
Zadar Ventures Ltd.	-	14,000
Bua Capital Management Ltd.	-	6,011
Total	$ 17,294	$ 37,305

THC BioMed Int'l Ltd. and Zadar Ventures Ltd. are public companies with Directors in common with the Company. Bua Capital Management Ltd. is a private company controlled by a Director of the Company. The loans and amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian Dollars)

Loans and Amounts due to related parties

	August 31, 2017	August 31, 2016
Zadar Ventures Ltd.	$ 53,897	$ -
Bua Capital Management Ltd.	25,402	-
1177129 Alberta Ltd.	-	15,868
Total	$ 79,299	$ 15,868

On October 27, 2015, the Company entered into a loan agreement with a private company controlled by a Director of the Company. The principal loan amount was $25,000 and bears interest at 25% per year. As at August 31, 2017, the Company has repaid the loan in full (2016: $15,868). Other amounts due to related parties are unsecured, non-interest bearing and have no fixed repayment terms.

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

The carrying values of cash, amounts due from related parties, other loans, accounts payable and accrued liabilities, amounts due to related parties and loans from related parties approximate their carrying values due to the immediate or short-term nature of these instruments.

Fair value hierarchy

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has classified its investment at Level 1.

FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company has credit risk in the amount of its cash, amounts due from related parties and other loans, with the carrying values of each representing the Company's maximum exposure to credit risk. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's exposure to credit risk from amounts due from related parties is limited as management determines the parties to be financially sound. Management believes that credit risk related to these amounts is nominal.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company has a working capital of $1,401,975 as at August 31, 2017. Management is assessing various options to raise funds including the issuance of shares. The Company completed a non-brokered private placement on October 27, 2017.

Foreign Exchange Risk

The Company is exposed to currency fluctuations. The Company has US dollar balances in cash, and accounts payable and accrued liabilities and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations at August 31, 2017.

At August 31, 2017, the Company, had a cash balance of USD $6,535 and accounts payable and accrued liabilities of USD $82,000. To maintain certain property agreements in good standing the Company will incur certain property payments and exploration and evaluation expenditures which are denominated in US dollars. Management considers foreign exchange to be a significant risk.

Market risk

Market risk is the risk of loss that may arises from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is exposed to price risk in relation to its investment held as at August 31, 2017.

Price risk is the risk that changes in market prices including commodity or equity prices will have an effect on the fair value or future cash flows associated with financial instruments. The equity price risk associated with the Company's current investment primarily relates to the change in the market prices of the investment in Zadar common shares and warrants. As at August 31, 2017, the Company owns 1,000,000 common shares and 1,000,000 warrants. Each common share is valued at $0.07 (2016: $0.14) and each warrant is valued at $0.02 (2016: $0.09). A 10% change in the market price of Zadar would have an impact of $14,000 (2016: $28,000) on the Company's investments. Management believes there is price risk related to this investment.

While the Company will seek to maximize the proceeds it receives from the sale of its Zadar Shares on the TSX Venture Exchange, there is no assurance as to the timing of disposition or the amount that will be realized.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, warrants, reserves, and deficit. The availability of new capital will depend on many factors including a positive mineral exploration environment, positive stock market conditions, the Company's track record, and the experience of management. The Company is not subject to any external covenants on its capital.

CHANGES IN ACCOUNTING POLICIES

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2018 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the financial statements.

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.

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.

IFRS 16 – Leases

IFRS 16 specifies how a leases will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This standard is effective for reporting periods beginning on or after January 1, 2019.

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 it 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 is available on SEDAR at www.sedar.com.