



1111 Exploration Corp.
Management's Discussion & Analysis
January 31, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion & Analysis ("MD&A") of 1111 Exploration Corp. (the "Company") for the year ended January 31, 2022, should be read in conjunction with the Company's financial statements for the year then ended. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts in this MD&A are expressed in Canadian dollars, unless otherwise indicated.

The information contained herein is presented as at **March 10, 2022** (the "**MD&A Date**"), unless otherwise indicated.

For the purposes of preparing this MD&A, Management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

QUALIFIED PERSON

Robert Cameron, P.Geol., CEO and Director of the Company, is a qualified person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* and has approved the scientific and technical information and disclosure contained in this document.

Data Verification: All technical data presented herein is either accompanied by a reference to the original public disseminated news release which contains the detailed QA/QC data for the data, or the QA/QC is presented here. Historical data is, when referenced as such, treated as valid for exploration purposes only by the Company following review by Qualified Persons Robert Cameron P.Geol. and Krystian Whitehead P,Geo. Project data is further verified by the 43-101 standard Technical Report dated July 21, 2021 authored by Richard J. Haslinger, P.Eng and posted on SEDAR under the Company's filings.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements"), within the meaning of applicable Canadian securities laws, which are based upon the Company's current internal expectations, estimates, projections, assumptions, and beliefs. All information, other than statements of historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", or "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this MD&A and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

Forward-looking statements in this MD&A may include, but are not limited to, statements with respect to: the use of the net proceeds from financings; the performance and results from the Company's exploration programs; the intention to complete exploration programs, regulatory changes; the competitive conditions of the industry and the Company's competitive position in the industry; the Company's business plans and strategies; the anticipated benefits of the Company's option partners and/or joint venture opportunities; the applicable laws, regulations and any amendments thereof; and any anticipated future exploration results.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of exploration and drilling activities, performance, or achievements. There are risks, uncertainties, and other factors, some of which are beyond the Company's control, which could cause actual results, performance, or achievements of the Company, as applicable, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements contained in this MD&A. Refer to "Risks and Uncertainties" below for details of certain risks.

DESCRIPTION OF BUSINESS

1111 Exploration Corp. (the "Company") was incorporated in British Columbia under the provisions of the British Columbia Business Corporations Act on February 21, 2020 as 1111 Acquisition Corp and on August 3, 2021, the Company changed its name to 1111 Exploration Corp. On August 19, 2021, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE" or the "Exchange") under the symbol "ELVN". The Company's registered and records office address is 1100 – 1111 Melville Street, Vancouver BC V6E 3V6.

The Company's principal business activity is the acquisition, exploration and evaluation of mineral property interests located in Canada. The Company is in the process of exploring its mineral property interest in British Columbia and has not yet determined whether it contains mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests.

Pinnacle Project

Summary of Option Agreement

On August 25, 2020, the Company entered into an Option Agreement to earn a 70% interest in the copper-gold Pinnacle Property (the "Project") from Pacific Empire Minerals Corp. ("PEMC"). Under the terms of the agreement, the Company can earn a 70% interest in the property by making cash payments to PEMC of \$375,000, issuing 3,500,000 common to PEMC, and incurring cumulative exploration expenditures of \$5,700,000, collectively staged over four years through to August 25, 2024 (the "Earn-In").

To the MD&A Date, the Company has made cash payments totalling \$40,000, has issued 200,000 common shares to PEMC, and has met the initial expenditure commitment of \$100,000, and is progressing towards the next expenditure commitment of \$500,000 in cumulative expenditures due by August 2022, in accordance with the Option Agreement.

Following the Earn-In, the Company must make a cash payment of \$50,000 to PEMC (or the equivalent number of common shares) within three years of the Earn-In completion date, and each subsequent anniversary of such date. Additionally, PEMC will retain a 30% free-carried interest in the Project up until the date that the Company publishes a NI 43-101 compliant Pre-Feasibility Study ("PFS") on the Project. Following completion of the PFS, a Joint Venture will be formed whereby the Company will own 70% and PEMC will own 30% of the project. Additionally, upon completion of the Earn-In, PEMC will retain a 2.0% Net Smelter Return Royalty ("NSR") which can be reduced to 1.0% by way of making a \$1,000,000 cash payment to PEMC.

Project Background

The Pinnacle Project is located 100 km north-northwest of Fort St. James and 200 km northwest of Prince George, in central British Columbia, Canada. It is comprised of 30 mineral claims covering 15,487 hectares, and is vehicle accessible via forest service roads whereby the driving time from Fort St. James to the Property is approximately 2 hours. It is located within the Quesnel Terrane which is characterized by Late Triassic to Early Jurassic volcanic and sedimentary rocks of island arc affinity that have been intruded by a variety of intrusive phases related to the Late Triassic to Early Jurassic Hogem Intrusive Suite. The economic importance of the Quesnel arc is demonstrated by its rich endowment of porphyry copper-gold mineral deposits.

Geology on the Pinnacle Project can be summarized as intermediate volcanics locally intruded by syenitic to dioritic dikes. Previous exploration programs have encountered anomalous copper and gold mineralization that is dominated by pyrite. Alteration assemblages encountered in drilling and associated anomalous gold± copper mineralization suggests the presence of a large porphyry related hydrothermal system. Targeting information has lead to the identification of at least two significant target areas.

Recent exploration by project owners PEMC and their partners include a total of 44 line-km of Induced Polarization ("IP") surveys over three target areas which identified areas of anomalous chargeability, two of which (Elbow and Sooner) were prioritized for follow-up diamond drill testing in 2015. In 2015, the Elbow and Sooner target areas were tested with diamond drilling with six holes totaling 2,493 m. Additional drilling was completed during 2016 at the Elbow Zone, with three diamond drill holes totaling 1,107 m. Similar to the 2015 drill results, anomalous gold intercepts were associated with sericite-biotite alteration at the Elbow Zone. Following the completion of the 2016 drilling program, historical IP data that was not released publicly was purchased and amalgamated with the existing IP dataset from the 2014 surveys.

From 2014 through 2017, exploration resulted in a total of 14 diamond drill holes and four IP surveys on the property. At the Elbow Zone, five of the six diamond drill holes were sent for laboratory analysis and all five of these holes returned anomalous gold, highlighted by 94 metres grading 0.34 g/t gold in DD15ELB001. At the Sooner Zone, diamond drilling in 2015 encountered broad intervals of anomalous copper.

Historical work at Aplite Ridge was compiled from public domain reports submitted to the provincial government (Assessment Reports) and predates NI 43-101 standards. The Company is treating this data as historic in nature but considers it as an effective guide to exploration potential. Subsequent work by PEMC and their previous partners was to 43-101 standards and full QAQC disclosure was provided in the PEMC company disclosure record as found on their website and as posted in press releases on SEDAR.

Recent Exploration Program

Between August 24 to September 8, 2021, the Company conducted a field exploration program which included but was not limited to soil geochemical sampling, cutting, sampling, and assaying of previously unsampled drill core, completion of a drone magnetic survey, and collection of samples of drill core for petrographic and alteration analysis.

Exploration work was carried out in August and September of 2021 and was centered on and around the Aplite Creek Prospect. Results were published in a press release dated March 10, 2022. Work consisted of 173 soil samples of standard "B" horizon material analysed by conventional digestion and analytical techniques and 85 samples picked up by mobile metal ion sampling (MMI). The MMI samples were collected at the standard sampling sites. A drone UAV magnetic survey covering an area of 4 km by 6 km was also completed. In addition, historical core from 2015 and 2017 that had not been completely sampled was analysed for trace element values to aid geochemical vectoring.

Conventional soils were collected over 4 lines covering the Aplite Creek mineral occurrence in an area of wide spaced historical soil sampling. Results were highly elevated for copper and gold and consistent with historical compiled data. Gold values returned a high value of 1,460 ppb (24% of samples >20 ppb) and copper values with a high value of 8010 ppm (26% of samples >100 ppm, 5% >1000 ppm). MMI data from samples collected at identical stations from two of the conventional soil lines returned elevated gold and copper values that closely matched the conventional soils in location. The MMI technique is used to potentially distinguish source areas of elevated geochemistry using weak partial extractions that may emphasise far traveled ions in bedrock versus nearby mechanical transported values in surficial material. The coincidence of anomalies in both techniques suggest they are reflecting a nearby bedrock source.

Current sampling combined with previous soil sampling, induced polarization surveys and the current magnetic survey identify a northwesterly trending area of elevated copper and gold soil geochemistry coincident with magnetic highs and high chargeability over an area of 4 km by 1.2 km. The geology is comprised of dykes and stocks of syenite and monzonite within andesite volcanics. Alteration is dominantly widespread propylitic with localised potassic alteration near and within intrusive rocks. This large area has seen only minor drilling in 1974 and 1990 but reported values were strongly elevated in copper and gold (unverified). A second parallel zone to the northeast of similar scale is yet to be fully delineated and will be examined in 2022.

QAQC for 2021 results: MMI samples: analysis by SGS Minerals. The testing procedure begins with weighing 50 grams of the sample into a plastic vial fitted with a screw cap. Next is added 50 ml of the MMI-M solution to the sample, which is then placed in trays and put into a shaker for 20 minutes. (The MMI-M solution is a neutral mixture of reagents that are used to detach loosely bound ions of any of the 53 elements from the soil substrate and formulated to keep the ions in solution.) These are allowed to sit overnight and subsequently centrifuged for 10 minutes. The solution is then diluted 20 times for a total dilution factor of 200 times and then transferred into plastic test tubes, which are then analyzed on ICP-MS instruments.

The conventional soil samples were assayed utilizing ALS procedures coded as follows: PREP-41 Dry, Sieve (180 um) Soil followed by AuME-TL43 25g trace Au + multi element package.

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OVERALL PERFORMANCE

The Company's key accomplishments over the fiscal year ended January 31, 2022, was the filing of its long form prospectus and NI 43-101 Technical Report to obtain its public listing on the CSE (On August 19, 2021, the Company's common shares commenced trading on the CSE under the symbol "ELVN"), and the conclusion of a field exploration program at the Pinnacle property which included but was not limited to soil geochemical sampling and assaying of previous drill cores and conducting a drone magnetic survey (see above). During the three months ended January 31, 2022, the Company was focused on general and administrative matters including planning for the 2022 field exploration season.

During the year ended January 31, 2022, the Company used approximately \$352,000 in cash for operating and investing activities in aggregate, partially offset by cash inflows from financing activities of approximately \$335,000 for a net use of cash for the period then ended of approximately \$18,000.

During the year ended January 31, 2022, the Company incurred a loss and comprehensive loss of approximately \$232,000, inclusive of non-cash share-based payments expense of \$50,900 relating to the grant of stock options, and non-cash income on settlement of flow-through premium liability of approximately \$17,000, which is representative of the reduction in the flow-through premium liability resulting from the Company incurring flow-through eligible expenditures during its recent exploration program at the Pinnacle project.

SELECTED ANNUAL INFORMATION

The following table sets out selected historical financial information of the Company. Such information is derived from the audited financial statements of the Company.

	January 31, 2022	January 31, 2021
	\$	\$
Revenues	-	-
Loss and comprehensive loss	(232,371)	(46,810)
Loss per share - basic and diluted	(0.02)	(0.01)
Cash	262,819	280,347
Working capital	161,087	394,097
Total assets	479,317	480,515
Total liabilities	104,866	67,918
Shareholders' equity	374,317	412,597

DISCUSSION OF OPERATIONS AND FOURTH QUARTER

For the three months and year ended January 31, 2022

The following table summarizes the Company's results of operations and cash flows for the three months and year ended January 31, 2022 (rounded):

	Three months ended	Year ended
	January 31, 2022	January 31, 2022
	\$	\$
Revenue	-	-
Loss and comprehensive loss	(41,000)	(232,000)
Cash used in operating activities	(56,000)	(180,000)
Cash provided by financing activities	164,000	335,000
Cash used in investing activities	(28,000)	(172,000)
Change in cash	80,000	(17,000)

Cash used in investing activities represents disbursements relating to exploration work at the Pinnacle project and an option payment to the optionor of the project. Cash provided by financing activities represents collections of subscriptions receivable relating to the most recent equity financing which closed in January 2021, as well as proceeds received from the flow-through financing completed in December 2021.

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Certain components of the Company's operating expenses for three months and year ended January 31, 2022, were as follows (rounded):

	Three months ended	Year ended
	January 31, 2022	January 31, 2022
	\$	\$
Management fees	19,000	71,000
Professional and consulting fees	28,000	88,000
Transfer agent, filing and exchange fees	4,000	31,000
Share-based payments	-	51,000

A significant portion of the loss and comprehensive loss incurred for the year ended January 31, 2022, was attributable to activities (professional fees, and transfer agent, filing, and exchange fees) relating to publicly listing on the Exchange in August 2021 which was concentrated over the course of the quarters ended July 31, 2021 and October 31, 2021.

- Management fees continue to be incurred at consistent rates of approximately \$6,000 per month in aggregate. Management fees are rendered by Officers and/or Directors of the Company for services including accounting, administration, corporate secretarial, corporate development, and executive services.
- Professional fees represents the accrual for audit fees, as well as approximately \$55,000 in legal fees for the year ended January 31, 2022, primarily relating to the Company's public listing. During the three months ended January 31, 2022, the Company incurred approximately \$15,000 in corporate advisory fees of which approximately \$5,000 was incurred on a non-cash basis through the issuance of compensatory warrants.

SUMMARY OF QUARTERLY RESULTS

Period Ending	Revenue	Loss and comprehensive loss	Basic and Diluted Loss Per Share
	\$	\$	\$
January 31, 2022	-	(41,409)	(0.01)
October 31, 2021	-	(109,906)	(0.01)
July 31, 2021	-	(64,032)	(0.01)
April 30, 2021	-	(17,024)	(0.00)
January 31, 2021	-	(25,817)	(0.01)
October 31, 2020	-	(795)	(0.00)
July 31, 2020	-	(20,198)	(0.63)
April 30, 2020	-	-	-

Loss and comprehensive loss for the quarters ended January 31, 2021, April 30, 2021, July 31, 2021, and January 31, 2022, were within routine levels for the Company and were fairly reflective of regular operating expenditures and fluctuations. Loss and comprehensive loss for the quarter ended October 31, 2021 was higher as a result of share-based payments expensed recognized in relation to the grant of stock options which vested immediately.

TRANSACTIONS BETWEEN RELATED PARTIES

Key management personnel are those persons that have the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management includes executive and non-executive members of the Company's Board of Directors, its Officers, and companies in which they have control or significant influence. The aggregate value of transactions and outstanding balances with related parties are as follows:

	Transactions year ended January 31, 2022 \$	Transactions period from incorporation to January 31, 2021 \$	Balances outstanding January 31, 2022 \$	Balances outstanding January 31, 2021 \$
DBM CPA	40,500	1,500	3,938	1,575
Freeform Communications	16,800	7,000	12,904	7,000
(1) Infiniti Drilling	95,651	-	6,213	-
Kristian Whitehead	-	2,000	2,000	2,000
MDS Management	-	5,400	5,670	5,400
Robert Cameron	13,200	5,500	15,700	5,500
	166,151	21,400	46,425	21,475

(1) Represents geological services within exploration.

During the year ended January 31, 2022, 950,000 stock options were granted to key management personnel having a fair value on grant of \$42,982. The options are exercisable at \$0.10 each until October 7, 2026 and vested immediately.

The transactions with the key management personnel and Directors are included in operating expenses unless otherwise specified as follows:

(a) Management fees:

- Includes the accounting and corporate taxation services of the Company's CFO, Dan Martino (effective January 1, 2021), charged to the Company by Donaldson Brohman Martin, CPA Inc. ("DBM CPA");
- Includes the services of Scott Young, Director, charged to the Company by Freeform Communications Inc. ("Freeform Communications");
- Includes the services of Kristian Whitehead, VP Exploration;
- Includes the services of Michael Sweatman, Director (and former CFO until December 31, 2020), charged to the Company by MDS Management Ltd. ("MDS Management") No amounts were incurred with Michael Sweatman during the year ended January 31, 2022; and
- Includes the services of Robert Cameron, CEO and Director.

The transactions incurred with Infiniti Drilling Corporation ("Infiniti Drilling") a company that provides geological services are included within exploration (Note 4). Infiniti Drilling is controlled by Kristian Whitehead, VP Exploration of the Company.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of liquidity is the completion of various rounds of equity financing which closed during the period ended January 31, 2021 with a portion of the proceeds being received during the nine months ended October 31, 2021, as well as the flow-through financing which closed during December 2021 to facilitate exploration programs for the 2022 field exploration season.

As stated in the Company's final non-offering prospectus as filed on SEDAR on August 6, 2021, the Company disclosed the principal purposes for the use of available funds of **\$312,000** within the categories listed in the table below.

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From August 6, 2021, to January 31, 2022, the Company has used the available funds as follows:

Principal Purposes	Projected Use of Funds as Disclosed (\$)	Actual Use of Funds (\$)
General and administrative costs	\$147,000	\$75,000
Phase 1 exploration program expenditures – Pinnacle project	\$105,000	\$160,000
Cash payment required under Option Agreement – Pinnacle project	25,000	25,000 ⁽¹⁾
Expenses for listing on the CSE	\$15,000	\$38,000
Total use of available funds	\$292,000	\$298,000
Remaining	\$20,000	\$14,000

(1) Cash payment of \$25,000 was made on August 25, 2021 to Pacific Empire Minerals Corp. (the optionor of the Pinnacle project).

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares under additional equity financing arrangements. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

The Company currently has no source of revenues. In order to fund future exploration programs and pay for operating expenses, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of unlimited common shares without par value. All issued common shares are fully paid.

As at the MD&A date:

- 15,028,633 common shares are issued and outstanding.
- 1,125,000 stock options outstanding at an exercise price of \$0.10 each.
- 7,530,000 share purchase warrants outstanding at an exercise price of \$0.10 each.

During the year ended January 31, 2022, the Company issued 200,000 compensatory warrants to a consultant providing business development and corporate advisory services. The warrants were issued in January 2022 with an exercise price of \$0.05 and expiring on February 1, 2023. The warrants were fair valued using the Black-Scholes option pricing model at approximately \$5,000. Refer to Note 5 within the financial statements for the year ended January 31, 2022 for further details on valuation inputs.

Equity Financing during the year ended January 31, 2022

On December 23, 2021, the Company completed a private placement consisting of the issue of 1,812,500 flow-through shares at a price of \$0.08 each for gross proceeds of \$145,000.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period/year. Actual results could differ from those estimates and judgments.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the financial statements are described in Note 2 of the Company's audited financial statements for the period ended January 31, 2022.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and accounts payable to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities, and accounts payable to related parties approximates their fair value because of the short-term nature of these instruments.

Information with respect to the Company's technique for measuring financial instruments at fair value can be found in the Company's financial statements for the year ended January 31, 2022, within Note 9.

The Company's financial instruments can be exposed to certain financial risks including credit risk, interest rate risk, market risk, and liquidity risk. Details of these risks and related assessments are included in the Company's financial statements for the year ended January 31, 2022, within Note 9.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions as at the MD&A Date.

CHANGES IN ACCOUNTING POLICIES AND INITIAL ADOPTION

During the year ended January 31, 2022, there were no changes to the Company's significant accounting policies, nor any new accounting policies adopted.

COMMITMENT

Flow-through expenditures:

On December 30, 2020, the Company completed a private placement of flow-through shares for gross proceeds of \$102,608. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2021 (see extension to December 31, 2022, below). The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2020. As at January 31, 2022, all of the funds had been spent.

In July 2020, the Canadian Government provided relief with respect to COVID-19 by providing companies with an additional 12 months in which they can spend eligible flow-through expenditures and provided interest relief on unspent funds. Under the Income Tax Act flow-through look-back rules, the Company now has until December 31, 2022, to spend the remaining amount of flow-through funds raised during 2020.

On December 23, 2021, the Company completed a private placement of flow-through shares for gross proceeds of \$145,000. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2022. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2021. As at January 31, 2022, none of the funds had been spent.

RISKS AND UNCERTAINTIES

In conducting its business, 1111 Exploration Corp. faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land title, exploration and development, government, and environmental regulations, permits and licenses, competition, fluctuating metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities.

Title Risks

Although 1111 Exploration Corp. has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of 1111 Exploration Corp.'s interests. Its claims, permits or tenures may be subject to prior unregistered agreements or transfers or to native land claims. Title to the claims, permits or tenures comprising 1111 Exploration Corp.'s properties may also be affected by undetected defects. If a title defect exists, it is possible that 1111 Exploration Corp. may lose all or part of its interest in the property to which such defect relates.

Exploration and Evaluation

Resource exploration and evaluation is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.

Environmental Regulations, Permits and Licenses

1111 Exploration Corp.'s operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for noncompliance are more stringent.

Competition

The mineral exploration industry is intensely competitive in all its phases and 1111 Exploration Corp. competes with other companies that have greater financial and technical resources. Competition could adversely affect 1111 Exploration Corp.'s ability to acquire suitable properties or prospects in the future.

Fluctuating Metal Prices

Factors beyond the control of 1111 Exploration Corp. have a direct effect on global metal prices, which have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of 1111 Exploration Corp.'s exploration projects and 1111 Exploration Corp.'s ability to finance the development of its projects cannot be accurately predicted and may be adversely affected by fluctuations in metal prices.

Future Financings

1111 Exploration Corp.'s continued operation will be dependent in part upon its ability to generate operating income and to procure additional financing. To date, 1111 Exploration Corp. has done so through equity financing. Fluctuations of global equity markets can have a direct effect on the ability of exploration companies, including 1111 Exploration Corp., to finance project acquisition and development through the equity markets. There can be no assurance that funds from 1111 Exploration Corp.'s current financing sources can be generated or that other forms of financing can be obtained at a future date. Failure to obtain additional financing on a timely basis may cause 1111 Exploration Corp. to postpone exploration or development plans, forfeit rights in some or all of the properties or joint ventures or reduce or terminate some or all of its operations.

Price Volatility of Securities

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk and uncertainties that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A and the financial statements is the responsibility of management. In the preparation of the financial statements, estimates are sometimes necessary to make a determination of the carrying value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

QUALIFIED PERSON

Robert Cameron, P. Geo., CEO and Director of the Company, is a qualified person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* and has approved the scientific and technical information and disclosure contained in this document.