JKS RESOURCES INC.
Management Discussion and Analysis
For the Six Months Ended February 29, 2024

The following Management Discussion and Analysis ("**MD&A**") of the operating results and financial position of JKS Resources Inc. (the "Company") is for the six months ended February 29, 2024 and is dated April 16, 2024. This MD&A has been prepared by management in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators and should be read in conjunction with the Company's condensed interim financial statements for the three and six months ended February 29, 2024 and the Company's audited financial statements and related notes for the year ended August 31, 2023. The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This information is not a substitute for detailed investigation or analysis on any particular issue and such information is not intended to be a comprehensive review of all matters and developments concerning the Company.

Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

Nature of Operations

The Company is engaged in the exploration and development of mineral properties.

The head office of the Company is located at Suite 1000 – 1055 West Hastings Street, Vancouver, BC V6E 2E9. The registered and records office of the Company is located at Suite 704, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

Overall Performance

On January 5, 2021, the Company signed an engagement letter with Research Capital Corporation (the "Agent"), offering on a commercially reasonable efforts basis, 5,000,000 Common Shares (the "Offered Shares") at a price of $0.10 per Offered Share. The Company paid a deposit of $15,000 for the legal fees of the Agent. The Agent will receive a corporate finance work fee of $35,000 plus GST, a commission of 10% payable in cash from the proceeds of the Offering and an option to purchase 10% of the number of Common Shares issued and sold pursuant to the Offering with an exercise price of $0.10 per share to be exercised within 24 months from the Closing Date. The engagement letter was subsequently amended between the Company and the Agent, resulting in the Offering consisting of a minimum of 5,500,000 Common Shares and a maximum of 6,500,000 Common Shares, at a price of $0.10 per Offered Share.

On November 30, 2022, the Company successfully completed its initial public offering (the "IPO") of 6,500,000 common shares (the "Shares") at a price of $0.10 per Share for total gross proceeds of $650,000 (the "Proceeds"). The Shares were listed on the Canadian Securities Exchange ("CSE") effective November 29, 2022 and commenced trading on the CSE on December 1, 2022, under the trading symbol "JKS". Research Capital Corporation acted as agent (the "Agent") for the IPO, pursuant to the agency agreement dated August 31, 2022. JKS paid to the Agent a cash commission equal to 10% of the Proceeds and granted the Agent non-transferable options entitling the Agent to purchase a total of 650,000 Shares at a price of $0.10 per Share until November 30, 2024. The agent's options were valued at $27,526 using the Black-Scholes pricing model, with the following assumptions: risk-free rate of 3.86%, expected life of 2 years, expected volatility of 74.20% and expected dividends of nil. Volatility was estimated by using the historical volatility of other companies in the same industry during a similar period. The Company paid $36,750 to the IPO agent as a corporate finance fee (the “Agent Finance Fee”). Including the Agent Finance Fee, the Company incurred total share issuance cost of $202,590 in cash of which $69,007 was recorded as deferred financing costs on the Company’s statement of financial position as at August 31, 2022. The net proceeds of the IPO will be used by JKS to make payments pursuant to the option agreement dated January 8, 2021, as amended February 5, 2021 and November 9, 2021, regarding the Sowchea Property, to carry out exploration of gold and other mineral properties on the Sowchea Property and for general working capital purposes.

Proposed Transaction to Acquire Yukon Properties

On January 12, 2024, the Company entered into a definitive purchase and sale agreement (the “Agreement”) with 18526 Yukon Inc. (the “Vendor”), an arm’s length party, pursuant to which the Company will acquire all of the issued and outstanding common shares of a wholly owned subsidiary of the Vendor (the “Target”) from the Vendor in exchange for common shares of the Company and cash, as further detailed below (the “Transaction”). The Target will own the AZ, Barite Mountain, Birch, Carter Gulch, Clea, Eva, Expo, Faro North, Fox, Gem, Ketza, Nut, Pete, Risby and Talbot claims and the Venus claims and crown grants located in the Yukon (the “Properties”) for a total land package of approximately 18,000 hectares.

Pursuant to the Agreement, the Company has agreed to acquire the Properties from the Vendor by acquiring all of the issued and outstanding common shares of the Target for total consideration of (a) 25,000,000 common shares of the Company, subject to a statutory four month hold period under applicable securities laws and any escrow requirements imposed by the CSE, and (b) $2,000,000 in cash on Closing. The Vendor will retain a royalty equal to 2.5% of the net smelter returns in respect of each of the Properties, subject to a right of repurchase of 0.5% of each royalty at a cost of $1,000,000 per royalty payable in gold or cash.

Completion of the Transaction will be subject to certain conditions, including but not limited to: (a) the receipt of all necessary approvals of the boards of directors of JKS and the Vendor; (b) the receipt of approval of the shareholders of JKS in accordance with applicable laws, including the rules of the CSE; (c) the receipt of all required consents and approvals, including without limitation, approval of the Transaction by the CSE; (d) the completion by JKS of the Financings such that the Resulting Issuer will have a minimum of $10,000,000 following expenses related to the Transaction; (e) the completion by the Target of audited and unaudited financial statements and related financial information as may be required, and (f) the completion of satisfactory mutual due diligence. The transaction is expected to close in the third financial quarter.

Exploration Activities

The Company entered into the Option Agreement dated January 8, 2021, as amended on February 5, 2021 and on November 9, 2021, with the Optionor whereby the Company has the exclusive Option to acquire a 100% interest in the Sowchea Property, subject to a 1% GORR interest payable and deliverable to the Optionor by the Company.

The Option is exercisable by the Company issuing to the Optionor a total of 1,450,000 Common Shares, making aggregate cash payments of $75,000 and incurring 650,000 of exploration expenditures.

The share issuances and cash payments to be made by the Company to the Optionor are as follows:

- $25,000 within five days of signing the Option Agreement (paid);
- $25,000 and 200,000 Common Shares within five days of the Listing Date (paid and issued) 200,000 common shares were estimated to be $27,000 based on the Company’s stock trading price at the date of issuance;

- $25,000, 500,000 Common Shares on or before the 18-month anniversary of the Listing Date and $150,000 of exploration expenditures; and
- 750,000 Common Shares on or before the 28-month anniversary of the Listing Date and $500,000 of exploration expenditures.

The Option Agreement grants the Company an option only. The Company is, therefore, not obligated to meet any of the above option obligations (that are not yet satisfied) in the event that it chooses to terminate the Option Agreement and abandon the Sowchea Property for any reason. The Company may terminate the Option Agreement at any time on written notice to the Optionor.

If and when the Company completes all of its payment obligations under the Option Agreement, it will have earned a 100% interest in the Sowchea Property and will have no further obligations with respect to the Optionor except payment of the 1% GORR. Pursuant to the Option Agreement, which will remain in effect after exercise of the Option, the Company has the option at any time, and from time to time, to buy one-half of such 1% GORR, by paying $1 million in cash to the Optionor for the 0.5% GORR, which thereby extinguishes the obligation of the Company to pay such percentage GORR to the Optionor.

Exploration Outlook

The Company received a technical report prepared in accordance with the disclosure standards of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") for the Sowchea Property entitled "National Instrument 43-101, Technical Report 2020 Update on the Sowchea Property, Omineca Mining Division, British Columbia" dated effective February 28, 2021 (the "**Technical Report**"). The Technical Report was prepared by Lorie Farrell, P.Geo. (the "**Author**") who is a qualified person under NI 43-101.

Based on the results of the Technical Report, the Author recommends the following phased work program. While the Author recommends a phased approach to the work program, advancing to Phase 2 does not rely on positive results from Phase 1.

Phase 1

- Continue with the geochemical sampling grid, particularly in the northwest where it appears there is a cluster of elevated samples over 60 ppb gold. Tighter sampling density is recommended in this area to better test for high grade but narrow veining. Due to winter conditions, the Company did not complete this soil sampling addendum, but proceeded directly to Phase 2.
- Complete the ground magnetic survey to the northwest including north of the partial magnetic high anomaly where soil sampling in the Sowchea River flood plain may not provide value. Due to winter conditions and a shortage of suitable contractors, the Company did not complete this magnetic survey addendum, but proceeded directly to Phase 2.

Phase 2

- Complete top of bedrock, reverse circulation drilling adjacent to existing access roads to determine the locations of lithologic contacts, alteration corridors and potential mineralization to better understand what is located under the quaternary sediments. Based on geochemical sampling, known altered bedrock and anticipated contacts, this should focus on the east-west oriented road located on the center of the property, the smaller access roads to the south of it and some sites off the main Cunningham Forest Service Road. Chips must be logged for lithology, alteration, visible mineralization and assayed. Planned drill site locations should allow flexibility to adapt to results and field conditions. Any further exploration efforts will be dependent on positive assay results.

The proposed exploration budget for the above work program is set out below. The below table is for scoping purposes and is based on the Author's experience on similar projects, quotations from suppliers have not been obtained and actual prices may vary.

Phase	Description	Estimated Cost
Phase 1	Expand current ground magnetic survey by approximately 2 km by 1.5 km. Soil sampling at 200-metre line spacing and 100-metre sample spacing to the northwest to expand the current grid. Infilling and expanding existing lines around 402520 E / 6027054 N with samples on lines spaced 100 m and sample spacing at 25 m	$60,000 Not done yet
Phase 2	Reverse circulation drilling using existing roads for access, drill 3 m into bedrock below the quaternary sediments to determine lithology, alteration and mineralization of the covered bedrock. Depths of each drill hole will vary depending on overburden thickness. Estimated budget is for 750 m	$160,000
Total		**$220,000**

Investors are cautioned that the potential to locate a mineralized system on the property is conceptual and that the proposed work program may not identify new sources of mineralization. In the opinion of the Author, the Sowchea Property has sufficient merit to warrant the above recommended exploration program.

The Company has received the geological report with respect to the overburden and bedrock drill program completed in January to February 2023. The Company is still considering whether further follow up work is warranted.

The company looks forward to providing continued updates of results from its exploration activities as they are completed over the next several months.

Qualified Person

Mr. Peter Born, Ph.D, P.Geo., VP Exploration for the Company and a Qualified Person within the meaning of National Instrument 43-101, has reviewed the technical information in this MD&A.

Results of Operations

For the three months ended February 29, 2024

The net loss for the three months ended February 29, 2024 was $131,320 (February 28, 2023: $66,849). The majority of the increase in net loss year-over-year is a result of the increased professional fees and marketing fees.

The most significant expenses for the three months ended February 29, 2024 were professional fees of $82,381 (February 28, 2023: $24,994), marketing fees of $19,726 (February 28, 2023: $11,233), and transfer agent, filing and listing fees of $12,786 (February 28, 2023: $21,737).

For the six months ended February 29, 2024

The net loss for the six months ended February 29, 2024 was $220,154 (February 28, 2023: $100,303). The majority of the increase in net loss year-over-year is a result of the increased professional fees and marketing fees.

The most significant expenses for the six months ended February 29, 2024 were professional fees of $110,284 (February 28, 2023: $38,122), marketing fees of $57,123 (February 28, 2023: $11,233), and consulting fees of $21,00 (February 28, 2023: $11,520).

Cash Flows

Cash decreased by $144,330 during the six months ended February 29, 2024 from $214,375 at August 31, 2023 to $70,045 at February 29, 2024. The decrease in cash and cash equivalents was a result of cash of $191,330 used in operating activities and cash of $8,000 used in investing activities, partially offset by cash of $55,000 provided by financing activities.

The cash of $191,330 used in operating activities consisted of the net loss of $220,154 partially offset by a net change in non-cash working capital items of $28,824.

The cash of $8,000 used in investing activities consisted of work on the Sowchea 43-101 report.

The cash of $55,00 provided by financing activities consisted entirely of proceeds from the exercise of options.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the most recent eight quarterly periods:

	Q2 2024	**Q1 2024**	**Q4 2023**	**Q3 2023**
Net Loss for the period	(131,320)	(88,834)	(93,279)	(46,893)
Basic and Diluted loss per share	(0.01)	(0.00)	(0.01)	(0.00)
	Q2 2023	**Q1 2023**	**Q4 2022**	**Q3 2022**
Net Loss for the period	(66,849)	(33,454)	(72,481)	(9,647)
Basic and Diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)

Over the last eight quarters, the Company's net loss ranged from $9,647 in Q3, 2022 to $131,320 in Q2, 2024.

The higher losses in Q2 2024 and Q4 2022 are due to higher professional fees incurred for the proposed transaction with 18526 Yukon Inc. and for the preparation and completion of the IPO, respectively.

The higher losses in Q1 2024 and Q4 2023 are due to higher marketing costs incurred to provide public relations, marketing and corporate and communication services.

Liquidity and Capital Resources

In management's view, given the nature of the operations, which currently consists of its interest in the Sowchea Property, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the extent to which it can determine whether its resource property contains reserves, which are economically recoverable.

As at February 29, 2024 the Company had current assets totalling $79,414, composed of cash, accounts receivable and deposits. As at February 29, 2024, the Company had working capital of $30,848.

As the Company will not generate funds from operations for the foreseeable future, the Company is primarily reliant upon the sale of equity securities in order to fund operations. Since inception, the Company has funded limited operations through the issuance of equity securities on a private placement basis. This has permitted the Company to carry out limited exploration on the Sowchea Property.

While the Company has been successful in obtaining the necessary financing through the issuance of common shares in the past, there is no assurance it will be able to raise funds in this manner in the future and there remain material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. The Company's trade and other payables are due in the short term.

The Company is expected to experience negative cash flow indefinitely. Funds on hand combined with funds raised in the IPO are expected to fund the Company's operations for the next 12 months and the work program recommended by the Technical Report. The Company cannot offer any assurances that expenses will not exceed management's expectations. The Company will require additional funds and will be dependent upon its ability to secure equity and/or debt financing, the availability of which cannot be assured.

Although the Company currently has limited capital resources, management believes that, following completion of the IPO, the Company will not have to rely upon the sale of its equity and/or debt securities required to fund operations for the immediate next 12 months. The Company does not have any other commitments for material capital expenditures over the near and long term other than as disclosed in this MD&A plus normal operating expenses.

Contractual Obligations

The Company is subject to certain contractual obligations associated with the Option Agreement as described in the section entitled "Exploration Activities". The future cash obligation related to the Option Agreement is $25,000 on or before the 18-month anniversary of the Listing Date.

The Company entered into a twelve-month consulting agreement with an arm's length party, effective January 1, 2023 for $2,500 plus GST per month for business advisory and corporate development services and has been extended on a month-to-month basis.

During the year ended August 31, 2023, the Company entered into a twelve-month investor relations agreement with Maynard Communication Inc., an arm's length party, to provide public relations, marketing and corporate and communication services for total fees of $150,000. A payment of $100,000 was made upon engagement and a payment of $50,000 was made on November 3, 2023.

Related Party Transactions

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

The Company incurred charges to directors and officers, or to companies associated with these individuals during the three and six months ended February 29, 2024 and February 28, 2023 as follows:

	Three months ended February 29, 2024	**Three months ended February 28, 2023**	**Six months ended February 29, 2024**	**Six months ended February 28, 2023**
	$	**$**	**$**	**$**
Accounting fees	4,631	6,473	7,999	10,562
Consulting fees	3,000	3,130	6,000	6,520
	7,631	9,603	13,999	17,082

Key management of the Company includes the chief executive officer, the CFO and the directors. During the three and six months ended February 29, 2024 and February 28, 2023, compensation paid to key management consists of consulting fees charged by to a company owned by a director, and accounting fees charged by the CFO which have been presented in the table above.

Off Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, that have, or are reasonably likely to have, an impact on the current or future results of operations or the financial condition of the Company.

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions 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 reporting period. Actual reports could differ from management’s estimates. Details of the critical accounting estimates and judgments can be found in Note 2 of the audited financial statements for the year ended August 31, 2023.

Accounting Policies

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amount of assets, liabilities, revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgement on matters which are inherently uncertain. Details of the significant accounting policies can be found in Note 2 of the audited financial statements for the year ended August 31, 2023.

Financial Instruments

Details of the Company's financial instruments can be found in Note 7 of the Company's audited financial statements for the year ended August 31, 2023.

Disclosure of Outstanding Share Data

As of the date of this report, there were 22,170,000 common shares, 4,650,000 share purchase warrants and 100,000 stock options outstanding.

Internal Controls over Financial Reporting

In connection with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators ("**NI 52-109**"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Management's Responsibility of Financial Statements

The information provided in this MD&A, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

Additional Disclosure for Venture Issuers without Significant Revenue

The Company provides disclosure related to capitalized exploration and acquisition costs in the notes to the financial statements and disclosure related to general and administration expenses in the statements of operations and comprehensive loss.

Risk Factors

The Company is in the business of exploring mineral properties, which is a highly speculative endeavor. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of development, the following risk factors, among others, should be considered.

Insufficient Capital

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may need to be obtained by the sale of equity capital. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss or substantial dilution of the Company's interest in the Sowchea Property.

There can be no assurance that financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company achieves positive cash flow. 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.

Limited Business History

The Company has only recently commenced operations and has no history of operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company can generate revenues, operate profitably or provide a return on investment or that it will successfully implement its plans.

Resale of Shares

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Shares purchased would be diminished.

Liquidity Concerns and Future Financing Requirements

The Company may require additional financing in order to fund its ongoing exploration program on the Sowchea Property. The ability of the Company to arrange such financing in the future will depend, in part, upon prevailing capital market conditions as well as the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of Common Shares from treasury, control of the Company may change and shareholders may suffer additional dilution. The further exploration and development of the Sowchea Property and any other mineral properties in which the Company may hold an interest will also require additional equity or debt financing. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development or forfeiture of some rights in the Company's mineral properties. Events in the equity market may impact the Company's ability to raise additional capital in the future. At present, it is impossible to determine what amounts of additional funds may be required.

Property Interests

The Company does not own the mineral rights pertaining to the Sowchea Property. Rather, it holds an option to acquire a 100% interest in the mineral claims comprising the Sowchea Property mineral rights.
There is no guarantee the Company will be able to raise sufficient funding in the future to explore and develop the Sowchea Property so as to maintain its interests therein. If the Company loses or abandons its interest in the Sowchea Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The discovery of mineral deposits is dependent upon a number of factors. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general factors such as metal prices and government regulations, including environmental protection. Most of these factors are beyond the control of the Company. In addition, because of these risks, there is no certainty that the expenditures to be made by the Company on the exploration of the Sowchea Property as described herein will result in the discovery of commercial quantities of minerals.

The Company has no history of operating earnings and the likelihood of success must be considered in light of problems, expenses, etc. which may be encountered in establishing a business.

Financing Risks

The Company has no history of earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on the Common Shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its equity shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially minable deposit exists on the Sowchea Property. While the Company may generate additional working capital through further equity offerings, there is no assurance that any such funds will be available. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Negative Operating Cash Flow

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial condition and results of operations. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates revenue from the commercial production of its properties. There is no guarantee that the Company will ever be profitable.

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of minerals. The long-term profitability of the Company's operations will, in part, be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Acquisition of Additional Mineral Properties

If the Company loses or abandons its interest in the Sowchea Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Commercial Deposits

The Sowchea Property is in the exploration stage only and is without a known body of commercial minerals. Development of the Sowchea Property will follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Permits and Government Regulations

The future operations of the Company may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Sowchea Property. The Company currently does not have any permits in place.

First Nations Land Claims

First Nations rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Supreme Court of Canada's 2014 decision in *Tsilhqot'in Nation v. British Columbia* marked the first time in Canadian history that a court has declared First Nations title to lands outside of reserve land. The Sowchea Property may now or in the future be the subject of aboriginal or indigenous land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the Sowchea Property cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the Sowchea Property is located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of aboriginal interests in order to facilitate exploration and development work on the Sowchea Property, there is no assurance that the Company will be able to establish a practical working relationship with any First Nations in the area which would allow it to ultimately develop the Sowchea Property.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

Mineral Titles

The Company has not yet obtained a title opinion in respect of the Sowchea Property. The claims on the Sowchea Property have not been legally surveyed. The Sowchea Property may be subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. The Company is satisfied, however, that evidence of title to the Sowchea Property is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on the Sowchea Property.

Fluctuating Mineral Prices and Currency Risk

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in US dollars.

Competition

The mining industry is intensely competitive in all its phases. The Company competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could have an adverse effect on the Company's ability to acquire suitable properties or prospects for mineral exploration in the future.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Conflicts of Interest

Some of the directors and officers of the Company are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the *Business Corporations Act* (British Columbia). Some of the directors and officers of the Company are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to the Company and their duties to the other companies on whose boards they serve, the directors and officers of the Company will endeavor to adhere to the following:

1. participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;
2. no commissions or other extraordinary consideration will be paid to such directors and officers; and
3. business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to the Company except on the same or better terms than the basis on which they are offered to third party participants.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results and financial condition.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Company's cash; (ii) through companies that have payables to the Company; and (iii) through the Company's insurance providers. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares could be adversely affected.

Forward Looking Information

This MD&A includes certain statements that may be deemed "forward-looking statements" concerning the future performance of the Company's business, its operations, its financial performance and condition, as well as management's objectives, strategies, beliefs and intentions. Forward-looking statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-looking statements are based on the current opinions and expectations of management. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that may cause actual results to vary from forward looking statements include, but are not limited to, the Company's ability to access capital, the speculative nature of mineral exploration and development, fluctuating commodity prices, competitive risks and reliance on key personnel, as described in more detail in this document under "Risk Factors". Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.