SIGNATURE RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED OCTOBER 31, 2015 AND 2014

INTRODUCTION

The following discussion and analysis is a review of operations, current financial position and outlook for Signature Resources Ltd. (the "Company" or "Signature") for the years ended October 31, 2015, and 2014, including other pertinent events subsequent to that date up to and including February 22, 2016. The following information should be read in conjunction with the financial statements for the year ended October 31, 2015. Amounts are reported in Canadian dollars.

This MD&A provides managements view of the financial condition of the Company and the results of its operations for the reporting periods indicated. Additional information related to Signature is available as filed on the Canadian Securities Administrators' website at www.sedar.com.

FORWARD-LOOKING INFORMATION

This Management Discussion and Analysis contains forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Management's analysis only as of the date hereof. Readers should be aware that the Company is under no obligation to publicly release the results of any revision to these forward-looking statements, which may not reflect circumstances, or occurrences of unanticipated events after the date of this document.

DESCRIPTION OF BUSINESS

The Company was incorporated on May 3, 2010 and is a reporting issuer in the provinces of British Columbia and Alberta and is listed on the TSXV under the symbol SGU. The Company's principal business activity is the identification and evaluation of mineral resource assets in Canada, with a focus on precious metals. The Company's current focus is on the exploration of its Lingman Lake properties.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

During the year ended October 31, 2015, the Company remained focused on the acquisition of the East Lingman Properties as well as on obtaining financing in order to push forward with an exploration program. The Company closed on a small financing in November, 2014, but still requires additional funds in order to move forward with an exploration program. As part of the conditional approval received from the TSXV, the Company requires a minimum financing to increase its cash balance up to $300,000 in order to close on the East Lingman Properties.

On December 16, 2015, the Company announced the completion and posting on its website of a 3D mineral shell model for the Lingman Lake properties. The model was created by independent consulting firm Caracle Creek International Inc. and is based on archived historical data that has been collated into a digital data base.

On December 7, 2015, the Company announced the establishment of an Advisory Board consisting of industry leaders in mineral exploration/development and finance. The initial members of the Board consist of Dr. Scott Jobin-Bevans and Mr. Andrew Cook.

On July 16, 2015, the Company announced the appointment of Stephen Timms to the Board of Directors and Audit Committee.

On February 11, 2015, the Company completed a shares for debt transaction by issuing 4,000,000 common shares related to the final $200,000 owing related to the Lingman Lake properties.

On January 29, 2014, the Company completed its NI 43-101 technical report entitled "Technical Report On The Lingman Lake Property, Lingman Lake Area, District Of Kenora, Ontario, Canada." The technical report encompasses the four original Lingman Lake Patented Claims and the surrounding staked East Lingman Lake Property claims, which are under option.

On November 4, 2013, the Company acquired an option to acquire a 100% registered undivided interest in the East Lingman Property consisting of twelve (12) staked claims, totalling 538.3 hectares (the "East Lingman Properties"). These staked claims are located in the Kenora District, Province of Ontario, approximately 325 kilometers north of the Town of Red Lake and surround the Company's original Lingman Lake property. To complete the acquisition, the Company will have to:

- pay $127,500 cash, or issue equivalent value of common shares at an attributed value of $0.085 or such value allowable under the TSXV policies on or before June 30, 2014; and
- pay an aggregate of $600,000 in three instalments of $200,000, on June 30, 2014, 2015 and 2016.

With respect to the June 30, 2014 and 2015 payments above, the Company has been granted an extension to June 30, 2016. However, the acquisition of the property and the issuance of such shares remain subject to the approval of the TSXV. As of October 31, 2015, no payments have been made to acquire the East Lingman Lake Properties.

SELECTED ANNUAL INFORMATION

	October 31, 2015	October 31, 2014	October 31, 2013
Total Income	$Nil	$Nil	$Nil
Net Loss	$117,622	$205,289	$88,995
Net Loss per Share, Basic and Diluted	$(0.00)	$(0.01)	$(0.00)
Total Assets	$2,162,332	$2,127,199	$2,166,638
Total Long-term Debt	$Nil	$Nil	$Nil
Cash Dividends	$Nil	$Nil	$Nil

During 2015, the Company incurred a net loss of $117,622, which mainly consists of salaries and wages expense of $96,000 (2014 - $105,000) and office and general expenses of $30,374 (2014 - $31,936). The Company also incurred a gain on settlement of debt of $40,000 (2014 - $Nil).

During 2014, the Company incurred a net loss of $205,289, which mainly consist of salaries and wages expense of $105,000 (2013 - $78,000) and share-based payments of $34,011 (2013 - $Nil). These costs were incurred while the Company continued to focus on financing an exploration program and the acquisition of the East Lingman Properties.

During 2013, the Company focused on conserving cash and the acquisition of the Lingman Lake Properties. The Company successfully completed the acquisition of the Lingman Lake Property on September 26, 2013. The main general and administrative cost incurred during the year was salaries and wages of $78,000 (2012 - $49,500). This was an increase compared to the prior year as the Company had a transition of management, and used fewer consultants. The Company also had a recovery of approximately $31,000 in taxes through the claiming of the British Columbia Mineral Exploration Tax Credit.

SUMMARY OF QUARTERLY RESULTS

Quarter-Ended	10/31/15	07/31/2015	04/30/15	01/31/2015	10/31/14	07/31/14	04/30/14	01/31/14
	$	$	$	$	$	$	$	$
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss for the period	(3,532)	(34,102)	(46,688)	(33,300)	(45,534)	(52,163)	(48,227)	(59,365)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	2,162,332	2,156,059	2,118,847	2,149,672	2,127,199	2,118,490	2,164,092	2,161,171
Long-term liabilities	227,967	239,243	237,350	235,472	233,609	231,761	229,928	226,306
Cash dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

During the quarter ended October 31, 2015, the Company showed a net loss of $3,532, which mainly consists of salaries and wages of $24,000 and professional fees of $18,080. The net loss was reduced by a gain on settlement of debt of $40,000 in the current period. The Company continues to focus on keeping all costs low while it works towards the East Lingman Properties acquisition and a financing large enough to move forward with exploration.

During the quarter ended July 31, 2015, the Company showed a net loss of $34,102, which mainly consists of salaries and wages of $24,000 and office and general expenses of $4,046.

During the quarter ended April 30, 2015, the Company showed a net loss of $46,688, which mainly consists of salaries and wages of $24,000 and office and general expenses of $15,764.

During the quarter ended January 31, 2015, the Company showed a net loss of $33,300, which mainly consists of salaries and wages of $24,000.

During the quarter ended October 31, 2014, the Company showed a net loss of $45,534, which mainly consists of salaries and wages expense of $27,000 and professional fees of $9,000.

During the quarter ended July 31, 2014, the Company showed a net loss of $52,163, which mainly consists of salaries and wages expense of $28,000 and professional fees of $11,563.

During the quarter ended April 30, 2014, the Company showed a net loss of $48,227, which mainly consists of salaries and wages expense of $26,000 and office and general expense of $14,208.

During the quarter ended January 31, 2014, the Company showed a net loss of $59,365, which mainly consists of $19,167 expenses related to the granting of 1,400,000 stock options on November 6, 2013 and salaries and wages expense of $24,000. During the quarter, the Company also incurred expenses related to the preparation of its NI43-101 Technical Report.

MINERAL PROPERTY EXPENDITURES

The Company incurred the following expenditures on its mining exploration properties:

	Lingman Lake
	$
Balance, October 31, 2013	1,976,841
Consulting expenses	60,000
Balance, October 31, 2014	2,036,841
Consulting expenses	65,676
Balance, October 31, 2015	2,102,517

LINGMAN LAKE PROPERTY

The Company owns an interest in four free hold patented claims (the “Lingman Lake Property”) located in the Kenora District in Ontario, and situated approximately 325 kilometers north of the Town of Red Lake. The four free hold patent claims cover a total area of 78.5 hectares. Two campaigns in the 1940s and 1980s attempted to bring the property into production. The last attempt outlined a sufficient resource, which will serve as a base from which the Company anticipates to define and expand a significant compliant gold resource.

In addition to this, the Company acquired an option to acquire the East Lingman Properties. This property surrounds the patented claims and consists of 12 staked claims totaling 538.3 hectares. A significant portion of the historic resource at the Lingman Lake property resides in the eastern claims of the East Lingman Lake property.

LIQUIDITY AND CAPITAL RESOURCES

As of October 31, 2015, the Company had a combined cash and short-term investments of $45,210 (October 31, 2014 - $80,167) and a working capital deficit of $1,047,322 (October 31, 2014 - $1,172,439). The Company has a commitment to certain payments under the option agreement to acquire the East Lingman Properties. The Company does not have sufficient working capital on hand to pay all commitments, and requires additional financing to pay for capital expenditures, exploration and administrative costs required to move the business forward. The Company has a history of operating losses and of negative cash flows from operations. While management identifies projects of merit for acquisition, the Company will remain reliant on capital markets for future funding to meet its ongoing obligations.

As at February 15, 2016, the Company's working capital deficit is approximately $1,110,945.

Prior to the acquisition of Cool Minerals and the Lingman Lake Property, the Ministry of Northern Development and Mines ("MNDM") had requested the removal of certain above ground storage tanks containing approximately 800,000 litres of fuel, which was considered a mine hazard. Due to the failure of the prior owners to comply with MNDM's request for it to be cleaned up, MNDM took action and managed the disposition of the fuel at a cost of $884,325. This liability is presented on the Company's statement of financial position as a current liability.

On February 11, 2015, the Company completed a shares for debt transaction by issuing 4,000,000 shares to settle an aggregate of $200,000 of debt which was owing to an arm's-length party for the acquisition of Cool Minerals Inc. The shares are subject to a four month and one day hold period.

OUTSTANDING SHARE DATA

For information regarding outstanding share capital of the Company, please see the table presented below as at February 22, 2016.

Common shares	28,737,501
Options	1,900,000
Warrants	5,767,350
Fully diluted share capital	36,404,851

OFF-BALANCE SHEET ARRANGEMENTS

The Company has issued a 3% net smelter royalty that has been issued over the entire Lingman Lake property, including the East Lingman Properties, assuming the Company exercises the option and completes the acquisition.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include executive officers and non-executive directors. Executive officers are paid a salary and participate in the Company's stock option program. The executive officers include the Chief Executive Officer, and the Chief Financial Officer. Non-executive directors also participate in the Company's stock option program. Short-term wages, and key management personnel compensation incurred during the year ended October 31, 2015 was $96,000 (2014 - $105,000). The Company also issued stock options valued at $4,614 (2014 - $29,394). As at October 31, 2015, the Company owes $93,080 (2014 - $88,540) to executives of the Company for unpaid salaries and wages which remains in accounts payable. These amounts are unsecured, non-interest bearing and due on demand.

FINANCIAL INSTRUMENTS

As at October 31, 2015, the Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities. The fair value of these financial instruments approximate carrying value since they are short term in nature and are receivable or payable on demand.

CRITICAL ESTIMATES

Significant assumptions about the future and other sources of estimation uncertainty that management has made during the reporting period could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. These critical estimates relate to, but are not limited to, the following:

i. Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

ii. Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

iii. Estimation of restoration, rehabilitation and environmental obligation

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iv. Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

ACCOUNTING POLICIES

Accounting standards issued but not yet effective:

Effective for annual periods beginning on or after November 1, 2015:

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IFRS 7 – Financial Instruments: Disclosures ("IFRS 7") was amended in September 2014 to clarify whether a servicing contract is continuing involvement in a transferred asset for purposes of determining the disclosures required. IFRS 7 was also amended to clarify that the additional disclosures relating to offsetting are not specifically required for interim periods unless required by IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

The Company has not early adopted these new or revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Changes in accounting policies:

The Company has adopted the following new standards, along with any consequential amendments, effective November 1, 2014. These changes were made in accordance with the applicable transitional provisions. The amendment of these standards did not result in any material changes to the Company's financial statements.

IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

The Company's management reviewed the effectiveness of the design and operation of its disclosure controls and procedures as of October 31, 2015. Based on this review, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective to ensure that information required to be disclosed in reports that are filed and submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time periods specified in those rules and forms.

It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the disclosure controls and procedures will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and frauds. A control system, no matter how well designed or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring and exploring natural resource properties in Canada. Due to the nature of the Company's proposed business and the present stage of exploration of its resource properties, which are at very early stages, the following risk factors, amongst others, will apply:

Exploration Stage Company

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.

Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change.

Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that any future exploration programs will result in the establishment or expansion of resources or reserves.

Exploration and Development Risks

The business of exploring for minerals and mining involves a high degree of risk. There is no assurance the Company's mineral exploration activities will be successful. Few properties that are explored are ultimately developed into producing mines. In exploring and developing any future mineral deposits the Company will be subjected to an array of complex economic factors and technical considerations. Delays in obtaining governmental approvals, inability to obtain financing or other factors could cause delays in exploring and developing properties. Such delays could materially adversely affect the financial performance of the Company. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, environmental hazards, the discharge of toxic chemicals and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has limited experience in the development and operation of mines and in the construction of facilities required to bring mines into production. The Company has relied and may continue to rely upon consultants and others for operating expertise. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Financing

The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. Currently, the Company does not have sufficient funds on hand to continue operating for the next twelve months as they have previously been and will need to obtain additional financing. The Company has no formal credit facilities at this time and given the Company's current stage of development, it is not expected that such credit facilities would be available to the Company.

Future exploration, development, mining, and processing of minerals from any of the Company's future properties will require substantial additional financing. The only current sources of funds available to the Company are the sale of additional equity capital, which if available, may result in substantial dilution to existing shareholders. There is no assurance that such funding will be available to the Company, or that it will be obtained on terms favourable to the Company. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development, or production on any or all of the Company's properties, or even a loss of property interests.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Management believes the Company's overall liquidity risk has increased from the prior year due to the current global credit crisis and lack of financing available in the equity markets.

Difficulties in Raising Development Capital

Recent market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the deterioration of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its capital requirements to pursue the acquisition and exploration of any significant mineral projects or to secure its share of development financing following a decision to place any of its current or future mineral properties into production (whether on its own or on a joint venture basis).

Share Price Volatility

Worldwide securities markets, particularly those in North America, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities.

In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all.

Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. 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 at its projects, on reasonable terms or at all. Delay or failure to obtain such licenses and permits or failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Acquisition of Mineral Concessions under Agreements

In the junior natural resource industry, it is typical for companies to enter into option agreements which allow the optionee to acquire the property over time while performing initial exploration activities. If the Company continues to enter into these types of agreements, the Company may have to make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Environmental and Other Regulatory Requirements

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory approval and there is no assurance that such approvals will be obtained. Although the Company believes its mineral and exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Uninsured Risks

The Company may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration and mining activities. In particular, the Company is not insured for environmental liability or earthquake damage.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of base metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company currently does not maintain liability insurance against such liabilities. Although the Company currently intends to obtain insurance when it commences operations of reasonable significance, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Title Matters

Often, the mining claims in which the Company could acquire an interest in have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims would not be converted to lease and tenure, and are, accordingly, subject to annual compliance with assessment work requirement. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements, first nation's land claim or transfers of land claims and titles which may be affected by undetected defects.

Conflicts of Interest

Certain of the Company's directors and officers serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Fluctuation of Metal Prices

The market price of precious metals and other minerals is volatile and cannot be controlled. If the price of precious metals and other minerals should drop significantly, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of minerals, the effect of which cannot be accurately predicted.

KEY PERSONNEL

Walter Hanych, Director, President and CEO

Keith McDowell, Director

Jonathan Held, Director, CFO

Stephen Timms, Director

Additional information is available on SEDAR at www.sedar.com.