Uranium Valley Mines Ltd

Management's Discussion and Analysis for the second quarter ended June 30, 2014.

Introduction

The following Management's Discussion and Analysis ("**MD&A**") reviews the financial position and results of operations of Uranium Valley Mines Ltd. (**TSXV: VZZ**, hereinafter "**Uranium Valley**" or the "**Company**") for the second quarter ended June 30, 2014. It should be read in conjunction with the unaudited financial statements and notes thereto for the period ended June 30, 2014, and with the audited financial statements for the year ended December 31, 2013 and related notes thereto, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board (IASB). All these documents can be viewed through the internet at the SEDAR website (www.sedar.com) by accessing the Company's issuer profile.

All figures are in Canadian dollars unless otherwise specified.

The following information is prepared as at August 26, 2014.

Forward-Looking Statements

This document contains certain forward-looking statements. In some cases, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

COMPANY OVERVIEW, NATURE OF OPERATIONS, AND OVERALL PERFORMANCE

The Company was incorporated on February 18, 2010, pursuant to the *Business Corporations Act* (British Columbia) as a wholly owned subsidiary of Golden Valley Mines Ltd. ("Golden Valley"), a Canadian public corporation with an office located in Val-d'Or, Québec, Canada, involved, together with its various subsidiaries, in initial grassroots exploration projects.

In 2011, as part of a plan of arrangement (the "**Arrangement**") Golden Valley and Lexam VG Gold Inc. (formerly Lexam Explorations Inc., hereinafter "**Lexam**") transferred certain of their properties and carried interests in certain properties to the Company along with a $600,000 cash infusion against the issuance of 11,099,998 common shares and subsequently, Golden Valley distributed to its shareholders, by way of a dividend, a part of its holding in the Company's capital stock. As a result of the Arrangement, Uranium Valley became a reporting issuer in Alberta, British Columbia, Ontario and Québec. Uranium Valley is considered a "venture issuer" as such term is defined by applicable securities legislation. Since July 15, 2011 (the "**Trading Date**") the Company's common shares trade on the TSX Venture Exchange (the "**Exchange**") under the symbol VZZ.

The business objectives of the Company are to hold title to and to promote and develop certain advanced projects, and to acquire, manage, and promote other projects focused on uranium exploration in Canada and elsewhere. Please refer to the "Property Interests" section herein for detail on the moratorium imposed by the Québec Government and to "Critical Risks Inherent to the Company's Business".

Property Interests

The Company acquired an undivided 50% interest in the Otish and Mistassini Prospects located in North Central Québec from Golden Valley pursuant to an Amended and Restated Transfer, Assignment and Assumption Agreement (the "**Mistassini-Otish Agreement**") made the 30th day of March 2011, among Golden Valley, Uranium Valley and Lexam. On the Trading Date, the Company acquired the other undivided 50% interest in the Otish and Mistassini Prospects from Lexam pursuant to the terms of a Property Transfer and Share Purchase Agreement (the "**Lexam Purchase Agreement**") made as of May 12th, 2011, between Uranium Valley and Lexam. As a result of the Mistassini-Otish Agreement and the Lexam Purchase Agreement, the Company holds a 100% interest in the Otish and Mistassini Prospects.

On March 28, 2013, the Government of Québec announced it had decreed a "moratorium" on all exploration, development and mining for uranium. The Québec Government intends to order certain scientific studies to examine the issues and concerns relating to the security of exploration, exploitation and disposal of uranium and to mandate the *Bureau d'audiences publiques sur l'environnement* ("**BAPE**") to make recommendations after having reviewed the environmental impact and conducted public consultations with communities and stakeholders. The Company understands that the BAPE is expected to have full latitude to recommend various scenarios including a permanent moratorium. Until this process evolves towards the eventual BAPE conclusions and recommendations, no permits, licenses, or claims for the exploration, development and mining of uranium on the territory of the Province of Québec will be granted or otherwise issued.

Following this announcement, the Company is currently of the view that it will be difficult, and potentially impossible, to conduct exploration programs on its Otish and Mistassini Prospects. Consequently, the Company made the decision to impair the carrying value of its uranium properties located in the Province of Québec. The decision to impair its properties in the province of Québec has been reflected in the December 31, 2012 financial statements. Any further uranium exploration activities will be executed outside the Province of Québec.

On March 25, 2014, the Company received a letter from the Compliance & Disclosure department of the Exchange which indicated that the Company had not met the activity requirement for mining issuers. The Company is required to provide a submission to the Exchange evidencing that it meets the Exchange's continued listing requirements by September 25, 2014, failing which the Company's listing will be transferred to NEX, which is a separate board of the Exchange that provides a trading forum for listed companies that have fallen below the Exchange's continued listing requirements.

On July 3, 2014, The Company entered a Mining Option Agreement with 2973090 Canada Inc, (**"2973090"**) pursuant which the Company has the option to acquire a 100% ownership interest in the Porcupine Miracle Prospect. The Porcupine Miracle Prospect is constituted of four (4) mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option the Company will issue 200,000 common shares as follows: 66,666 common shares (which shares have been issued), 66,667 common shares on July 17, 2015 and, 66,667 common shares on July 17, 2016. In order to exercise the option, the Company is required to incur exploration expenditures of $50,000 by July 17, 2016 and, in addition, to maintain the property in good standing. The property will be subject to a royalty in favour of 2973090 equal to 3% of net smelter returns. Advance royalty payments of $10,000 per annum are payable by the Company commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty. The transaction received approval from the Exchange on July 16, 2014.

The Company has designed an exploration program to be conducted on the Porcupine Miracle Prospect and adopted a $52,619 budget for the realization of its phase 1. The phase 1 of the exploration program includes: compilation of all available property data, ground magnetic and induced polarization surveys, sampling program on any geophysical anomalies and other potential targets identified on the property.

Results of Operations

For the six months ended June 30, 2014 the Company incurred a loss of $49,843 compared to a loss of $51,143 for the corresponding six month period in 2013. The major expenses having led to the current loss are professional fees of $37,081.

Professional fees of $37,081 includes audit, tax and accounting fees of $15,600, legal fees paid to external counsel of $7,349 and fees of $14,132 paid to the Exchange and the registrar and transfer agent. In comparison for the six month period ended on June 30, 2013 the professional fees amounted to $42,400 and were comprised of audit, tax and accounting fees of $18,720, legal fees paid to external counsel of $4,243 and $19,437 paid to the Exchange and the registrar and transfer agent.

Office expenses of $8,794 consist of insurance premiums of $5,068 and of communication expenses (telephone, internet and mailing costs) of $3,726. For the six month period ended on June 30, 2013, office expenses were $7,942 comprised of insurance premiums for $5,862, communication expenses of $2,011 and other miscellaneous expenses of $69.

In addition the Company incurred exploration expenses of $5,426 on the exploration and evaluation assets it had previously impaired, compared to $485 of same during the six month period ended June 30, 2013.

For a more detailed breakdown of these expenses by quarter refer to "Summary of Quarterly Results" below.

Summary of Quarterly Results

The following table presents selected quarterly financial information for the last eight quarters which were prepared in accordance with **IFRS**:

	(1) Sep 30, 2012	(2) Dec 31, 2012	(3) Mar 31, 2013	(4) Jun 30, 2013	(5) Sep 30, 2013	(6) Dec 31, 2013	(7) Mar 31, 2014	(8) Jun 30, 2014
	$	$	$	$	$	$	$	$
Total Revenues	-	-	-	-	-	-	-	-
Net Loss	(33,365)	(1,435,023)	(21,909)	(29,234)	(5,181)	(6,071)	(22,097)	(27,746)
Net Loss per shares Basic & diluted	(0.003)	(0.130)	(0.002)	(0.003)	-	-	(0.002)	(0.002)

(1) During the third quarter ended September 30, 2012 the Company incurred a loss of $33,365. The largest single component of this loss was the $24,000 of management fees to Golden Valley pursuant to the Management Agreement. Other expenses were as follows: i) professional fees of $6,409, composed of audit, tax and accounting fees of $4,000, legal fees paid to external counsel of $910 and Exchange, regulatory and transfer agent expenses of $1,499, ii) Office expenses of $2,934, composed of insurance premiums of $2,912 and communication expenses of $22, and iii) bank fees of $22.

(2) During the fourth quarter ended December 31, 2012 the Company incurred a loss of $1,435,023. The largest single component of this loss was the impairment of the carrying value of the Otish/Mistassini Prospect that represents $1,403,948 or 97.8% of the total loss incurred for the fourth. The part of the loss incurred from current activities amounted to $31,075 or $0.03 per share and the majority of which is comprised of the $24,000 ($8,000 per month) management fees paid to Golden Valley pursuant to the Management Agreement. Other expenses were as follows: i) professional fees of $3,570, composed of audit, tax and accounting fees of $700, legal fees paid to external counsel of $1,468 and Exchange, regulatory and transfer agent fees of $1,402, ii) Office expenses of $3,489, composed of insurance premiums of $2,931,

communication expenses of $35 and miscellaneous travel expenses of $523, and iii) bank fees of $16.

(3) A loss of $21,909 was incurred by the Company during the first quarter ended March 31, 2013. The components of this loss, incurred from current activities are as follows: i) professional fees of $18,703, composed of audit, tax and accounting fees of $11,440, legal fees paid to external counsel of $306 and Exchange, regulatory and transfer agent fees of $6,957, ii) Office expenses of $3,000 consisting of insurance premiums of 2,931 and miscellaneous travel expenses of $69, iii) expenses related to the exploration and evaluation assets impaired as at December 31, 2012, of $148 and iv) bank fees of $58.

(4) A loss of $29,234 was incurred by the Company during the second quarter ended June 30, 2013. The components of this loss, incurred from current activities are as follows: i) professional fees of $23,697, composed of audit, tax and accounting fees of $7,280, legal fees paid to external counsel of $3,938 and Exchange, regulatory and transfer agent fees of $12,479), ii) Office expenses of $4,942 consisting of insurance premiums of $2,931 and communication expenses of $2,011, iii) expenses related to the exploration and evaluation assets impaired as at December 31, 2012, of $337, iv) travel expenses of $239 and v) financial costs of $19.

(5) A loss of $5,181 was incurred by the Company during the third quarter ended September 30, 2013. The components of this loss, incurred from current activities are as follows: i) professional fees of $2,719, composed of legal fees paid to external counsel of $1,001 and Exchange, regulatory and transfer agent fees of $1,718, ii) Office expenses of $2,902 consisting of insurance premiums of $2,802 and communication expenses of $100, iii) a recovery of expenses related to the exploration and evaluation assets impaired as at December 31, 2012, of $462, and iv) financial costs of $22.

(6) During the fourth quarter ended December 31, 2013 the Company incurred a loss of $6,071. The components of this loss were as follows: i) professional fees of $3,164, composed of legal fees from external counsel of $331 and Exchange, regulatory and transfer agent expenses of $2,833), ii) Office expenses of $2,626, composed of insurance premiums of $2,534, and communication expenses of $92, iii) exploration expenses of $263 and iv) bank fees of $18.

(7) During the first quarter ended March 31, 2014 the Company incurred a loss of $22,097. The components of this loss were as follows: i) exploration expenses of $3,334 incurred on the Otish and Mistassini Prospects previously impaired, ii) professional fees of $17,365, composed of Audit, tax and accounting fees of $9,360, legal fees from external counsel of $1,073 and Exchange, regulatory and transfer agent expenses of $6,932), iii) office expenses of $2,839, composed of insurance premiums of $2,534, and communication expenses of $305, and iv) interest income of $1,441.

(8) For a description of the results of the second quarter ended June 30, 2014, please see below.

Second Quarter Results

During the second quarter ended June 30, 2014 the Company incurred a loss of $27,746. The components of this loss were as follows: i) exploration expenses of $2,092 incurred mostly on the Otish and Mistassini Prospects previously impaired ($167 on Porcupine Miracle Prospect), ii) professional fees of $19,716, composed of Audit, tax and accounting fees of $6,240, legal fees from external counsel of $6,276 and Exchange, regulatory and transfer agent expenses of $7,200), iii) office expenses of $5,955, composed of insurance premiums of $2,534, and communication expenses of $3,421, and iv) interest income of $17.

Liquidity and Capital Resources

As at June 30, 2014, the Company had cash and cash equivalents of $132,833 and working capital of $127,489 compared to cash and cash equivalents of $169,087 and working capital of $177,934 at December 31, 2013. The reduction in cash and cash equivalents is resulting from the current loss (excluding the items that did not necessitate cash outlay as shown in the statement of cash flow).

The Company's objectives in managing its capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. The Company's capital is composed of its shareholders' equity. The Company is not subject to any externally imposed capital requirements. The Company has not issued any dividends, other than as disclosed under the section "Company Overview, Nature of Operations, and Overall Performance" above.

As at June 30, 2014, shareholders' equity amounted to $335,956 compared to $385,799 at December 31, 2013. Shareholder's equity was reduced as a result of the $49,843 loss incurred in the six month period ended June 30, 2014 (refer to "Results of Operations" and "Summary of Quarterly Results" above). The Company's investment policy is to keep its cash treasury on deposit with a Canadian chartered bank.

Contractual Obligations

Golden Valley and the Company entered into a Management and Administrative Services Agreement dated October 1, 2010 (the "**Management Agreement**"), pursuant to which Golden Valley agreed to provide certain administrative, management and financial services to the Company, such as office space and administrative support, including the use of Golden Valley's in house legal counsel, for day to day general inquiries, services of a chief financial officer and investor relations services in consideration of a fee of $96,000 per year. The Management Agreement can be terminated at any time and by either party, upon delivery of a twelve month written notice. The Management Agreement provides for the fee to be reviewed on an annual basis.

To preserve cash for the Company's operations, Golden Valley agreed to suspend indefinitely the management fees under the Management Agreement effective January 1, 2013. Accordingly, the Company did not incur management fees during the six month periods ended June 30, 2014 and 2013, notwithstanding that Golden Valley continues to provide the services under the agreement. Charges for management fees will resume when the Company's cash flow will permit.

The Company entered into an amending agreement (an "**Amending Agreement**") with Golden Valley dated May 21, 2014, amending the terms of the Management Agreement. The Amending Agreement confirms, among other things, that if there is a change of control of the Company and Golden Valley terminates the Management Agreement within six months of the change of control or the Company terminates the Management Agreement within twelve months of the change of control or if the Company and Golden Valley agree to terminate the Management Agreement within six months of the change of control, then the Company will pay Golden Valley a termination payment equal to the aggregate of the amounts that would have been payable by the Company to Golden Valley as the fee for the period from the date of the Amending Agreement to the date on which the Management Agreement is terminated if payment of the fee had not been suspended during such period.

Off balance Sheet Arrangements

The Company has no off balance sheet arrangements as at June 30, 2014 or as at the date of this MD&A.

Commitments and Proposed Transactions

As of the date of this MD&A, there are no undisclosed pending proposed transactions that would materially affect the performance or operation of the Company.

Related Party Transactions

The following transactions took place between the Company and Golden Valley:

Pursuant to the terms of the Management Agreement, Golden Valley has agreed to provide the Company with the services of a qualified geologist at an hourly rate equal to the hourly charge to Golden Valley, plus 10% ("**Geological Fees**"). During the six month period ended June 30, 2014, the Company incurred Geological Fees in the amount of $2,233 ($170 which was entirely expensed, during the six months ended June 30, 2013) of this amount $601 were included in exploration and evaluation assets.

The Company did not pay any compensation or any other form of employment benefits or perquisites to its directors and officers in the three month period ended March 31, 2014.

In July 2014, the Company entered into a Mining Option Agreement to acquire up to 100% property in the Porcupine Miracle Prospect from 2973090 Canada Inc, a company owned and controlled by Mr. Glenn J. Mullan, the CEO of the Company. For more information on this transaction, please refer to the section; Property Interests of this report.

CAPITAL STOCK

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with restrictions as determined by the Company's Board of Directors.

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at the date of this MD&A:

	Total outstanding	Escrowed
Common shares	11,166,664	Nil
Preferred shares	Nil	Nil
Incentive stock options	Nil	Nil

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. The Company's management manages the Company's financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Company's main financial risk exposure and its financial risk management policies are the following:

Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The main risk related to credit risk through cash which is managed by dealing with one reputable financial institution.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has the financial resources such as bank loans for a sufficient authorized amount. The Company establishes budget and cash estimates so as to ensure it has the necessary funds to fulfill its obligations. Accounts payable and accrued liabilities are due within less than 90 days.

The fair value of these financial instruments approximates their carrying value given their short-term maturity date. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

At June 30, 2014, the Company had cash and cash equivalents in hand amounting to $132,833 and sales taxes receivable of $1,830 from Canada Revenue Agency and Quebec Revenue Agency combined. The Company had accounts payable and accrued liabilities of $7,716, all of which are current liabilities of the Company. See also "Liquidity and Capital Resources" above.

CRITICAL RISKS INHERENT TO THE COMPANY'S BUSINESS

Moratorium imposed by the Government of Québec

As noted in "Company Overview, Nature of Operations and Overall Performance" above, on March 28, 2013, the Government of Québec announced it had decreed a "moratorium" on all exploration, development and mining for uranium in the province. The impact of this moratorium is uncertain at this point in time, and there is no assurance that the

Company will be able to continue exploration on its uranium properties located in Québec as contemplated, or at all.

Receipt of Letter from the Exchange

Also as noted in "Company Overview, Nature of Operations and Overall Performance" above, on March 25, 2014, the Company received a letter from the Compliance & Disclosure department of the Exchange providing the Company with a deadline of September 25, 2014 before which to provide the Exchange with evidence that the Company meets the Exchange's continued listing requirements. If the Company is not able to demonstrate such compliance to the satisfaction of the Exchange, the Company's listing will be transferred to NEX. The Company will then have to demonstrate compliance with the Exchange's initial listing, as opposed to continued listing, requirements which are more stringent in order to be again listed on the Exchange. There can be no assurance that the Company will be able to maintain its listing on the Exchange.

Investment of Speculative Nature

Investing in the Company, at this early stage of its development, is of a highly speculative nature. The Company was listed in July of 2011; it has no history of earnings, and will not generate earnings or pay dividends in the foreseeable future. There can be no assurance that the Company's shares will continue to meet the Exchange's continued listing requirements. The lack of an active public market could have a material adverse effect on the price of the Company's shares.

Nature of Mineral Exploration and Mining

There is no known mineral resource on the Company's properties. Development of the Company's properties is uncertain in light of the moratorium imposed by the Government of Québec discussed above. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is, therefore, no assurance that the Company's' mineral exploration and development activities will result in any discoveries of bodies of commercial ore. The long-term profitability of any of the Corporations' operations will be, in part, directly related to the cost and success of their respective exploration programs, which may be affected by a number of factors out of the Company's control.

Substantial expenditures are required to establish reserves through drilling and, if warranted, 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 at all, or that the funds required for development can be obtained on a timely basis. Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge, and careful evaluation may not be able to overcome.

Exploration and Development Risks

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 that are beyond the control of the Company and that 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 Corporations not receiving an adequate return of investment capital. Mineral exploration and mining involve considerable financial and technical risk. Substantial expenditures are usually required to establish ore reserves, to evaluate metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to assure that the current exploration programs planned by the Corporations will result in profitable commercial mining operations, as few properties that are explored are ultimately developed into producing mines. Unusual or unexpected geological formations, unstable ground conditions that could result in cave-ins or landslides, floods, power outages or fuel shortages, labour disruptions, fires, explosions, and the inability to obtain suitable or adequate machinery, equipment or labour are risks associated with the conduct of exploration programs and the operation of mines. The Company has no experience in the development and operation of mines and in the construction of facilities required to bring mines into production. The Company will rely upon consultants for expertise with respect to the construction and operation of a mining facility.

Additional Financing

Future exploration and development activities will require additional financing. There is no assurance that additional funding will be available to the Company when needed or that, if available, the terms of such financing will be commercially reasonable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests. The effects of these factors cannot be accurately predicted, but any of these issues could impede development or render it uneconomic. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. Any additional equity financing will cause dilution to shareholders and may result in a change of control.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar and the price of metals, 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 businesses, operating results, and financial condition.

Global Financial Condition

Global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by various factors 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's; 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 Company's shares could be adversely affected.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental and non-governmental authorities. There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company's, in the search for and the acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with the competition in acquiring such properties or prospects.

No Assurance of Title to Property

While the Company has conducted title searches on its properties, and to the best of its knowledge, title its properties are in good standing this should not be construed as a guarantee of title. The Company's claims may be subject to prior unregistered agreements or transfers or third party and native land claims and title may be affected by undetected defects. If any such title issues arise and are unresolved, any mineral prospect or mineral deposit defined or delineated may fail to meet the definition of a "mineral reserve" pursuant to applicable legislation. Furthermore, there is no assurance that the interests of the Company's may not be challenged or impugned.

Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. The Company does not maintain key-person insurance on the lives of any of its key personnel. In addition, while certain of the Company's officers and directors have experience in the exploration of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of their exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Environmental and other Regulatory Requirements

The operations of the Company require permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company may undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Company may be liable for environmental contamination and natural resource damages relating to properties that it currently owns, operates or have an interest in, or at which environmental contamination occurred while or before it owned, operated or acquired an interest in the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, such as the recently imposed moratorium outlined in "Company Overview, Nature of Operations and Overall Performance" above, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Unknown Environmental Risks for Past Activities

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated, and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. The Company may be liable for environmental contamination and natural resource damages relating to properties that they currently own, operate or have an interest in, or at which environmental contamination occurred while or before they owned, operated or acquired an interest in the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Political Regulatory Risks

Any changes in government policy, such as the recently imposed moratorium outlined in "Company Overview, Nature of Operations and Overall Performance" above, may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as their ability to continue to explore, develop and operate those properties in which they have an interest or in respect of which they have obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Conflicts of Interest

The directors and officers of the Corporations will not be devoting all of their time to the affairs of the Corporations. Some of the directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Insurance

The Company does not have insurance to adequately protect itself against certain risks associated with mineral exploration. Even if they were to obtain insurance, the Company will remain at risk and will be potentially subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs or other reasons. In the course of exploration, development and production of mineral properties, certain risks, and 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.

Influence of Third Party Stakeholders

The lands in which the Company hold interests, or the exploration equipment and road or other means of access which the Company intend to utilize in carrying out work programs or general exploration mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the work programs of the Company may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

Fluctuation in Market Value of Shares

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The future effect of these and other factors on the market price of Company's shares on the Exchange cannot be predicted.

ADDITIONAL INFORMATION

Additional information about the Company may be obtained on SEDAR at www.sedar.com by accessing the Company's issuer profile.