PACIFIC RIDGE exploration ltd.

(An Exploration Stage Company)

Management's Discussion and Analysis (MD&A)

(Form 51-102F1)

Year ended December 31, 2017

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated **April 19, 2018** and provides an analysis of Pacific Ridge's financial results for the year ended December 31, 2017 ("2017") compared to those in the prior year ended December 31, 2016 ("2016").

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017 and the related notes thereto. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). All amounts contained herein are in Canadian dollars, unless otherwise indicated.

The Company's shares are listed on the TSX Venture Exchange under the symbol "PEX". Additional information related to Pacific Ridge is available on the Company's website at www.pacificridgeexploration.com or on SEDAR at www.sedar.com

Forward Looking Statements and Risk Factors

This MD&A contains forward-looking statements that are related to the Company's activities and future financial results. The results for the current periods are not necessarily indicative of the results for any future period. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance as the mineral exploration business is not without risk and most exploration projects will not become mines. The Company is subject to a number of risks and uncertainties due to the nature of its business and the early stage of its exploration projects. A detailed discussion of risks is presented at the end of this MD&A.

Pacific Ridge's disclosure of a technical or scientific nature has been reviewed and approved by Mr. Gerald G. Carlson, Ph.D., P. Eng., President and CEO of the Company, and a Qualified Person under the definition of National Instrument 43-101.

Highlights

- In January 2017, the Company announced that it had closed the arrangement whereby BMC Minerals (No. 1) Ltd. ("**BMC**") acquired an option to earn a 100% interest in the Company's Fyre Lake Cu-Au-Co project.
- In January 2017, the Company received $350,000 from BMC as an option payment for the Company's Fyre Lake project.
- In February, the Company announced that it had acquired an option to earn a 100% interest in the OGI Zinc prospect, located 50 km east of Dawson City, Yukon.
- In May, the Company announced that the TL Zinc project option terms had been extended for one year to allow for the resolution of allegations of third party interests in the property.
- In June, the Company announced its new RC Gold project acquisition in Yukon's Tintina Gold Belt and the commencement of its Yukon field program.
- In August, the Company announced the termination of the Poker Brown option.
- In December, the Company received a payment of $300,000 from BMC related to the Fyre Lake option and the termination of the OGI Zinc project option.

Mineral Properties

RC Gold, Yukon

On June 9, 2017, the Company entered into two separate option agreements to acquire the road accessible RC Gold project, including the RC, Bee and Bop claim groups. The project is located in the Clear Creek district in the heart of the Yukon's Tintina Gold Belt. RC Gold lies at the headwaters of Clear Creek, one of the Yukon's prolific placer gold creeks. It adjoins StrikePoint Gold's Mahtin Project on the east and Victoria Gold's Clear Creek project on the west. The target at RC Gold is an Intrusion Related Gold deposit such as Victoria Gold's Eagle Gold, Golden Predator's Brewery Creek, and Kinross Gold's Fort Knox in Alaska.

In July and August 2017, the Company completed an exploration program, including detailed mapping, prospecting and soil sampling. This program defined four new high-priority gold targets. The Company is now planning a follow-up exploration program for the 2018 field season that will include a Phase 1 component of detailed mapping, sampling to be followed by a Phase 2 drill program to test priority targets.

Mariposa, Yukon

The Company's 100% owned Mariposa property is located 120 kilometres southeast of Dawson City, Yukon. The 295 km^2 property lies 40 kilometres southeast of White Gold's Golden Saddle deposit and 30 kilometres east-northeast of Goldcorp's Coffee property. Prior exploration identified an open-ended 7 km long horizon of altered sulphide bearing quartz mica schist in the Skookum Zone area. This unit is locally flanked by intrusive and mafic rock units, a setting favorable for hosting a gold-mineralizing system.

The property is under option to Four Nines Gold Inc. ("Four Nines" – formerly Eureka Dome Gold Inc.). Under the terms of the agreement, Four Nines can earn a 51% interest in the property by making cash payments of $190,000 ($30,000 received), issuing 1,200,000 common shares (300,000 received) and 150,000 common share purchase warrants (received) and completing $2,500,000 in exploration in staged annual increments by December 31, 2020, of which approximately $304,000 was completed as of December 31, 2017. Four Nines will then have the option to increase its interest to 70% by making additional cash payments of $200,000, issuing an additional 500,000 common shares and completing an additional $2,500,000 in exploration by December 31, 2022.

Four Nines completed a trenching program in 2017 over the Hackly, Skookum Main and Skookum West target areas. Highlights included 0.47 gpt Au over 25.5 m (including 1.39 gpt Au over 6 m), 1.61 gpt Au over 4.5 m, 0.88 gpt Au over 10.5 m, 1.05 gpt Au over 7.5 m and 1.68 gpt Au over 4.5 m. Four Nines has not yet announced its exploration plans for 2018.

Eureka Dome, Yukon

The Company's 100% owned Eureka Dome project includes in 156 Moose and EU quartz claims, covering approximately 32 km^2. The Property lies between the well explored and geologically complex Klondike gold fields to the north and the Stewart River area to the south. Placer mining activity in Eureka Creek dates back to the 1896 gold rush. During the period 1978-82, Eureka was the first-ranked placer creek in Yukon. The reported historical placer production from Eureka and Black Hills Creeks is estimated to be greater than 140,000 oz. Au.

Mineral Properties (continued)

Eureka Dome, Yukon (continued)

In 2017, the Company completed a soil geochemical program that included the collection of 1,346 soil samples. The survey defined a gold soil anomaly with associated anomalous values of arsenic, antimony and mercury. The source of this anomaly is interpreted to be structurally controlled, epithermal-style gold mineralization associated with the Eureka Creek fault zone. Creeks from streams downslope of this anomaly are enriched in gold, with values ranging from 360 ppb to 2,190 ppb gold. The Company plans a program of detailed mapping, prospecting and trenching to determine the source of this anomaly.

Fyre Lake, Yukon

The Company holds a 100% interest in the Fyre Lake copper-gold-cobalt massive sulphide project in the Yukon's Finlayson Lake District. The Company has spent approximately $6.0 million on an extensive program of diamond drilling that resulted in definition of a NI 43-101 compliant mineral resource estimated, at a 1.0% copper cut-off, to contain an indicated mineral resource of 3.6 million tonnes grading 1.57% copper, 0.10% cobalt and 0.61 grams gold per tonne and an inferred mineral resource of 5.4 million tonnes grading 1.5% copper 0.08% cobalt and 0.53 grams gold per tonne. The resource remains open for expansion.

In December 2016, the Company announced that it had agreed to option a 100% interest in the project to BMC Minerals. BMC has been granted an option effective as of the closing whereby, in order to maintain and exercise the option, it must pay the Company $375,000 ($25,000 paid in 2016 and $350,000 paid in January 2017) on closing, $300,000 one year after closing (paid) and $2,420,000 two years after closing. In addition, BMC has agreed to make a bonus payment of $1,000,000 if and when BMC's Kudz Ze Kayah property has reached commercial production for one year.

On December 29, 2017, the Company received the second $300,000 option payment from BMC.

TL Zinc, British Columbia

The Company has an option to earn a 100% interest in the road accessible, 6,420 hectare TL Zinc project located 80 km northeast of Vernon, British Columbia. Massive to semi-massive sulphide float and outcrop containing sphalerite, pyrite and pyrrhotite assayed in the range of 1.08% to 18.87% Zn and an average of 4.96% Zn. Trenching encountered a zone of 7.16% Zn over 4 m. An airborne magnetic-electromagnetic survey defined a strong conductive layer, 4 km in length and approximately 100 m to over 200 m wide. In 2012, 6 shallow holes (total 490 m) were drilled below the trenching. The drilling encountered a 10 to 13 m thick sulphide mineralized zone with zinc values ranging from less than 1% to 5%.

In early December 2016, the Company completed two drill holes for a total of 611 m at the eastern end of the main HELITEM electromagnetic conductor. Both holes intersected several zones of graphitic schist that appear to be the cause of the electromagnetic anomaly.

The proposed 2017 drill program at the TL Zinc property was suspended. Allegations of third party interests in the 16 TL Claims under option to Pacific Ridge have been made and, to allow time to resolve the issue, the optionor and Pacific Ridge have agreed to extend the option terms by one year. Once the issue is resolved, the Company plans to resume the drill program.

Mineral Properties (continued)

OGI Zinc, Yukon

On February 18, 2017, the Company entered into an option to earn a 100% interest in the OGI Zinc prospect, located 50 km east of Dawson City, Yukon. The target at OGI Zinc is stratabound Zn-Pb-Ag mineralization, similar to Howards Pass and many other zinc-rich base and precious metal occurrences within Yukon's Selwyn Basin.

The Company's 2017 field program confirmed the size and intensity of the Zn-Ag soil anomaly, but it failed to detect a significant underlying metal source. In December 2017, the Company terminated the OGI option.

Poker Brown, Nevada

Poker Brown is a bulk tonnage, heap leachable gold prospect located 190 km from Reno, Nevada. In April 2017, the Company completed a reverse circulation drill program. Results of the program were negative. In August 2017, the Company terminated the Poker Brown agreement.

Results of Operations

The following is a summary of the year's operations as compared to the prior year:

	Years ended December 31 2017	2016	Increase (decrease)
	$	$	$
Administration expenses			
Insurance	**7,500**	5,000	2,500
Professional and consulting	**37,809**	78,209	(40,400)
Management and administrative	**87,553**	53,575	33,978
Office operations and facilities	**56,983**	61,400	(4,417)
Shareholder communications	**16,877**	15,203	1,674
Share-based payments	**19,294**	47,757	(28,463)
Transfer agent and regulatory fees	**19,560**	25,719	(6,159)
	245,576	286,863	(41,287)
Other expenses (income)			
Exploration and evaluation costs	**484,131**	366,545	117,586
Government grants	**(119,659)**	(19,355)	(100,304)
Mining tax credit	**(10,045)**	-	(10,045)
Property option payments	**(650,000)**	(25,000)	(625,000)
Impairment of resource properties	**32,263**	-	32,263
Gain on sale of marketable securities	**-**	(10,936)	10,936
Unrealized loss in fair value of warrants	**4,190**	-	4,190
Foreign exchange loss	**3,159**	-	3,159
	(255,961)	311,254	(567,215)
Net income (loss) for the year	**10,385**	(598,117)	608,502
Other comprehensive (loss):			
Net change in fair value of marketable securities	**(5,500)**	-	(5,500)
Total comprehensive income (loss) for the year	**4,885**	(598,117)	603,002

The Company has not yet determined whether any of its resource properties contain mineral reserves that are economically recoverable. All direct costs associated with the exploration of these properties have been expensed as incurred.

The net income recorded during the year ended December 31, 2017, as compared with the prior year, is primarily due to property option payments, government grants and tax credits, amounts that were considerably smaller during 2016.

Results of Operations (continued)

There was also a significant reduction in administration expenses due to lower professional and consulting fees, management fees and office operations, as well as lower stock-based compensation. As there were no financing activities during 2017, the transfer agent and regulatory fees were also lower than in 2016.

Share-based payments were determined by the *Black-Scholes* option pricing model recognized over the vesting period of options based on each stock option grant. 383,000 stock options were granted in 2017 with an exercise price of $0.06 (2016 - 728,000 stock options with an exercise price $0.08).

Exploration and evaluation costs increased, as with the proceeds from the flow-through financing and existing working capital, the Company conducted a gravity survey and drilling program on its TL Zinc property, completed a 3-D IP survey and reverse circulation drill program on the Poker Brown property, and surface exploration programs on its OGI, Eureka Dome and RC properties.

The carrying values of the Company's mineral properties are reviewed by management quarterly, or when events or circumstances indicate that a carrying amount may not be recovered. The potential impairment indicators include but are not limited to the amount of work performed on the property, results of exploration to date, and plans or budgeting for the future exploration. As of December 31, 2017, an impairment of $13,763 was recorded for Poker Brown, and $18,500 for the OGI Zinc property, bringing their respective carrying values down to nil (2016 - no impairments were recorded).

Selected Annual Information

Selected annual information from the Company's three most recently completed financial years is listed as below:

	2017	2016	2015
	$	$	$
Revenues from the sale of mineral property royalties	-	-	508,200
Net income (loss) for the year	10,385	(598,117)	253,186
Basic and diluted income (loss) per share	0.00	(0.02)	0.01
Total assets	1,174,148	1,282,631	1,129,161
Long-term financial liabilities	-	-	-
Cash dividends declared	-	-	-

Fourth quarter ended December 31, 2017

The following table summarizes the operations of the last quarter, as compared to the same period during the prior year:

	Three months ended December 31		
	2017	**2016**	Increase (decrease)
	$	$	$
Administration expenses			
Professional and consulting	**22,571**	52,594	(30,023)
Management and administrative	**21,033**	15,425	5,608
Office operations and facilities	**22,772**	18,733	4,039
Shareholder communications	**3,336**	3,660	(324)
Share-based payments	**-**	31,917	(31,917)
Transfer agent and regulatory fees	**690**	3,411	(2,721)
	70,402	125,740	(55,338)
Other expenses (income)			
Exploration and evaluation costs	**27,252**	204,687	(177,435)
Government grants	**(119,659)**	(19,355)	(100,304)
Property option payments	**(300,000)**	(25,000)	(275,000)
Impairment of resource properties	**18,500**	-	18,500
Gain on sale of marketable securities	-	(10,936)	10,936
Unrealized loss in fair value of warrants	**4,190**	-	4,190
Foreign exchange loss	**(166)**	-	(166)
	(369,883)	149,396	(519,279)
Net income (loss) for the year	**299,481**	(275,136)	574,617
Other comprehensive (loss):			
Net change in fair value of marketable securities	**(5,500)**	-	(5,500)
Total comprehensive income (loss) for the year	**293,981**	(275,136)	569,117

In the three months ended December 31, 2017, the Company received a $300,000 property option payment for its Fyre Lake property, and $119,659 in government grants for its Eureka, RC Gold and OGI Zinc projects, resulting in a net income for the quarter as compared to a net loss during the last quarter of 2016.

The last quarter of 2017 also saw a decrease in administration expenses with respect to the last quarter of 2016, mostly due to lower professional and consulting fees and no shared-based payments in this year's last quarter.

Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with December 31, 2017:

	Quarter ended (three-month figures) ($)			
	31-Dec 2017	30-Sep 2017	30-Jun 2017	31-Mar 2017
Revenues	-	-	-	-
General and administration	(70,237)	(43,859)	(60,988)	(54,357)
Share-based payments	-	-	(19,294)	-
Exploration and evaluation costs	(27,252)	(223,264)	(88,626)	(144,989)
Unrealized loss in fair value of warrants	(4,190)	-	-	-
Impairment of resource properties	(18,500)	-	(13,763)	-
Mining tax credit and government grants	119,659	10,045	-	-
Property option payments	300,000	-	-	350,000
Net income (loss) for the period	299,480	(257,078)	(182,671)	150,654
Basic income (loss) per share	0.01	(0.01)	(0.01)	0.00
Total assets	1,174,148	937,646	1,162,811	1,338,770
Total liabilities	36,705	94,184	62,270	87,852
Shareholders' equity	1,137,443	843,462	1,100,541	1,250,918
Cash dividends declared	Nil	Nil	Nil	Nil

	Quarter ended (three-month figures) ($)			
	31-Dec 2016	30-Sep 2016	30-Jun 2016	31-Mar 2016
Revenues	-	-	-	-
General and administration	(93,823)	(53,011)	(53,747)	(38,525)
Share-based payments	(31,917)	(15,840)	-	-
Exploration and evaluation costs	(204,687)	(143,022)	(8,100)	(10,736)
Gain on sale of marketable securities	10,936	-	-	-
Mining tax credits and government grants	19,355	-	-	-
Property option payment	25,000	-	-	-
Net (loss) income for the period	(275,136)	(211,873)	(61,847)	(49,261)
Basic income (loss) per share	(0.01)	(0.01)	(0.00)	(0.00)
Total assets	1,282,631	823,301	1,007,493	1,011,748
Total liabilities	190,867	55,425	25,364	4,820
Shareholders' deficiency	1,091,764	767,876	982,129	1,006,928
Cash dividends declared	Nil	Nil	Nil	Nil

Quarterly Information Trends

The Company's results have been largely driven by the level of its property holding costs, exploration activities and recoveries from project optionees. The Company has had no revenue from mining operations since its inception other than from disposal of its assets and mineral royalties. Major variations in costs are summarized below:

- The gain or loss on disposal of mineral properties is dependent on the negotiated sales proceeds and can vary significantly from property to property.
- General exploration expenditures can vary from quarter to quarter depending on the stages and priorities of the exploration program and the availability of funds.
- Share-based payments can vary widely from quarter to quarter based on the timing, amount and tenure of stock option awards.

Liquidity and Capital Resources

The following table summarizes the Company's liquidity and working capital position:

	December 31, 2017	December 31, 2016
	$	$
Cash	**598,401**	694,374
Other receivables	**2,334**	12,415
Marketable securities and warrants	**36,830**	-
Liquidity:	**637,565**	706,789
Prepaid	**5,522**	4,650
Trade payable and accrued liabilities	**(36,705)**	(190,867)
Working capital:	**606,382**	520,572

The Company is dependent on its ability for raising funds by the issuance of shares or disposition of interests in resource properties in order to finance further acquisitions, undertake exploration and meet general and administrative expenses. As at April 19, 2018, the Company had cash on hand of approximately $493,000.

During the year 2017, the Company raised nil (2016 - $434,600) in equity financings, received nil (2016 - $71,672) as proceeds from the exercise of warrants, received nil (2016 - $125,041) as gross proceeds from the sale of marketable securities, and received $129,704 (2016 - $19,355) in government grants and tax credits. Cash received from property option payments are described next.

Cash used in operating activities was $728,821 (2016 - $407,891). In investing activities, the Company spent $30,000 in acquisition costs for RC Gold, Bee and OGI Zinc projects (2016 - $33,764 for TL Zinc and Poker Brown projects), received $650,000 in option payments for Fyre Lake and $20,000 for Mariposa (this last figure recorded as a reduction to the property's carrying cost) (2016 - $25,000 for Fyre Lake and $10,000 for Mariposa).

Liquidity and Capital Resources (continued)

The Company believes it has sufficient cash to sustain its operations for the next 12 months, and sufficient liquidity to meet its trade payables and accrued liabilities. The longer-term ability of the Company to continue its business is dependent on the continuing success of its exploration programs coupled with available funding through sale of its share capital, funding from option/joint venture parties or disposition of property interests.

Transactions with related parties:

The following transactions with related parties took place:

	Years ended December 31	
	2017	2016
	$	$
Fees paid to a company controlled by the CEO of the Company	**96,000**	77,250
Fees paid to the CFO of the Company	**18,000**	15,500
Stock-based compensation recorded for stock options granted to directors and officers of the Company (non-cash expense)	**19,294**	39,991
	133,294	92,750

Management is of the opinion that these transactions have occurred in the normal course of operations and they are measured at the exchange amount, being the amount of consideration established and agreed to by the transacting parties.

As at December 31, 2017, $3,197 was due to the CEO of the Company for reimbursable expenses (2016 - $5,000 due to a Company controlled by the CEO of the Company, $7,516 due to the CEO of the Company in reimbursable expenses, and $474 was due to the CFO of the Company).

Outstanding Share Data

As at April 19, 2018, the Company has

a) 31,329,009 common shares issued and outstanding;
b) 3,126,500 stock options outstanding and exercisable at a weighted exercise price of $0.06; and
c) 2,815,250 warrants outstanding exercisable at $0.14 until May 3, 2018.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None

Changes in Accounting Policies

The Company has not made any changes to its significant accounting policies, as described within Note 2, of its financial statements during the year ended December 31, 2017. Certain requirements were issued by the IASB that are mandatory for annual years beginning on or after January 1, 2018, as follows:

IFRS 9, *Financial Instruments* replaces the current standard, IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the International Accounting Standards Board's project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost; fair value through profit and loss; and fair value through other comprehensive income. IFRS 9 introduces the expected credit loss model for impairment of financial assets, which replaces the incurred loss model used in IAS 39. The Company expects to make an election upon initial recognition for marketable securities currently classified as available for sale, to satisfy the conditions for classification as fair value through other comprehensive income ("FVOCI"). Fair value movements and gains or losses realized on the sale of financial assets at FVOCI will not be reclassified to the consolidated statement of income. IFRS 9 is not expected to have a material effect on the Company's financial statements.

IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The Company has no leases as at December 31, 2017, and therefore the Company believes IFRS 16 won't have a material effect on the Company's financial statements.

Financial Instruments

The Company has classified cash and other receivables as loans and receivables; trade payable and accrued liabilities are classified as other financial liabilities. The Company has classified marketable securities as available for sales investments, and warrants as derivative financial instruments.

<u>Fair values</u>

As at December 31, 2017, the recorded amounts for cash, other receivables and trade payable and accrued liabilities approximate their fair values due to their short maturity. The Company's marketable securities and warrants are measured subsequent to initial recognition at fair value on a recurring basis. These financial instruments are grouped into Level 1 to 3 based on the degree to which the significant inputs used to determine the fair value are observable. Marketable securities are classified within level 1 of the fair value hierarchy as their fair value measurement is derived from quoted prices in active markets for identical assets. Warrants are classified within level 2 of the fair value hierarchy as their fair value measurement is derived from inputs other than quoted prices included within level 1, that are observable either directly or indirectly. No financial instruments were considered level 3, which are fair value measurements derived from valuation techniques that include significant inputs that are not based on observable market data.

Financial Instruments (continued)

Interest rate risk

The Company's cash held in financial institutions earns interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

Credit risk

The Company has its cash deposited with a large, federally insured, commercial financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At December 31, 2017, the Company had cash of $598,401 (2016- $694,374), and trade payable and accrued liabilities of $36,705 (2016 - $190,867).

Currency risk

The Company keeps approximately 8% of its cash in US dollars. A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $4,000 and its net loss for the year by approximately $12,000.

Price risk

The Company is exposed to price risk on its marketable securities and warrants due to fluctuations in the current market prices and fluctuations in trading volumes of those securities. December 31, 2018, the Company held marketable securities and warrants with a fair value of $36,830 (2017 - nil). These investments are subject to market price fluctuations that can be significant.

Critical Accounting Estimates

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the areas of estimate and judgment applied by management that most significantly affects the Company's financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Resource properties: The carrying value of the Company's mineral properties are reviewed by management quarterly, or whenever events or circumstances indicate that their carrying amounts may not be recovered. Management considers potential impairment indicators including, but not limited to, changes in commodity prices, plans for the properties and the results of exploration to date.

Share-based payments: The Company follows accounting guideline in determining the fair value of share-based compensations. The computed amount is not based on historical costs but is derived based on subjective assumptions input into a pricing model.

Risk Factors

The Company is subject to a number of risks due to the nature of its business and the present stage of exploration projects. The following factors should be considered:

Mineral Exploration and Development

The Company's properties are in the exploration stage and are without a known body of commercial ore. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in the discovery of a body of commercial ore on any of its properties. Several years may pass between the discovery and the development of commercial mineable mineralized deposits. Most exploration projects do not result in the discovery of commercially mineralized deposits.

Trends

The Company's financial success is dependent upon the discovery of mineral resources which could be economically viable to develop. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as market value of the products produced and availability of capital from the public market place. Other than as disclosed herein, the company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's results or financial position.

Operating Hazards and Risks

Mineral exploration involves many risks. The 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 resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in any of which events the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Risk Factors (continued)

Economics of Developing Mineral Properties

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract metal from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operation or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be 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. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Environmental Factors

The Company conducts exploration activities in various parts of Canada and the United States. Such activities are subject to various laws, rules and regulations governing the protection of the environment, including, in some cases, posting of reclamation bonds. Extensive environmental legislation has been enacted in Canada by federal, provincial and territorial governments and in the United States by federal and state governments. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the Company's properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company is not aware of any environmental hazards on any of the properties held or formerly worked by the Company. The approval of new mines in Canada is subject to detailed review through a clearly established public hearing process, pursuant to both the Federal Canadian Environmental Assessment Act and the provincial and territorial Environmental Review Agencies. Further, under such review process, there is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. Failure to comply with the legislation may have serious consequences. Orders may be issued requiring operations to cease or be curtailed or requiring installation of additional facilities or equipment. Violators may be required to compensate those suffering loss or damage by reason of its mining activities and may be fined if convicted of an offense under such legislation.

Risk Factors (continued)

Canadian provincial and territorial state mining legislation establishes requirements for the decommissioning, reclamation and rehabilitation of mining properties in a state of temporary or permanent closure. Such closure requirements relate to the protection and restoration of the environment and the protection of the public safety. Some former mining properties must be managed for long periods of time following closure in order to fulfill closure requirements. The costs of closure of mining properties, and, in particular, the cost of long term management of mining properties can be substantial. The Company intends to progressively rehabilitate its mining properties during their period of operation, should any properties become operational, so as to reduce the cost of fulfilling closure requirements after the termination or suspension of production.

The Company has adopted environmental practices designed to ensure that it continues to comply with or exceeds all environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. The Company is currently engaged in exploration with minimal environmental impact.

Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties. Before a number of claims under option can be recorded in the Company's name, the underlying title holder has to assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title. Land may be transferred by the State to businesses and citizens for possession and use based on leases.

Canadian Aboriginal Land Claims

Canadian Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is generally supportive of measures established to achieve such cooperation. While there is, to the Company's knowledge, no specific existing claim in respect of any of its properties, the advent of any future aboriginal land claims and the outcome of any aboriginal land claims negotiations or related issues cannot be predicted.

Competition and Agreements with Other Parties

The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors. There is significant and increasing competition for a limited number of resource acquisition opportunities and as a result, the Company may be unable to acquire attractive mining properties on terms it considers acceptable. The Company competes with other companies that may have substantially greater financial resources than the Company. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

Risk Factors (continued)

Governmental Regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with Company policy, government regulations, and maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral land or to stake a claim) in any Canadian province or territory in which it is carrying out work. Mineral exploration primarily falls under provincial or state jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdictions, such as the Fish and Wildlife Act in Canada and the Environmental Protection Agency in the United States.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

Metals Prices

The Company's revenues, if any, and ability to attract equity financing is expected to be in large part derived from the discovery of mineral properties and the sale of minerals contained or interests related thereto. The price of those commodities has fluctuated widely, particularly in the last three years, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and other and inventory carrying costs. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Company's operations, cannot accurately be predicted.

Management and Directors

The Company is dependent on its key management personnel. Loss of the key person could have an adverse effect on the Company. The Company does not maintain "key-man" insurance in respect of any of its management.

Risk Factors (continued)

Conflicts of Interest

Certain of the Directors and Officers of the Company are also in their personal capacities, or as Directors or Officers of other companies, engaged in mineral exploration and development. Accordingly, exploration opportunities or prospects of which they become aware may not necessarily be made available to the Company. The Directors and Officers intend to allocate opportunities or prospects from time to time on the basis of prudent business judgment. The Directors are required by law to act honestly and in good faith with a view to the best interest of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a Director for the approval of such transaction.

Price Fluctuations: Share Price Volatility

In recent years, the international securities markets have experienced high levels of price and volume volatility, and the market prices of securities of many mineral exploration companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that the continual fluctuations in market price will not occur which may impact the Company's market capitalization as well as its ability to facilitate equity financing.

Legal Proceedings

As at December 31, 2017 and the date of this document, there were no legal proceedings against or by the Company.

Subsequent events

On January 12, 2018, the Company granted 200,000 stock options to two officers of the Company, exercisable at $0.06 per share for a period of five years.