MARGAUX RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Margaux Resources Ltd. ("Margaux" or the "Corporation") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the years ended September 30, 2016 and 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements of the Corporation for the years ended September 30, 2016 and 2015, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited financial statements of the Corporation for the years ended September 30, 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Margaux common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The date of this MD&A is January 30, 2017.

Further information about the Corporation and its operations can be obtained from the offices of the Corporation or from **www.sedar.com**.

Cautionary Note Regarding Forward-Looking Information

This document contains certain forward-looking statements, including management's assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks and uncertainties, certain of which are beyond Margaux's control. Forward looking information does not relate strictly to historical or current facts and can be identified by words such as "anticipate", "believe", "estimate", "expect", "forecast", "intend", "may", "project", "should", "will" or similar expressions. These statements represent management's reasonable projections, expectations and estimates as of the date of this document but undue reliance should not be placed upon them, as they are derived from many assumptions. Such assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A, which may cause actual performance and financial results to differ materially from any projections of future performance or results implied by such forward looking statements.

The forward looking information in the MD&A is subject to significant risks and uncertainties and is based on many factors and assumptions which may prove to be incorrect; including, but not limited to, the following:

- The Corporation has sufficient financial resources with which to conduct its capital program; and
- Whether or not the Corporation can obtain additional capital through equity or debt issuance.

The forward looking information represents management's views as of the date of this MD&A and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. Management has attempted to identify important factors that could cause actual results to vary from those current expectations or estimates expressed or implied by the forward looking information. However, there may be other factors that cause actual results or performance to differ materially from current estimates and expectations. Other risks and uncertainties include, but are not limited to:

- Normal risks common to the mining industry, including various operational risks in the implementation of exploration, development and production operations;
- Risks and uncertainties of mining economic geological reserves;
- Revisions or amendments to capital expenditure programs, including development and exploitation opportunities;

- The Corporation's ability to attract and retain qualified professional employees and consultants;
- Risks as to the availability and pricing of appropriate financing alternatives on acceptable terms; and
- Potential changes in government policies, rules, approval process changes, delays or enhancements, or income tax regulations.

The preparation of the financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgment and decisions based on available geological, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Margaux's actual results, performance or achievements could differ materially from those expressed in, or implied in, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Margaux will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Margaux or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and Margaux does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Description of Business and Overall Performance

The Corporation was incorporated on August 5, 2009 pursuant to the *Business Corporations Act* (Alberta). On August 16, 2010 the Corporation amended its Articles to remove the private Corporation and share transfer restrictions, and on July 4, 2011 completed the process of applying for status as a Capital Pool Corporation as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4.

The Corporation is a mineral exploration company focused on exploration and development on the previously producing properties in the Kootenay Arc location in Southeastern British Columbia, including the Jersey Emerald, Jackpot/Oxide, Sheep Creek and Bayonne Properties on which Margaux has options.

Jersey – Emerald Property, British Columbia

The 14,000 hectare Jersey Emerald Property is the largest mineral property in the famous Kootenay Arc silver-lead-zinc-tungsten belt. Located near the town of Salmo, British Columbia, the property is host to 5 historic mines including British Columbia's second largest zinc mine and Canada's second largest tungsten mine (the Emerald Tungsten Mine). The property has a current measured and indicated NI 43-101 resource of 2.72 million tonnes averaging 0.358% WO_3 and an additional inferred resource of 2.32 million tonnes averaging 0.341% WO_3 using a 0.15% cutoff. The property includes the Victory Tungsten Deposit which has a historical resource of 84,000 tons of 0.54% WO_3.

The historic Jersey Mine was British Columbia's second largest lead-zinc mine. The property has excellent infrastructure including $150 million in underground development, road access, power, water and a nearby skilled workforce.

During 2013, the Corporation entered into an option to purchase agreement (the "Jersey Emerald Option Agreement"), as amended, with Apex Resources Ltd. (formerly Sultan Minerals Inc.) ("Apex") to acquire Apex's 100% interest in the Jersey and Emerald Properties (the "Property") for total proceeds of $4,010,000 from 2013 to 2018.

Under the terms of the Option Agreement, as amended, Margaux has the exclusive option to acquire the Property by:

1) making payments to Apex of an aggregate $4.01 million, paid in several installments on or before March 1, 2020 as follows (the "Option Payments"):

a) an initial deposit of $50,000 (paid);

b) on or before January 24, 2014, a cash payment of $450,000 (for an aggregate payment of $500,000) (paid);

c) on or before the first anniversary of the execution of the Option Agreement, a cash payment of $400,000 (for aggregate payments of $900,000) (paid);

d) on or before February 22, 2016 a cash payment of $10,000 (for an aggregate payment of $910,000) (paid);

e) cash payments of $15,000 monthly commencing April 1, 2016 for a period of 12 months (for a total of $180,000 and for aggregate payments of $1,090,000) (90,000 paid to September 30, 2016);

f) cash payments of $50,000 monthly commencing April 1, 2017 for a period of 12 months (for a total of $600,000 and for aggregate payments of 1,690,000);

g) cash payments of $100,000 monthly commencing April 18, 2018 (for a total of $2,320,000 and for aggregate payments of $4,010,000).

In the event that Margaux receives an advance payment from any working interest partners on the project, Margaux will make reasonable commercial efforts to provide expedited payments to Apex.

2) incurring not less than the aggregate sum of $2,000,000 in expenditures on the Property on or before the third anniversary of the execution of the Option Agreement, which obligation was satisfied.

Apex will retain a 1.5% net smelter returns royalty ("NSR") on the Property. For a period of 60 days following the earlier of (a) the commencement of commercial production on the Property or (b) the completion of a feasibility study on the Property, Margaux may purchase 50% of the NSR (being a 0.75% net smelter returns royalty) from Apex for a payment to Apex of $5.0 million.

Pursuant to the Jersey Emerald Option Agreement, Margaux will assume all existing royalties on the Property.

Exploration

Exploration expenditures on the Property in 2016, with the 2015 comparative figures shown in parentheses, include exploration and evaluation expenses of $302,361 ($865,669).

On May 25, 2016. the Corporation announced it engaged Perry Grunenberg, P. Geo. of PBG Geoscience to assist in planning and managing testing programs on its Jersey-Emerald Property.

Subsequent Events

On October 24, 2016, the Corporation entered into an option agreement with a third party for the acquisition of 100% of the Jackpot/Oxide Property (the "Jackpot Property"), located in Salmo, British Columbia (the "Jackpot Option Agreement").

The Jackpot Property is located in the Kootenay Arc belt in southeastern British Columbia, approximately 15 kilometres northeast of the community of Salmo, and approximately 2 kilometres north of Margaux's Jersey-Emerald Property. The Jackpot Property consists of mineral claims and crown grants, covering 1,326 hectares in the Nelson Mining Division, and is prospective for zinc, lead and silver. The aforementioned claims are on strike of the Badshot-Reeves Limestone, which hosts several important zinc-lead mines, including the Reeves MacDonald, Jersey-Emerald and HB.

Under the terms of the Jackpot Option Agreement, Margaux has the exclusive option to acquire the Jackpot Property, by making payments to the third party of an aggregate $340,000 cash and aggregate issuance of 500,000 shares, paid in several installments as follows:

1) within ten business days of execution of the Jackpot Option Agreement, a cash payment of $5,000 (paid);

2) upon receipt of TSX Venture Exchange approval, a cash payment of $5,000 and issuance of 50,000 shares (paid);

3) on or before the first anniversary of the execution of the Jackpot Option Agreement, a cash payment of $30,000 and the issuance of 150,000 shares;

4) on or before the second anniversary of the execution of the Jackpot Option Agreement, a cash payment of $60,000 and issuance of 150,000 shares;

5) on or before the third anniversary of the execution of the Jackpot Option Agreement, a cash payment of $90,000 and issuance of 150,000 shares; and,

6) on or before the fourth, fifth and sixth anniversary of the execution of the Jackpot Option Agreement, a cash payment of $50,000.

The third party will retain a 1.5% NSR on the property. The Corporation may at any time purchase up to 50% of the NSR from the third party by payment of $1,000,000.

On November 24, 2016, the Corporation closed the second tranche of a private placement by issuing 2,128,000 units of the Corporation (6,104,000 total) at a price of $0.25 per unit, and 1,122,582 common shares of the Corporation issued on a CEE flow-through basis (1,670,969 total) at a price of $0.31 per share. Each unit consists of one common share and one common share purchase warrant. Each whole warrant will expire 24 months from the closing date of the offering, and will entitle the holder to acquire one common share at a price of $0.30 per common share. Total proceeds raised under the Financing were $2,044,000.

The Corporation also granted 475,000 common share purchase options to certain employees, consultants and the Corporation's VP Exploration in accordance with the Corporation's shareholder approved stock option plan. The stock options are exercisable at a price of $0.25 per share and expire in five years. The options will vest over a period of three years, with 1/3 of the options vesting immediately, and 1/3 vesting at each of the first and second anniversary of the date of grant.

On November 29, 2016, the Corporation formed a new advisory committee to join the Corporation to support management in advancing the Jersey-Emerald project. In addition, the Corporation also appointed Mr. Ryan Bignucolo as Vice-President, Business Development, effective November 11, 2016.

On November 29, 2016 the Corporation granted an aggregate 1,305,000 Common Share purchase options in accordance with the Corporation's shareholder-approved stock option plan. These stock options include 575,000 options to directors, 250,000 to officers, 200,000 to the advisory committee and the balance to consultants and IR consultants. The stock options are exercisable at a price of $0.25 per share, expire in five years, and vest over a period of three years, with 1/3 of the Options vesting immediately, and 1/3 vesting at the end of each the first and second anniversary of the date of grant.

On December 1, 2016, the Corporation commenced trading on the OTCQB Venture Market in the United State, under the symbol MARFF.

On January 6, 2017. The corporation entered into an option agreement with Yellowstone Resources Ltd. (a private company, based in British Columbia) (the "YSR Agreement") for the acquisition of 100% of the Bayonne and Sheep

Creek properties, located in Salmo, British Columbia (collectively, the "YSR Properties"). Final TSX Venture Exchange approval for the YSR Agreement has not been obtained as of the date of this MD&A.

Under the terms of the Option Agreement, the Corporation will have the exclusive option to acquire the Bayonne property, by making payments to Yellowstone Resources Ltd. of an aggregate $194,000 cash and aggregate issuance of 550,000 shares, paid in several installments. The installments are subject to final TSX Venture Exchange approval, and according to the YSR Agreement are to be paid as follows:

1) within ten (10) business days of execution of the Option Agreement, a non-refundable cash payment of $5,000;

2) within ten (10) business days of completion of title due diligence on the Properties, a cash payment of $9,000;

3) upon receipt of TSX Venture Exchange approval, a cash payment of $10,000 and issuance of 50,000 shares;

4) on or before the first anniversary of TSX Venture Exchange approval, a cash payment of $30,000 and the issuance of 150,000 shares;

5) on or before the second anniversary of TSX Venture Exchange approval, a cash payment of $60,000 and issuance of 150,000 shares;

6) on or before the third anniversary of TSX Venture Exchange approval, a cash payment of $80,000 and issuance of 200,000 shares.

The Corporation will have the exclusive option to acquire the Sheep Creek property by making payments to Yellowstone Resources Ltd. of an aggregate $500,000 cash and aggregate issuance of 1,050,000 shares, paid in several installments as follows:

1) upon receipt of TSX Venture Exchange approval, a cash payment of $25,000;

2) on or before six months, following TSX Venture Exchange approval, a cash payment of $25,000;

3) on or before the first anniversary of TSX Venture Exchange approval, a cash payment of $25,000;

4) on or before eighteen (18) months following, TSV Venture Exchange approval, a cash payment of $25,000;

5) on or before the second anniversary of TSX Venture Exchange approval, a cash payment of $100,000 and issuance of 300,000 shares;

6) on or before the third anniversary of TSX Venture Exchange approval, a cash payment of $100,000;

7) on or before the fourth anniversary of TSX Venture Exchange approval, a cash payment of $100,000 and issuance of 300,000 shares;

8) on or before the fifth anniversary of TSX Venture Exchange approval, a cash payment of $100,000 and issuance of 450,000 shares.

Financial Instruments, Liquidity and Capital Resources

The Corporation's financial instruments, consisting of cash, trade receivables, trade payables, note payables and loans, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at September 30, 2016, the Corporation has trade and other payables of $295,230 and a note payable of $45,000 due within 12 months and has cash of $710,271.

The Corporation has the available financing in order to fund its current commitments, payables and debts and to carry out its ongoing drill program at its Jersey-Emerald Tungsten-Zinc Property. The Corporation is required to make option payments of $15,000 per month for a period of 12 months which commenced on April 1, 2016. Pursuant to the Note, the corporation may borrow up to $180,000 to be used for the payment of the option payments. The Note allows the corporation to make the necessary option payments through 2016. As at December 31, 2016, $90,000 has been advanced to the Corporation under the note.

The Corporation defines capital to include equity, comprised of share capital including warrants, contributed surplus and deficit.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions and to maintain the development program for the assets acquired pursuant to the Qualifying Transaction and the Jersey Emerald Property. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity, by securing strategic partners or assuming debt. During the years ended September 30, 2016 and 2015, the Corporation implemented several cost saving initiatives which include but are not limited to reduced management salaries and lower office rent expense.

Off-Balance Sheet Arrangements

The Corporation has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Corporation or engages in leasing or hedging services with the Corporation.

Selected Quarterly Information

The following selected financial data has been prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Corporation's audited financial statements. All dollar amounts are in Canadian dollars. Prior to the quarter ended December 31, 2011, the Corporation prepared its financial statements in accordance with Canadian generally accepted accounting principles. Note 18 of the financial statements for the year ended September 30, 2012 explains the impact of adopting IFRS on the Corporation's financial statements.

	Oil & Natural				Average Sales Price		
Fiscal Quarter Ended	Gas sales	Oil (bbls)	Gas (mcf)	BOE	Oil ($/bbl)	Gas ($/mcf)	Capital Expenditures
September 30, 2016	-	-	-	-	-	-	-
June 30, 2016	-	-	-	-	-	-	-
March 31, 2016	-	-	-	-	-	-	-
December 31, 2015	-	-	-	-	-	-	-
September 30, 2015	-	-	-	-	-	-	-
June 30, 2015	-	-	-	-	-	-	-
March 31, 2015	-	-	-	-	-	-	-
December 31, 2014	$ 203	-	-	-	-	-	$ 799,962

Fiscal Quarter Ended	Interest Income	Net loss	Basic & Diluted loss/Share
September 30, 2016	$ -	$ 266,783	$ 0.03
June 30, 2016	$ -	$ 16,943	$ 0.00
March 31, 2016	$ -	$ 87,164	$ 0.00
December 31, 2015	$ -	$ 178,615	$ 0.01
September 30, 2015	$ -	$ 395,153	$ 0.02
June 30, 2015	$ -	$ 153,221	$ 0.01
March 31, 2015	$ -	$ 165,160	$ 0.01
December 31, 2014	$ -	$ 147,140	$ 0.01

Summary of Quarterly Results

For the quarter ended December 31, 2014, the Corporation had interest income of $nil and a loss from operations of $147,140 which was primarily the result of $96,435 expense for general and administrative expenses which included salaries, professional fees and office rent, among other items and $90,202 for operating and production.

For the quarter ended March 31, 2015, the Corporation had interest income of $nil and a loss from operations of $165,160 which was primarily the result of $132,000 expense for general and administrative expenses which included salaries, professional fees and office rent, among other items and $9,319 for operating and production.

For the quarter ended June 30, 2015, the Corporation had interest income of $nil and a loss from operations of $153,221 which was primarily the result of $122,711 expense for general and administrative expenses which included salaries, professional fees and office rent, among other items and $21,296 for operating and production.

For the quarter ended September 30, 2015, the Corporation had interest income of $nil and income from operations of $70,368 which was primarily the result of $54,709 expense for general and administrative expenses which included salaries, professional fees and office rent, among other items and $9,376 for operating and production.

For the quarter ended December 31, 2015, the Corporation had interest income of $nil and a loss from operations of $178,615 which was primarily the result of $172,003 expense for general and administrative expenses which included salaries, professional fees and office rent, among other items and $2,329 for operating and production.

For the quarter ended March 31, 2016, the Corporation had interest income of $nil and a loss from operations of $87,164 which was primarily the result of $83,587 expense for general and administrative expenses which included salaries, professional fees and office rent, among other items and $1,384 for operating and production.

For the quarter ended June 30, 2016, the Corporation had interest income of $nil and a loss from operations of $16,943 which was primarily the result of ($8,383) expense for general and administrative expenses which included salaries, professional fees and office rent, among other items and 86,890 for operating and production. The negative amount for General and Administrative expenses was a result of a write-off of previously expensed salary to the President and CEO.

For the quarter ended September 30, 2016, the Corporation had interest income of $nil and a loss from operations of $266,783 which was primarily the result of $238,646 expense for general and administrative expenses which included salaries, professional fees and office rent, among other items and 30,712 for operating and production associated with the start of the 2016 fall drill program.

Selected Annual Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Corporation's audited financial statements. All dollar amounts are in Canadian dollars. Prior to the quarter ended December 31, 2011, the Corporation prepared its financial statements in accordance with Canadian generally accepted accounting principles. Note 18 of the financial statements for the year ended September 30, 2012 explains the impact of adopting IFRS on the Corporation's financial statements.

Fiscal year Ended	Net sales	Loss from Operations	Net Loss	Total Assets	Long-term Financial liabilities	Cash Dividends
September 30, 2016	$ -	$ 637,279	$ 549,505	$2,922,535	$ -	$ -
September 30, 2015	$ 203	$ 564,111	$ 395,153	$1,766,164	$ -	$ -

For the year ending September 30, 2015, the Corporation had net sales of $203 which was a decrease from the prior year that was primarily attributable to the disposition of the Viking-Kinsella, Alberta area well. The Corporation incurred losses from operations and a net loss of $395,153 primarily due to general and administrative expenses and impairments recognized on unsuccessful drilling activities. The Corporation had assets of $1,766,164 which primarily consisted of cash, trade receivables and an option in the Jersey-Emerald Tungsten-Zinc Property and liabilities of $348,585 which were primarily due to trade and other payables and the convertible debenture.

For the year ending September 30, 2016, the Corporation had net sales of $nil which was a decrease from the prior year that was primarily attributable to the disposition of the Viking-Kinsella, Alberta area well. The Corporation incurred losses from operations and a net loss of $549,505 primarily due to general and administrative expenses and operating expenses. The Corporation had assets of $2,922,535 which primarily consisted of cash, trade receivables, prepaid option payments and an option in the Jersey-Emerald Tungsten-Zinc Property and liabilities of $354,956 which were primarily due to trade and other payables and the promissory note.

Results of Operations for the years ended September 30, 2016 and 2015,

For the years ended September 30,	2016 $	2015 $
Revenues		
Petroleum and natural gas sales	-	203
Royalties	-	(981)
	-	(778)
Expenses		
Operating and production	**74,316**	130,194
General and administrative	**497,257**	388,530
Share-based payments (Note 11)	**57,179**	20,903
Depreciation and depletion (Note 5)	**8,527**	7,777
Foreign exchange loss	-	18
Asset retirement obligation loss	-	15,911
Total expenses	**637,279**	563,333
Loss before other items	**(637,279)**	(564,111)
Forgiveness of debt (Note 16)	**80,000**	-
Flow-through share premium (Note 11)	**7,774**	50,441
Fair value gain on convertible debt – derivative liability (Note 8)	-	118,517
Net loss before tax	**(549,505)**	(395,153)
Deferred tax recovery	-	-
Net loss and comprehensive loss	**(549,505)**	(395,153)
Basic and diluted loss per share (Note 15)	**(0.03)**	(0.02)

For the year ended September 30, 2016, the Corporation reported a loss of $549,505 (2015 - $395,153). The Corporation had operating expenses as well as general and administrative expenses and expenses relating to mining exploration.

Royalties

Margaux's net royalty expense from operations for the year ended September 30, 2016 was $nil (2015 - $981).

Operating and production

The Corporation incurred operating and production costs of $74,316 for the year ended September 30, 2016 (2015 – $130,194). The decrease for the year ended September 30, 2016 is a result of increased exploration activity at the Corporation's Jersey-Emerald Tungsten-Zinc Property that was capitalized as Canadian exploration expenses.

Total expenses

Total expenses for the year ended September 30, 2016 were $637,279 (2015 –$563,333). The increase for the year ended September 30, 2016 is a result of increase general and administrative expenses and share based payments.

PROPERTY AND EQUIPMENT

	Petroleum and natural gas assets $	Computer equipment $	Total $
Cost			
Balance as at September 30, 2014	**272,399**	**31,549**	**303,948**
Additions	**-**	600	600
Balance as at September 30, 2015	**272,399**	**32,149**	**304,548**
Additions	-	37,460	37,460
Balance as at September 30, 2016	**272,399**	**69,609**	**342,008**
Accumulated depletion and depreciation and impairment			
Balance as at September 30, 2014	**272,399**	**11,357**	**283,756**
Charge for the year	-	7,777	7,777
Balance as at September 30, 2015	**272,399**	**19,134**	**291,533**
Charge for the year	**-**	8,527	8,527
Balance as at September 30, 2016	**272,399**	**27,661**	**300,060**
Net book value			
September 30, 2015	-	**13,015**	**13,015**
September 30, 2016	**-**	**41,948**	**41,948**

EXPLORATION AND EVALUATION ASSETS

	$
Balance as at October 1, 2014	836,806
Acquisition costs	400,000
Exploration	465,668
Balance as at September 30, 2015	**1,702,474**
Additions	302,361
Balance as at September 30, 2016	**2,004,835**

E&E assets consist of costs expended on the Corporation's projects which are pending determination of technical feasibility and commercial viability.

Management assessed the E&E assets at September 30, 2016 and determined that no indicators of impairment existed.

During the year ended September 30, 2016, the Corporation focused its activities on mining and exploration and development of the Jersey Emerald Properties as previously outlined.

The Property is also subject to several additional NSRs, ranging from 1%-3% on various areas of the Property and these additional NSRs require advance royalty payments totalling $50,000 per year. During the year ended September 30, 2016 royalty payments of $50,000 were made and are recorded in prepaids on the statement of financial position.

Apex may elect to receive up to one-half of any option payment in the form of common shares of the Corporation. The number of shares to be issued in partial payment shall be calculated by reference to the trading price of the Corporations shares at the election date.

The Corporation incurred $302,361 of E&E on the Property during the year ended September 30, 2016 (September 30, 2015 - $465,668) relating to exploration activity. The Corporation plans to expend additional funds in the following fiscal year on the Jersey Emerald Properties, the Jackpot/Oxide properties and the Bayonne and Sheep Creek Properties.

DECOMMISSIONING LIABILITIES

Decommissioning liabilities are estimated based on the Corporation's net working interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in the future periods. During the year ended September 30, 2015 the Corporation completed decommissioning of its active wells. The undiscounted amount of the estimated costs at September 30, 2016 was $nil (September 30, 2015 - $nil). The estimated costs have been discounted at a risk free rate of 1.13% and an inflation rate of 2% has been applied. During the 2015 fiscal year, the Corporation completed the required remediation to shut down the well, and is awaiting final certification of completion.

The following table reconciles the Corporation's total decommissioning liabilities for the current reporting periods:

	September 30, 2016 $	September 30, 2015 $
Balance, beginning of year	-	**27,589**
Liabilities disposed	-	(27,589)
Balance, end of period	-	-
	-	-

CONVERTIBLE DEBT

On September 5, 2014, the Corporation issued an aggregate of $365,000 USD ($400,000 CDN) worth of convertible debt (the "Debentures").

The Debentures mature five years after the date of issue (the "Term") and accrue interest at 1.0% per annum, payable annually on September 5 of each year of the Term. At the holder's option, the Debentures may be converted at any time up to maturity into common shares of the Corporation at a conversion price of $0.50 per share for a locked in number of shares totaling 800,000. Additionally, the holder also received warrants convertible at $0.55 CDN per common share expiring in 5 years from the date of issue.

On May 8, 2015, the Corporation received notice from the holder of the Debentures of the holder's desire to convert $365,000 USD of the debenture into common shares of the Corporation at a deemed price of $0.50 per share. As a result the Corporation issued an aggregate of 800,000 shares in full extinguishment of the Debentures. At the date of extinguishment the convertible debenture – liability had a face value of $190,187, and the convertible debenture - derivative had a value of $118,517. The total face value of the convertible debenture liability was recorded as an increase in share capital and the convertible debenture derivative was recorded was recorded as a fair value gain on convertible debt.

As the convertible debt was denominated in US Dollars and the Corporation's functional currency is Canadian Dollars, the instrument contained an embedded derivative liability. The convertible debt was discounted using interest rates that would have been applicable to non-convertible debt of the Corporation at the time of issue. The derivative conversion liability feature and detachable warrants were measured using the Black Scholes model, and the excess value of the proceeds after allocation to the convertible debenture component, was allocated proportionately to the conversion liability feature and detachable warrants. As a result the Corporation allocated $172,713 CDN to the convertible debt liability component, $108,769 CDN to the warrant component $118,517 to the convertible debt derivative liability. The embedded derivative is treated as a financial liability carried at fair value through profit and loss. The fair value of the derivative was determined using the Black-Scholes model, adjusted for the impact of foreign exchange.

Significant assumptions in the valuation of the convertible debenture, derivative conversion liability feature and detachable warrants were as follows:

- Convertible debt – discount rate of 20%
- Detachable warrants – risk free rate 1.45%, Weighted average life – 5 years, dividend yield - $nil, expected volatility 121%, forfeiture rate – nil.
- Derivative conversion liability feature - risk free rate 1.45%, Weighted average life – 5 years, dividend yield - $nil, expected volatility 121%, forfeiture rate – nil.

The Corporation used an estimated volatility of 121% to value the derivative conversion liability feature. If the Corporation had estimated volatility at 131% the estimated fair value of the convertible debt – derivative liability would increase by approximately $15,000 and net loss would increase by the same. If the Corporation had estimated a volatility of 111% the estimated fair value of the convertible debt – derivative liability would decrease by approximately $11,000 and net loss would decrease by the same.

Loan

	September 30, 2016 **$**	**September 30, 2015** **$**
Loan	-	**50,000**

On November 10, 2014, the Corporation entered into a loan agreement with the Corporation's President and Chief Executive Officer whereby the Corporation borrowed $150,000. The loan was repayable on April 30, 2015 and bore interest at 6.0% per annum. The Corporation used the proceeds of the loan towards the required Option Payments.

On November 24, 2014, the Corporation entered into a loan agreement with an arm's-length third party investor, whereby the Corporation borrowed $200,000. The loan was repayable on April 30, 2015 and bore interest at 6.0% per annum. The Corporation used the proceeds of the loan for additional drilling and for general working capital.

On February 22, 2015, the Corporation entered into a loan agreement with an arm's-length third party investor, whereby the Corporation borrowed $10,000. The loan was repayable on April 30, 2015 and bore interest at 6.0% per annum. The Corporation used the proceeds of the loan for general working capital.

On July 2, 2015, the Corporation announced its shares for debt application had been approved by the TSX Venture Exchange and an aggregate of 1,978,350 shares of the Corporation at a deemed price of $0.20 per share were issued to certain of the Corporation's creditors. The share issuance fully extinguished the November 10, 2014, November 24, 2014 and February 22, 2015 loans, including accrued interest of $5,670.

On November 2, 2015, the Corporation repaid the remaining $50,000 loan outstanding.

NOTE PAYABLE

On March 30, 2016, the Corporation issued an unsecured promissory note to an arm's length third party (the "Note"). Pursuant to the Note, the Corporation may borrow up to $180,000 to be used for the payments of the Option Agreement between April 1, 2016 and March 31, 2017 (Note 6). The Note bears interest at a rate of 7.5% per annum, payable in arrears on the first business day of the following calendar month, and shall be payable in cash on or before March 31,

2017. On the repayment date, at the sole option of the holder of the Note, the principal amount of the Note may be repaid by conversion into shares at a value of $0.25 per share or by a combination of cash and shares. Any accrued unpaid interest on the note shall be payable in cash unless otherwise agreed between the Corporation and the holder of the Note, and subject to regulatory approvals. As at January 30, 2017, $90,000 has been advanced to the Corporation.

On April 13, 2016, the Corporation received approval from the TSX Venture Exchange for the issuance the Note to an arm's length third party.

The Corporation valued the conversion feature of the Note using the residual method. Using this method, the fair value of the debt component was calculated using an estimated market rate for similar debt without a conversion feature. The liability component was $42,254 and the equity component was $2,746 at inception. Accretion of $1,000 has been recorded and interest of $1,046 has been accrued for the year ended September 31, 2016.

Related Party Transactions

Except as disclosed elsewhere, all related party transactions are in the normal course of operations.

As at September 30, 2016, the Corporation had an amount of $17,563 (2015 - $114,475) due to directors and officers included in trade and other payables.

During the year ended September 30, 2016, the Corporation was provided geological consulting services in the amount of $51,933 (2015 - $23,025) from a Company controlled by a director of the Corporation. $17,461 has been capitalized to the mineral property as exploration costs and $34,473 has been reflected in general and administrative expenses. The Corporation also incurred equipment rental fees in the amount of $nil (2015 - $2,771) provided by a Company controlled by an individual related to a director of the Corporation, and professional services in the amount of $9,863 (2015 - $26,325) provided by a Company controlled by a director of the Corporation. These fees have been reflected in general and administrative expenses. An aggregate of $80,325 (2015 - $nil) in consulting fees were paid to a corporation owned by a director and officer of the Corporation for compensation as CEO of the Corporation. Costs associated with various administrative support costs of $85,799 (2015 - $50,669) were also reimbursed to a director and officer of the Corporation recorded in general and administrative expenses on the statement of net loss and comprehensive loss.

Compensation of key management personnel
The remuneration of directors and other members of key management personnel during the year were as follows:

	September 30, 2016 **$**	**September 30, 2015** **$**
Short-term employee salary and benefits	**3,056**	120,000
Share-based payments	**63,655**	20,190
	66,711	140,190

On May 31, 2016 the Corporation reached an agreement with the Corporation's President and Chief Executive Officer to eliminate the amounts owing in unpaid salary for the period of February 2015 to May 2016 in the amount of $80,000 for $nil consideration.

Outstanding Share Data

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, all without nominal or par value. The common shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

	September 30, 2016		September 30, 2015	
Issued	**Common Shares**	**Amount**	Common Shares	Amount
Opening balance	**21,021,255**	**$5,540,199**	18,242,905	$4,954,342
Shares issued, net (a)(b)	**-**	**-**	2,778,350	585,857
Shares issued, net (c)(d)(e)(f)(g)	**8,072,683**	**1,000,967**	-	-
Closing Balance	**29,093,938**	**$6,541,166**	21,021,255	$5,540,199
Warrants				
Opening balance	**730,000**	**108,779**	730,000	108,779
Warrant Issuance, net (h)	**4,045,000**	**638,613**	-	-
Closing balance	**4,775,000**	**747,392**	730,000	108,779
Note payable – equity component (Note 10)	**-**	**2,746**	-	-
Total Share Capital		**$7,291,304**		$5,648,978

(a) On May 8, 2015, the Corporation announced that the holder of the September 5, 2014 unsecured convertible debenture had elected to convert their debentures. The principal amount of USD$365,000 was converted into common shares of the Corporation at a deemed price of $0.50 per share. As a result the Corporation issued an aggregate 800,000 shares in full extinguishment of the Debenture (after giving effect to the current USD/CDN dollar exchange rate).

(b) On July 2, 2015, the Corporation announced its shares for debt application had been approved by the TSX Venture Exchange and an aggregate of 1,978,350 shares of the Corporation at a deemed price of $0.20 per share were issued to certain of the Corporation's creditors. An aggregate of 750,000 Shares were issued to the President and Chief Executive Officer in full extinguishment of amounts owing to him which arose from a bridge loan made to the Corporation in the amount of $150,000 on November 10, 2014. After the issuance of the shares pursuant to the share for debt application, the debts owing to such creditors, in the amount of $395,670 were fully extinguished.

(c) On November 9, 2015, the Corporation closed a non-brokered private placement of 750,000 units of the Corporation at a purchase price of $0.20 per unit for total proceeds of $150,000. Each unit consists of one common share of the Corporation and one half of one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from November 6, 2015.

(d) On December 2, 2015, the Corporation closed on a non-brokered private placement of 500,000 units of the Corporation at a purchase price of $0.20 per unit for total proceeds of $100,000. Each unit consists of one common share of the Corporation and one half of one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from December 2, 2015.

(e) On April 13, 2016, the Corporation issued 173,592 commons shares of the Corporation at a deemed price of $0.20 per common share in exchange for the extinguishment of debt with the Corporation's service providers. An aggregate amount owing to the service providers in the amount of $34,718 was fully extinguished. The service providers include a holding company of Margaux's Chief Financial Officer. An aggregate of 56,500 Shares were issued to the holding company of the Corporation's Chief Financial Officer in full extinguishment of amounts owing to such holding company. The debts to the holding company of the Corporation's Chief Financial Officer arose from services rendered by the Chief Financial Officer, in such capacity, to the Corporation.

(f) On July 4, 2016, the Corporation closed on a non-brokered private placement of 2,005,000 units of the Corporation at a purchase price of $0.20 per unit, 2,320,000 common shares issued of a "CEE flow-through" basis at a purchase price of $0.25 per unit, and 909,091 common shares issued on a CDE flow-through basis at a purchase price of $0.22 per unit for total proceeds of $1,181,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from July 4, 2016.

(g) On August 4, 2016, the Corporation closed a non-brokered private placement of 1,415,000 units of the Corporation at a purchase price of $0.20 per unit for total proceeds of $283,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of $0.30 per warrant for a period of two years from August 4, 2016.

(h) As part of the units issued on November 9, 2015 and December 2, 2015 (note 11(c)(d)); subscribers received one half of one warrant per unit purchased. As part of the non-flow-through units issued on July 4, 2016 and units issued August 4, 2016 (note 11(f)(g)); subscribers received one warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of $0.30 for a period of 24 months from the date of closing. All warrants vest immediately. A value of $700,985 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.54%-0.63%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	129%-149%
Weighted-average fair value	$0.16
Expected Life	2 years

(i) In connection with the private placements, total share issue costs were $131,803, $62,372 of these costs, were allocated to warrants. Of these share issue costs, $45,864 relate to the 279,900 broker warrants issued. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.54%-0.58%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	146%-149%
Weighted-average fair value	$0.16
Expected Life	2 years
Forfeiture rate	0%

Flow Through Shares

During the year ended September 30, 2014 the Corporation raised $795,000 on a flow-through share basis and was required to incur $795,000 of qualifying expenditures to renounce the tax deductions to investors. As at September 30, 2015, $802,474 of qualifying expenditures were incurred, therefore the Corporation has met its minimum flow-through expenditure commitment. The total flow-through share premium of $87,500 on the issuance of flow-through shares has been fully amortized. Amortization on the flow-through share premium is reflected as flow-through share premium in the statement of net loss and comprehensive loss.

During the year ended September 30, 2016, the Corporation raised $580,000 on a CEE flow-through share basis and $200,000 on a CDE flow-through share basis as was required to incur a net total of $780,000 of qualifying expenditures to renounce the tax deductions to investors. As at September 30, 2016, $194,361 of qualifying expenditures were incurred which requires the Corporation to expend a further $585,639 to meet its minimum flow-through shares expenditure commitment. The total flow-through share premium recorded of $23,200 on the issuance of the flow-through shares has been amortized in the amount of $7,774 to reflect the proportion of expenditures incurred to September 30, 2016. The amortization is reflected as flow-through share premium in the statement of net loss and comprehensive loss. The Corporation expects to expend the remaining amount subsequent to year end.

Stock Option Plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture Exchange.

A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted-average Exercise Price
Outstanding as at September 30, 2014	1,075,000	$0.10
Exercisable as at September 30, 2014	358,333	$0.10
Outstanding as at September 30, 2015	1,075,000	$0.10
Exercisable as at September 30, 2015	716,668	$0.10
Forfeited (a)	(175,000)	$0.10
Granted (b)	175,000	$0.20
Granted (c)	450,000	$0.25
Exercisable as at September 30, 2016	1,108,333	$0.12
Outstanding at September 30, 2016	1,525,000	$0.12

At September 30, 2016, the weighted-average life of the options outstanding was 3.6 years (2015 – 4 years).

(a) On October 1, 2015, the Corporation forfeited 175,000 stock options because a director resigned and a consultant's agreement expired.

(b) On May 25, 2016, the Corporation issued 175,000 stock options to a Director with the Corporation in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.20 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries on the grant date.

The fair value of these options were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.79%
Weighted-average life	5 years
Dividend yield	nil
Annualized Volatility	145%
Weighted-average fair value per option	$0.23
Expected Option Life	5 years
Forfeiture rate	0%

(c) On August 5, 2016, the Corporation issued 450,000 stock options to directors, officers and consultants of the Corporation in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at $0.245 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries on the grant date.

The fair value of these options was estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	0.61%
Weighted-average life	5 years
Dividend yield	nil
Annualized Volatility	144%
Weighted-average fair value per option	$0.22
Expected Option Life	5 years
Forfeiture rate	0%

Share-based payments expense of $57,179 for the year ended September 30, 2016 (September 30, 2015 – $20,903) was recognized based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for share-based payments, and recorded over the vesting period of the options.

Contributed Surplus

Description	**September 30, 2016**	September 30, 2015
Opening balance	**$ 4,407,378**	$ 4,386,475
Share-based payments	**57,179**	20,903
Closing balance	**$ 4,464,557**	$ 4,407,378

Disclosure controls and internal controls over financial reporting

The management of the Corporation is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for the design and evaluation of internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and financial statements for the year ended September 30, 2016 and 2015.

The management of the Corporation has filed the Venture Issuer Basic Certificate with the filings for the year ended September 30, 2016 and 2015 on SEDAR at www.sedar.com.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

> (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and
>
> (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Critical accounting policies and estimates

The preparation of the financial statements is in conformity with IFRS. Preparing the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Note 4 of the Corporation's September 30, 2016 audited financial statements provide greater detail regarding all of the significant accounting policies.

Future accounting standards

The new IFRS pronouncements which have been issued but are not yet effective and may have an impact on the Corporation in the future are as follows:

IFRS 9, "Financial Instruments" – replaces IAS 39, "Financial Instruments: Recognition and Measurement". The standard revises and limits the classification and measurement models available for financial assets and liabilities to amortized cost or fair value. Previously multiple models were available. The new standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15, "Revenue from Contracts with Customers" – covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16, "Leases" – seeks to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from Contracts with Customers, is also adopted.

IAS 7 "Statement of Cash Flows" – amendments to IAS 7 Statement of Cash Flows require disclosures that enable financial statement users to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments are effective for annual periods beginning on or after January 1, 2017.

IAS 12 "Income Taxes" – amendments to IAS 12 Income Taxes clarify the recognition of deferred tax assets for unrealized losses related debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017.

Business Risks and Uncertainties

The Corporation's production and exploration activities are concentrated in Western Canada where activity is highly competitive and includes companies ranging from smaller junior producers to the much larger integrated petroleum and mining companies. The Corporation is subject to various types of business risks and uncertainties, including:

- Finding and developing mineral reserves at economic costs
- Production of minerals in commercial quantities
- Marketability of minerals produced
- Substantial capital requirements and access to capital markets
- Environmental risks
- Reliance on operators and key employees
- Third party credit risk
- Insurance
- Changes in legislation and incentive programs

The Corporation is not in a position to predict these risks or uncertainties, nor evaluate their impact, as the case may be, on its activities. The following summary of risks and uncertainties applicable to the Corporation are not comprehensive, and there may be other factors, or a combination of factors, that can cause actual results to differ from those presented in the Corporation's forward-looking statements.

Exploration Risk

The Corporation operates as a mineral explorer in the mining industry which involves considerable financial and technical risk. Substantial time and expenditures are usually required to make discoveries and to establish economic reserves. It is impossible to ensure that the current properties and programs of the Corporation will result in economic discoveries and development. Accordingly success in achieving the objectives of the Corporation is affected by some circumstances over which the Corporation has no control.

In order to reduce exploration risk, the Corporation strives to employ highly qualified and motivated professional employees with a demonstrated ability to generate quality proprietary geological and geophysical prospects. To help maximize drilling success, the Corporation combines exploration in areas that afford multi-zone prospect potential, targeting a range of low to moderate risk prospects with some exposure to select high risk, high reward opportunities.

Additional Financing

The business of the Corporation depends, in part, on its ability to raise funds by issuing securities of the Corporation. The Corporation is exposed to financing risks such as not being able to raise sufficient funds to meet the required option payments. To mitigate this risk, the Corporation has intermediaries with valuable commercial relationships actively searching for ways to raise funds. The Corporation intends to raise the required funds through issuance of equity by securing strategic partners or assuming debt. The exercise of stock options, as well as any new equity financings, represent dilution factors for present and future shareholders.

Liquidity Risk

Liquidity risk rises from the Corporation's general funding needs and in the management of the Corporation's assets, liabilities and mineral property expenditure requirements. The Corporation manages its liquidity risk to maintain sufficient liquid financial resources to meet its commitments and obligations as they come due in a cost-effective manner.

Environmental Risks

Mining can involve environmental risks such as pollution of the environment and destruction of natural habitat, as well as safety risks such as personal injury. In order to mitigate such risk, the Corporation conducts its operations at high standards and follows safety procedures intended to reduce the potential for personal injury to employees, contractors and the public at large.

The Corporation mitigates its risk related to producing hydrocarbons and minerals through the utilization of the most appropriate technology and information systems. In addition, the Corporation seeks to maintain operational control of the majority of its prospects

Management and Employees

The Corporation depends on the skills and experience of its management team and other key employees. The Corporation also relies on its ability to attract and retain skilled personnel in a competitive environment. A failure to recruit and retain employees in order to assist the Corporation's business may adversely affect the Corporation's business or financial condition.

Outlook

For the next 24 months, the Corporation intends to continue to obtain sufficient cash to develop the Jersey-Emerald Property acquired pursuant to the Option to Purchase Agreement with Apex and evaluate additional direct or indirect acquisitions of assets. The Corporation intends to obtain the required funds and will attempt to raise additional funds through the issuance of equity, by securing strategic partners or assuming debt. The Corporation continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future.

Directors and Officers

H. Tyler Rice, CEO, President, and Director
James Letwin, Director and Chairman
Doug Foster, Director
Robert Derkitt, Director
Edward Lawrence, Director