



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Six Months Ended

May 31, 2019

GENERAL

Wildsky Resources Inc. ("Wildsky" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company's name was changed to China Minerals. In August 2018, the Company's name was further changed to Wildsky Resources Inc. The Company's registered office is Suite 890 – 580 Hornby Street, Vancouver, British Columbia, Canada. China Minerals is listed on the TSX Venture Exchange under the trading symbol "WSK". The Company and its subsidiary are in the business of acquisition, exploration and development of mineral properties.

This Management's Discussion and Analysis ("MD&A") of the Company has been prepared based on available information up to the date of this report, June 28, 2019, and should be read in conjunction with the Company's condensed consolidated interim financial statements for the six months ended May 31, 2019 as well as the audited consolidated financial statements for the year ended November 30, 2018.

The financial information disclosed in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("ISAB"). All monetary amounts are expressed in Canadian dollars unless stated otherwise.

The Company's shares are listed on the TSX Venture Exchange under the symbol "WSK". Additional information is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Information and statements contained in this MD&A that are not historical facts are forward-looking information within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators that involve risks and uncertainties.

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties, which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

OVERVIEW

The Company and its wholly owned subsidiary, Cassiar Gold Corp. ("Cassiar Gold"), are engaged in the exploration and development of mineral properties. The Company's main asset is the Cassiar Gold Project comprising the Table Mountain Property ("Table Mountain") and Taurus Property ("Taurus").

Convertible debentures

In May 2019, the Company closed a non-brokered, private placement of debentures (the "Debentures") of the Company at a price of \$1,000 per Debenture for gross proceeds of \$302,000. Each Debenture has the following terms and conditions attached:

- 1) Term: twelve (12) months from the date of issuance of the Debentures, subject to an option on the part of the holders thereof to extend the maturity to twenty-four (24) months from the date of issuance of the Debentures.
- 2) Interest Rate: the Debentures shall bear a simple interest of 10% per annum, accrued monthly, and payable at maturity.
- 3) Security: The Debentures shall be unsecured.

4) Conversion: The Debentureholder may, at any time and from time to time up to maturity, elect to convert the outstanding Debentures and any interest accrued and unpaid thereon into common shares in the capital of the Company at a price of \$0.10 per share.

Option agreement with Margaux Resources Ltd. ("Margaux")

On March 25, 2019, the Company entered into an option agreement (the "Agreement") with Margaux Resources Ltd. ("Margaux"), a TSX-V listed junior exploration company. Pursuant to the terms of the Agreement, the Company will grant (the "Transaction") Margaux an option (the "Option") to acquire all of the common shares (the "Cassiar Shares") in the capital of the Company's wholly-owned subsidiary Cassiar Gold Corp. ("Cassiar") from the Company. The Transaction has been approved at the annual general and special shareholder's meeting held on June 20, 2019.

In order to exercise the Option, Margaux will issue 58,200,000 common shares (the "Payment Shares") in the capital of Margaux, undertake exploration on Cassiar's property and satisfy certain other conditions as follows:

- (a) 5,820,000 Payment Shares being issued to the Company on receipt of final TSX-V approval of the Agreement, as fully paid and non-assessable securities;
- (b) 11,640,000 Payment Shares being issued to the Company on the date that is the earlier of (i) six (6) months from the date of the Agreement, and (ii) the receipt of final TSX-V approval of the Agreement;
- (c) 17,460,000 Payment Shares issued to the Company on the date that is the earlier of (i) twelve (12) months from the date of the Agreement, and (ii) the receipt of final TSX-V approval of the Agreement; and
- (d) 23,280,000 Payment Shares issued to the Company on the date that is the earlier of (i) eighteen (18) months from the date of the Agreement, and (ii) the receipt of final TSX-V approval of the Agreement.
- (e) Margaux will expend at least \$400,000 on the planning, development and execution of the Cassiar 2019 work program, based on a mutually approved budget;
- (f) Six (6) Months after execution of the Definitive Agreement, the Company will have the right to appoint one (1) member to the board of directors of Margaux;
- (g) Twelve (12) Months after execution of the Definitive Agreements, the Company will have the right to appoint an additional person (for a total of two (2) board members) to the board of directors of Margaux; and
- (h) Twelve (12) Months after execution of the Definitive Agreements, the Company will have the right to appoint one person to the senior management team of Margaux, on terms and conditions to be agreed upon by Margaux and Wildsky, acting reasonably.
- (i) The Company being granted a 30% net profit interest (the "NPI") on all minerals processed from Cassiar's TM #1 tailings pond (the "Tailings Pond") located on the Cassiar property, after capital payout of up to \$500,000. The Definitive Agreement shall include a schedule detailing the calculation of NPI.

If, at any time prior to the exercise of the Option or the termination of the Agreement, Margaux or its agent(s) remove material from the Tailings Pond for purposes other than bona fide exploration and testing purposes, and such material is processed for its minerals and/or metals, then the time periods set out above in paragraph's (b), (c) and (d) of shall be accelerated to seven (7) days from the date of first removal of such material.

All Payment Shares issued to the Company in accordance with the Agreement shall be subject to a statutory hold period (the "Statutory Hold Period") of 4 months and a contractual hold period of a further eight (8) months (for a total of 12 months from the date of issuance). If Acceleration occurs, then all Payment Shares issued to Wildsky, including any Payment Shares issued prior to Acceleration, shall only be subject to the Statutory Hold Period. For greater certainty, if any Payment Shares have been issued to Wildsky more than 4 months prior to the occurrence of Acceleration, then those Payment Shares shall immediately become "free-trading".

For greater certainty, Margaux will not acquire any interest whatsoever in the Cassiar Shares until such time as it has satisfied all the requirements of exercise of the Option as set out in the Agreement. If Margaux fails to fully comply with all such conditions of exercise within the stipulated time periods, the Option shall immediately terminate and Margaux shall forfeit all interest in any and all Payment Shares issued to the Company.

EXPLORATION AND EVALUATION ASSETS

2018 summer exploration work

During the summer of 2018, the Company completed a drilling program on the Historic Erickson Gold Tailings Pond (now known as TM TSF1). At the same time the company revisited an untested highly anomalous Gold in Soil prospect known as the "Lucky", first discovered in 1984.

The Lucky Prospect a 400m by 400m soil anomaly has been unexplored since that time. The soil anomaly ran right up to company's western claim boundary at the time and was hence left untested and wide open to the west. In June 2018, the company staked a 612 Ha mineral tenure covering the west - northwestern potential extension of the zone. In July 2018, 1,201 soil samples were taken on a grid of 50m line spacing and 20m sample intervals covering the historic soil anomaly and the newly staked area. Also 67 mineralized rock samples were collected. The samples have been submitted to ALS Mineralogy Lab in Whitehorse and results are pending.

At the same time, a total of 128 drill holes totalling 515m were completed at the former 8.1 Ha Erickson Gold Tailings Pond. These holes were drilled at 25m spacing to define the gold resources in the Tailing Pond. The 3' diameter holes ranged in depth from 1.2m to 7.0m, averaging 4m. A GeoProbe - 8040DT, Direct Push drill was commissioned from JED Drilling out of Penhold, AB for the job. Samples were split in half with one half of the sample being shipped to ALS Mineralogy in Whitehorse, YT and the other half being shipped to Bureau Veritas Minerals - Metallurgical Division in Vancouver, BC for metallurgy sampling and study.

Cassiar Gold Project, British Columbia

The Cassiar Gold Project is located in northern British Columbia. It comprises approximately 58,900 ha (including 217 mineral claims and 2 placer claims) of which the Company has 100% interest, which comprise the Table Mountain and Taurus Properties in the Liard Mining Division. The area is easily accessible by an all-weather road along Highway 37, which runs through the center of the Cassiar properties, and by subsidiary roads which allow easy access to many parts of the projects. The area also can be accessed via fixed-wing aircraft flights to the Cassiar airstrip which lies immediately to the west of the Taurus Property near the old Cassiar town site. The Company owns an accommodation facility on Highway 37 in Jade City, British Columbia located between Table Mountain and Taurus that can accommodate up to 40 people. An office and core logging facility are located to the southwest of the camp area.

Table Mountain Property

The Table Mountain Property is located south of Highway 37 within the southern portions of the Cassiar Gold Project and contains the Main (formerly Erickson), Bain, Cusac and Vollaug mines which are past producing underground high-grade gold mines. A permitted 270 tonne per day gravity/flotation mill, power plant, assay lab and tailings impoundment facility are located on the property, and were put under care and maintenance by previous owners in October 2007. Thirteen adits/portals, approximately 25 km of underground workings, and more than 23 km of surface access roads occur on the property.

Taurus Property

The Taurus Property is located north of Highway 37 within the northern portions of the Cassiar Gold Project. The Property contains the Taurus Gold Deposit ("Taurus Deposit"), a large gold system which has been the focus of recent exploration on the project. The Taurus Deposit is located approximately eight kilometres from the company's milling facility, and is located along the main access road to the former town of Cassiar. It lies low in the valley in an area of subdued topography, allowing year round exploration and ease of access.

Technical disclosure in this news release has been reviewed and approved by Dr. Yingting (Tony) Guo, P.Geo., an Independent Qualified Person as defined by National Instrument 43-101.

OUTLOOK

The Company has no current funding for exploration of its mineral projects. Management is monitoring the economic conditions of the mining industry and continues discussions with investors in relation to the economic viability of extracting gold residues from the tailings pond of its formerly producing mine at Table Mountain property.

QUARTERLY INFORMATION

	Three month period ended May 31, 2019	Three month period ended February 28, 2019	Three month period ended November 30, 2018	Three month period ended August 31, 2018*
Total assets	\$ 9,317,284	\$ 8,771,429	\$ 8,853,398	\$ 9,209,612
Working capital (deficiency)	(49,625)	30,655	138,808	278,596
Shareholders' equity	6,285,029	6,362,620	6,494,666	7,808,398
Net loss and comprehensive loss	(113,831)	(132,046)	(165,791)	(409,703)*
Loss per share	(0.01)	(0.01)	(0.01)	(0.03)

	Three month period ended May 31, 2018	Three month period ended February 28, 2018	Three month period ended November 30, 2017	Three month period ended August 31, 2017
Total assets	\$ 9,214,697	\$ 8,798,517	\$ 7,843,062	\$ 7,906,348
Working capital (deficiency)	819,700	941,507	(394,720)	(267,099)
Shareholders' equity	6,879,696	7,025,203	5,708,586	5,854,581
Net loss and comprehensive loss	(144,774)	(124,388)	(141,069)	(111,890)
Loss per share	(0.01)	(0.01)	(0.02)	(0.01)

* During the three months ended August 31, 2018, the Company recorded a stock-based compensation of \$189,731 on the grant of 950,000 stock options.

REVIEW OF FINANCIAL RESULTS

Six months ended May 31, 2019

Net Loss

For the six months ended May 31, 2019, the Company incurred net loss of \$245,877 as compared to \$269,895 for the same period in 2018. The losses were consisted of:

- Accretion of asset retirement obligation of \$29,366 (2018 - \$24,582) increased due to the change of estimation of the asset retirement obligation in May 2019;
- Accretion of interest of \$1,820 (2018 - \$Nil) is related to proceeds of \$302,000 from convertible debentures;
- Amortization expense of \$23,378 (2018 - \$21,798) is comparable;
- Filing and transfer agent fee of \$13,653 (2018 - \$18,411) mainly consisted of monthly transfer agent fes, TSX-V annual fee, filing fees paid to TSX-V on private placemet and review of option agreement, and SEDAR filing fee;
- accrue of management fee of \$36,000 (2018 - \$36,000) to a company controlled by the CEO and President, and \$48,000 (2018 - \$48,000) to a company controlled by the CFO;
- Professional fees of \$17,730 (2018 - \$11,019) mainly consisted of legal fees in relation with private placement, option agreement, and preparation of AGM ;
- Project investigation fees of \$12,718 (2018 - \$Nil) was made to a Chinese geological consulting company for investigating a gold project in the Republic of Sudan;
- Rent and office expenses of \$16,831 (2018 - \$12,688) increased due to higher payments made to Worksafe BC in the current six month period for 2018 premium as there were more contractors hired in the summer of 2018;
- Camp maintenance costs \$33,102 (2018 - \$76,989) was lower because Margaux is responsible for operating and maintenance costs of Cassiar Gold propey since April 1, 2019 pursuant to the option agreement.

Three months ended May 31, 2019

Net Loss

For the three months ended May 31, 2019, the Company incurred net loss of \$113,831 as compared to \$155,508 for the same period in 2018.

The reduce of loss is mainly because Marguax is responsible for operating and maintenance costs of Cassiar Gold property since April 1, 2019 pursuant to the option agreement. The camp maintenance costs for the three months ended May 31, 2019 were \$2,240, compared to \$61,397 for the comparative three month period.

The Company's other expenses are comparable for the three months ended May 31, 2019 and the comparative three-month period.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company is in the exploration stage and no revenue has been generated to date. At May 31, 2019, the Company had cash of \$253,035 (November 30, 2018 - \$176,915) and a working capital deficiency of \$49,625 (November 30, 2018 – working capital of \$138,808).

In the past, operating capital and exploration requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company. The Company's current financial situation indicates material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Cash Flows

Under operating activities, the Company used \$194,340 in the three months ended May 31, 2019, as compared with \$328,814 in the comparative six months ended May 31, 2018.

During the six months ended May 31, 2019, the Company received \$302,000 of proceeds from convertible debentures. During the six months ended May 31, 2018, the Company completed a non-brokered private placement, issuing 7,245,000 share units at \$0.20 per unit for total proceeds of \$1,449,000. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at \$0.30 per share for a period of two years. The Company then repaid a loan and interest totalling \$282,107 to a director of the Company.

In the investing activities, during the six months ended May 31, 2019, the Company paid \$26,040 on exploration and evaluation assets, and purchased additional reclamation bonds of \$5,500. In the investing activities, during the six months ended May 31, 2018, the Company purchased a laptop at \$3,072.

The Company has no long-term debt obligations other than asset retirement obligation.

SUBSEQUENT EVENTS

None.

OUTSTANDING SHARE DATA

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

	Number of securities
Common shares	14,839,813
Stock options	850,000
Warrants	7,245,000

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the three months ended February 28, 2019:

a) Starting May 1, 2017, the Company pays a management fee of \$8,000 per month to the CEO and President of the Company. During the six months ended May 31, 2019, the Company paid or accrued \$48,000 (2018 -\$48,000) to the company controlled by the CEO and President. As of May 31, 2019, \$12,400 (November 30, 2018 - \$22,000) was payable to the company controlled by the CEO and President, and \$1,989 (November 30, 2018 - \$895) was travel expenses payable to the CEO.

b) Starting May 1, 2017, the Company pays a management fee of \$6,000 per month to the CFO of the Company. During the six months ended May 31, 2019, the Company paid or accrued \$36,000 (2018 -\$36,000) to the company controlled by the CFO. As of May 31, 2019, \$18,300 (November 30, 2018 - \$12,000) was payable to the company controlled by the CFO.

c) Starting May 1, 2017, the Company pays rent of \$500 per month to a company of which the CEO and President is a director. During the six months ended May 31, 2019, the Company paid or accrued \$3,000 (2018 -\$3,000) to the company. As of May 31, 2019, \$2,625 (November 30, 2018 - \$4,200) was payable to the company.

Accounts payable to related parties do not bear interest, are unsecured and repayable on demand.

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's accounts payable and accrued liabilities, due to related parties, and convertible debentures are measured at amortized cost. Its financial assets, GST receivables, are also measured at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments.

Financial risk management

The Company's objective in risk management is to maintain its ability to continue as a going concern. It is exposed to the following risks:

Liquidity risk

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at May 31, 2019, the Company had cash of \$253,035 (November 30, 2018 - \$176,915) and a working capital deficiency of \$49,625 (November 30, 2018 – working capital of \$138,808).

Credit risk

Credit risk arises from cash held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash is held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's convertible debentures bear interest at 10% per annum. Its exposure to interest rate risk is insignificant.

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no significant assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

iii. Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

SIGNICANT ACCOUNTING POLICIES, CRITICAL JUDGEMENTS AND ESTIMATES

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 2019 reporting period. Those new standards have been assessed, but are not expected to have any impact on the Company's financial statements.

All of the Company's significant accounting policies and estimates are included in Note 3 of its condensed consolidated interim financial statements for the six months ended May 31, 2019 and Notes 3 and 4 of its audited consolidated financial statements for the year ended November 30, 2018.

Adoption of new accounting policies

Financial Instruments

The Company adopted IFRS 9, Financial Instruments ("IFRS 9"), on December 1, 2018.

IFRS 9, Financial instruments, replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of an entity's own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. The adoption of this new standard had no significant impact on the Company's interim consolidated financial statements and the new accounting policy was defined as follows:

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

- a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
 - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- c) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company financial assets are comprised of cash, GST receivable and promissory note receivable, which are all measured at amortized cost.

Financial liabilities

The Company's liabilities include accounts payable and accrued liabilities and due to related parties which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For GST receivables and promissory note receivable, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Convertible debentures

Convertible debentures are separated into their liability and equity components on the statements of financial position. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar non-convertible liabilities at the time of issue. The liability component is recognized at amortized cost, using the effective interest method, until extinguished upon conversion, maturity or a normal course issuer bid. The fair value of the equity component of the convertible debentures is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the debt component is allocated as the fair value of the equity component.

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 2019 reporting period. These standards have been assessed to not have a significant impact on the Company's financial statements:

(a) IFRS 16, Leases

The new standard on leases, supersedes IAS 17, Leases, and related interpretations. The standard is effective for years beginning on or after January 1, 2019.

RISKS AND UNCERTAINTIES

Due to nature of the Company's business in mineral exploration and development, it is subject to various risks and uncertainties associated with the mining and extraction industry. If any of the following risks occur, the Company's going concern, operating results and financial position could be adversely impacted.

Exploration Risk

Mineral exploration activities are inherently risky. Few properties that are explored are eventually developed into producing mines. Exploration activities on the Company's Cassiar mineral properties have not yet resulted in discoveries of commercial mineralization to take the Company to the producing stage. If there are no further discoveries of mineral reserves, the Company may be forced to look for other exploration projects and abandon the existing properties.

Mineral Resources

The mineral resource figures disclosed in the MD&A are estimates only and the Company cannot be certain that specific quantities of gold or other minerals will be realized. These estimates are subject to the assumptions and judgments used in the geological interpretations. Any material changes in the mineralization, grade, metal prices and market conditions could have a serious adverse effect on the economic viability of the Company. Until the estimated deposits are mined and processed, the mineral resources and its grades remain estimates only.

Commodity Prices

The Company's future viability depends largely on the movement of the price of gold as the Company's mineral resources are primarily of gold. Gold prices have been historically volatile reacting to conditions beyond the Company's control, including international politics, economic crisis, global supply and demand and investors' sentiment. These uncertainties and volatility could affect negatively the Company's ability to raise capital for its exploration activities.

Global Economy and Financial Markets

The Company has no revenue from its operations and relies on the capital markets to raise equity financings for its operations. The ongoing civil war in Syria, instability in the Middle East, proliferate terrorist attacks in Europe and the increase of US interest rate have all adversely affected the global economy. The market uncertainty has led to the capital especially in natural resource sectors with uneconomically low commodity prices. This results in extreme challenges for exploration companies to seek funds from the financial markets.

Share Price Volatility

The slowdown growth in China since 2014 has resulted in reduced demand of base and precious metals and drastic drops in the share prices of many resource-based companies. As a junior mineral explorer, the Company's share price has been unavoidably affected by such volatile market conditions, which may not be necessarily related to the financial condition and underlying assets of the Company. For the Company's ongoing working capital and exploration activities, it relies on the issuance of common shares. The Company's depressed share price has casted doubt on its ability to raise equity financing.

Government and Environmental Regulations

The Company's operations are subject to various regulations governing prospecting, permitting, mine safety, labour standards, explosive storage, reclamation, spills, tailings disposal and any other environmental issues. There is no guarantee that new rules and compliances will not be enacted or existing regulations will not be changed and applied in such a way that they may adversely affect the Company's operations. Environmental legislation has becoming more stringent and penalties are enforced for non-compliance. Compliance with existing and evolving regulations means increasing costs to the Company.