Management's Discussion and Analysis ("MD&A")

For the year ended December 31, 2019

This Management's Discussion and Analysis ("**MD&A**") of GoviEx Uranium Inc. ("**GoviEx**" or the "**Company**") is dated April 24, 2020, and provides an analysis of the Company's financial results for the year ended December 31, 2019, including events up to the date of this MD&A. It should be read in conjunction with the Company's audited December 31, 2019 consolidated financial statements that have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts are expressed in US dollars unless otherwise noted.

This MD&A contains forward-looking statements relating to the Company's potential future activities and performance. The Company cautions readers that any forward-looking statements are not guarantees of future results as they are subject to significant risks and uncertainties discussed at the end of this MD&A.

GoviEx is based in Vancouver, British Columbia, Canada; its common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "GXU" and trade on the OTCQB Venture Market in the United States under the symbol "GVXXF." Additional information related to GoviEx is available on the Company's website www.goviex.com or the SEDAR website at www.sedar.com.

DESCRIPTION OF BUSINESS AND OUTLOOK

GoviEx is a mineral resource company focused on the exploration and development of its uranium properties in Africa. The Company's principal asset is its 80% interest in the mine-permitted Madaouela Project (“**Madaouela Project**”) located in north-central Niger. On June 19, 2014, GoviEx successfully closed its initial public offering on the Canadian Securities Exchange and transferred its listing to the TSX-V on July 11, 2016. GoviEx's principal objective is to become a significant uranium producer through the continued exploration and development of its Madaouela Project, its 100% owned mine-permitted Mutanga project in Zambia and its exploration project Falea in Mali.

Nuclear power, fueled by uranium, is a carbon-free, efficient, reliable and abundant source of electricity. Uranium does not trade on an open market like other commodities; buyers and sellers negotiate contracts privately; prices are published by independent market consultants, UxC, LLC.

Given the cuts to primary production over the past couple of years, today's uranium market is positioning itself to return to where price reflects an economic return on primary production. The market in 2019 was primarily affected by trade policy issues. Even though the spot uranium price declined slightly during 2019, we believe the demand cycle is on an upswing while the production cycle had swung down, reducing available global metal inventories. In March 2020, several major uranium mining operations announced COVID-19 related temporary closures, and this reduction in mined uranium supply has highlighted the increasing production supply gap and the uranium spot price in March and April 2020 responded positively.

COVID-19 quickly evolved into a worldwide health crisis that caused significant turmoil and heightened uncertainty in the global financial markets. GoviEx responded quickly by having transitioned to a remote work environment and urged its employees to behave responsibly. If the outbreak worsens, it could negatively affect the financing availability to GoviEx, interrupt its activities in Africa, and cause impairment indicators to rise in 2020.

Despite this unprecedented challenge, GoviEx plans to continue focusing on the updated pre-feasibility study ("**PFS**") for the Madaouela Project and provide an update on the project economics in the middle of 2020. The Company remains committed to the development of the Madaouela Project as soon as uranium prices support the financial decision.

CORPORATIVE DEVELOPMENT

Significant milestone achieved on the Madaouela Project in Niger

In July 2019, the Company signed definitive agreements with the Niger government to progress the Madaouela Project. As a result, a Nigerien operating company named *Compagnie Miniere Madaouela SA* ("**COMIMA**") was incorporated and is owned by GoviEx and the Niger government at 80% and 20%, respectively. As part of the definitive agreements, GoviEx settled all outstanding debts with the Niger government in exchange for a 10% working interest in COMIMA in addition to the government's statutory 10% free-carried interest. The Niger government also agreed to defer annual area tax payment related to the Madaouela Project for three years starting 2019.

In September 2019, the Niger government approved the revision to the shape of the Madaouela I mining permit to include additional mineral resources associated with the Miriam deposit discovered within the Agaliouk exploration license of the Madaouela Project.

Completion of Non-Brokered Private Placements

On April 10, 2019, the Company completed a non-brokered private placement of 20,600,000 units at CAD 0.17 per unit for total gross proceeds of $2,623,450 (CAD 3,502,000). Each unit consisted of one common share and one warrant exercisable for three years from the date of issuance at $0.21, $0.24, and $0.28 until April 10, 2020, 2021 and 2022 respectively.

On February 13, 2020, the Company announced and closed a non-brokered private placement by issuing 15,333,334 units at CAD 0.15 per unit for gross proceeds of $1,736,017 (CAD 2,300,000). Each unit consists of one Class A common share and one common share purchase warrant exercisable at $0.15 per share until February 13, 2025.

Loan receivable – Linkwood Holdings Pte Ltd. ("Linkwood")

On February 28, 2018, GoviEx and Toshiba Corporation signed a Termination and Mutual Release Agreement ("**Termination**") to settle a uranium loan entered in April 2012 with a fair market value of $9,438,368 on February 28, 2018. The uranium loan was secured against all the Company's assets in Niger, including the Madaouela Project's mineral licenses. As part of the Termination, Toshiba was paid $4,500,000 from GoviEx on April 26, 2018, and agreed to sell its 28,395,466 Class A common shares of

GoviEx to Linkwood for $4,500,000. On July 3, 2018, the Company advanced a $2,750,000 short-term loan to Linkwood ("**Loan**") to complete the share purchase. On July 9, 2018, the Company announced the conclusion of the Termination, including the release of the uranium loan security.

The Loan was also made for a strategic reason, in addition to collect cash flows from principal and interest. The credit risk for the Loan has remained high since its initial recognition.

On July 15, 2019, to allow Linkwood time to repay the full amount, the Company entered into a forbearance agreement with Linkwood whereby the unpaid principal and accrued interest of $2,187,111 were restructured into monthly installment with a final instalment due by July 2020. Linkwood paid $1,051,834 in 2019 and $50,000 after the year-end.

In early February 2020, Linkwood was unable to liquidate securities that are collateralized by the Loan due to regulatory trade restrictions, thus defaulted on its February and March 2020 payments. After review the collateral value and the market condition, the Company believes there is significant uncertainty as to when and in what amount future payments will be made by Linkwood. As a result, the Company wrote down the Loan to $50,000 and recognized a $1,925,000 impairment loss in 2019. GoviEx will continue to work with Linkwood toward maximizing the recovery of the loan. Future loan payments, if any, will be recorded as recovery when funds are received.

MINERAL PROPERTIES

GoviEx has the following resources under National Instrument 43-101 ("**NI 43-101**"):

	Measured			Indicated			Inferred		
	Tons (Mt)	Grade (% eU_3O_8)	eU_3O_8 (Mlb)	Tons (Mt)	Grade (%eU_3O_8)	eU_3O_8 (Mlb)	Tons (Mt)	Grade (%eU_3O_8)	eU_3O_8 (Mlb)
Madaouela (1)	11.76	0.12%	31.4	25.25	0.14%	79.4	9.46	0.13%	27.7
Mutanga(2)	5.9	0.04%	4.8	15.7	0.03%	10.4	74.6	0.03%	44.9
Falea(3)	-	-	-	6.88	0.115%	17.4	8.78	0.069%	13.4

(1) "An Updated Integrated Development Plan for the Madaouela Project, Niger", August 11, 2015, revised August 20, 2015 prepared by SRK.
(2) "NI 43-101 Technical Report on a Preliminary Economic Assessment of the Mutanga Uranium Project in Zambia", November 30, 2017, prepared by SRK.
(3) "Technical Report on the Falea Uranium, Silver and Copper Deposit, Mali, West Africa" prepared by Roscoe Postle Associates Inc. October 26, 2015.

From 2007 to 2019, GoviEx spent a total of $135,710,000 in acquisition and exploration expenditures in Niger, $4,957,000 in Zambia and $2,611,000 in Mali.

Niger – Madaouela Project

The Madaouela Project, located in the heart of a historically prolific uranium-producing district, originally consists of seven contiguous tenements, known as Madaouela I, II, III, IV, Anou Melle, Eralrar and Agaliouk. The Madaouela Project was initially acquired in June 2007 for Euro 32,000,000 (Euro 25,000,000 paid), with a final acquisition payment of Euro 7,000,000 due when one of the Madaouela Project tenements formally converts from an exploration license to a mining permit.

On January 26, 2016, the Madaouela I large-scale mining permit was granted to GoviEx. On June 13, 2018, the Niger government made an election to hold its statutory 10% free carried interest in the Nigerien operating company that would hold the Madaouela I mining permit. The Niger government also requested the annual area taxes of CFA 1,216,000,000 from 2016 to 2018 for the Madaouela I miming permit. Under Niger's mining code, an area tax will become a liability of the new Nigerien operating company once it is incorporated, in which the Niger government would own a minimum of 10% interest.

In July 2019, the Company signed definitive agreements with the Niger government whereby the Niger government agreed to convert the remaining Euro 7,000,000 acquisition payable and the three years (2016-2018) of contested area taxes into an additional 10% working interest in COMIMA.

In 2018, the Company engaged SRK Consulting (UK) Ltd and SGS Bateman (Pty) Ltd to begin the feasibility study for the Madaouela Project. During 2019 as part of the feasibility study GoviEx decided as an interim step to complete an updated PFS for the Madaouela Project. The updated PFS would allow the Company to include the positive effects of certain optimizations, which were not available at the time the current PFS was produced.

Zambia – Mutanga Project

The Mutanga project, consisting of three contiguous mining permits, is located approximately 200 kilometers south of Lusaka, Zambia. It has excellent infrastructure with access to a gravel road, groundwater and grid power.

In August 2019, the Zambian government announced all dormant mining and exploration licenses would be revoked to pave the way for new owners. As of April 24, 2020, the Company has not received any government notification to rescind any of its licenses. The Company became aware in early 2020 that its Chirundu mining permit had been placed on a default list. The Company has communicated with the Ministry of Mines and expects this to be resolved positively.

RESULTS OF OPERATIONS

During the year ended December 31, 2019, the Company incurred a loss of $8,650,000 compared to $368,000 in the prior year. Significant differences in the comparative amounts were mainly caused by a $1,925,000 write down on Linkwood Loan and a deferred area tax expense of $2,022,000 in 2019, compared to the non-cash $5,062,000 gain in the uranium loan settled in 2018.

Exploration and evaluation expenses

Exploration and evaluation expenditures are related to personnel, mineral property maintenance, and technical consulting costs in the Company's Africa subsidiaries. These costs can vary depending on the stages and priorities of the exploration program.

During 2019, the Company incurred a total of $2,176,000 in exploration expenditures, primarily in Niger. Among those expenditures, 35% were for local personnel costs, with the remaining expenses being incurred for office rental, professional fees, technical consultants, governmental fees, and camp costs.

The Company also has community and social responsibility projects in Niger, Mali and Zambia by providing financial aids in building local schools, health clinics and boreholes for clean water.

General and administrative expenses

General administrative expenses are mainly comprised of salaries, investor relations and general corporate head office expenses. The scale and nature of the Company's corporate activities have remained relatively consistent over the years. Fluctuations in costs are driven by the timing of certain expenses incurred, such as investor conferences, business travel and insurance renewals.

During 2019, the Company incurred $1,812,000 in administrative expenses compared to $1,948,999 in 2018. The majority of administrative costs were lower in 2019 than in 2018, except for professional fees related to the creation of COMIMA and investor relations activities.

Three months ended December 31, 2019

For the three months ended December 31, 2019, the Company impaired the Linkwood Loan and recorded a $1,925,000 loss.

Selected Annual Information

(in thousands of U.S. dollars except for per share amounts)	December 31, **2019**	2018	2017
Financial performance	**$**	$	$
Total revenue	**-**	-	-
Net loss for the year	**(8,650)**	(368)	(6,054)
Basic and diluted loss per share	**(0.02)**	(0.00)	(0.01)
Financial position			
Total assets	**70,648**	73,903	67,996
Non-current liabilities	**-**	-	-
Working capital (deficiency)	**193**	(4,603)	(3,168)
Cash dividends declared	**-**	-	-

Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ended with December 31, 2019:

(in thousands of U.S. dollars except for per share amounts)	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18	Q1'18
	$	$	$	$	$	$	$	$
Exploration and evaluation	(707)	(550)	(459)	(460)	(653)	(469)	(406)	(626)
Area tax	-	(2,022)	-	-	-	-	-	-
General and administrative	(273)	(646)	(450)	(443)	(546)	(364)	(624)	(414)
	(980)	(3,218)	(909)	(903)	(1,199)	(833)	(1,030)	(1,040)
Foreign exchange (loss) gain	(55)	(137)	(103)	193	57	7	(116)	(175)
Change in fair value of marketable security	(13)	(61)	48	(34)	(39)	21	(7)	(112)
Gain on uranium loan	-	-	-	-	-	-	4,049	1,013
Impairment of loan receivable	(1,925)	-	-	-	-	-	-	-
Interest and other	-	67	35	56	77	71	(251)	(205)
Share-based compensation	(127)	(276)	(142)	(166)	(173)	(305)	(66)	(112)
Net (loss) income for period	(3,100)	(3,625)	(1,071)	(854)	(1,277)	(1,039)	2,579	(631)
(Loss) income per share	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	0.01	(0.00)

The Company's results have been driven by the level of its exploration and evaluation activities. The Company has had no revenue from mining operations since its inception. Significant variations in costs can be attributed to the following:

- Exploration and evaluation expenditures can vary widely from quarter to quarter, depending on the stages and priorities of the exploration program.
- Share-based compensations are equity-settled and fair valued through the Black-Scholes pricing model when stock options are granted and vested. Any change in the assumptions used will impact the share-based expense recorded in the period.
- Foreign exchange gains and losses arise because the Company conducts certain of its activities and holds financial assets in U.S. Dollars, Canadian dollars and other currencies, and reports its financial results in U.S. Dollars

LIQUIDITY AND CAPITAL RESOURCES

The Company is at an advanced exploration and development stage with no source of operating cash flow and has been dependent on raising funds through the issuance of shares and/or debt arrangements. Material increases or decreases in the Company's liquidity and capital resources will be determined by the Company's ability to maintain its mineral licenses and mining permits, obtaining equity or other sources of financing.

During 2019, the Company spent $4,106,000 in operating activities, or $342,167 per month, closed a non-brokered private placement of net proceeds of $2,507,299, received $1,052,000 repayment from Linkwood, and $49,000 from warrants and stock option exercises.

GoviEx continues to work with Linkwood towards maximizing the recovery of the Linkwood Loan, given the market condition and the restricted collateral shares, the chance for any future repayment is uncertain.

Subsequent to the 2019 year-end, the Company raised $1,736,017 (CAD 2,300,000) by issuing 15,333,334 units at CAD 0.15 per unit. Cash as of April 24, 2020 is $1,200,000.

The Company is required to finance the development for the Madaouela Project and start paying accrued area taxes in July 2022. The Company also needs to incur certain exploration expenditures for exploration licenses in Niger & Mali. Please refer to note 1, Nature of Operations and Going Concern in the company's consolidated financial statements for the year ended December 31, 2019.

TRANSACTIONS WITH RELATED PARTIES

According to a cost-sharing shareholder agreement with Global Mining Management Corp. ("**GMM**"), a private company owned by its shareholders, the Company paid $365,741 for the use of the Vancouver office premises and corporate personnel in Vancouver, Canada. The Company became a shareholder of GMM on October 25, 2007, and can terminate the agreement with GMM by providing 60-days written notice.

These transactions have occurred in the normal course of the business and measured at their fair value.

OUTSTANDING SHARE CAPITAL

As of April 24, 2020, the Company has:

- 438,655,696 class A common shares issued and outstanding;
- 37,970,000 options outstanding with exercise prices ranging from CAD 0.10 to CAD 0.32; and
- 126,997,656 warrants exercisable from $0.15 to $0.28 expiring from October 30, 2020, through February 13, 2025.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance arrangements other than those described in Note 12 Commitments and Contingencies in the consolidated financial statements for the year ended December 31, 2019.

PROPOSED TRANSACTIONS

None

CHANGES IN ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are consistent with those applied and disclosed in Note 2 of the Company's 2019 audited consolidated financial statements. Adoption of IFRS 16 – Leases had no material impact on the Company's financial position or financial performance on the transition date.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period.

Although the Company regularly reviews the estimates and judgments made that affect the consolidated financial statements, actual results may be materially different. Please refer to Note 2 of the 2019 consolidated financial statements for a description of the critical accounting estimates and judgment.

NOTE TO U.S. READERS

The Company uses the Canadian Institute of Mining, Metallurgy and Petroleum definitions for the terms "measured resources," "indicated resources," and "inferred resources." U.S. investors are advised that while the terms "measured resources," "indicated resources" and "inferred resources" are recognized and required by Canadian regulations, including NI 43-101, the SEC does not recognize these terms. Accordingly, the information contained in this MD&A contains descriptions of mineral deposits that may not be comparable to similar information made public by U.S. companies that are not required to comply with NI43-101 and that are subject to the reporting requirements under the U.S. federal securities laws and the rules and regulations thereunder. The SEC permits U.S. companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. U.S. readers are cautioned not to assume that any part or all of the material in these categories will be converted into reserves. It should not be assumed that any part of an inferred mineral resource will ever be upgraded to a higher category.

FORWARD-LOOKING STATEMENTS

The MD&A contains certain statements that may be deemed "Forward-Looking Statements." Forward-Looking Statements may include, but is not limited to, statements with respect to the future financial and operating performance of the Company, its subsidiaries and affiliated companies, its mining projects, the future prices of uranium, the estimation of mineral resources, the realization of mineral resource estimates, costs of production, capital and exploration expenditures, costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, licences, and conversions under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results ''may", "could", "would", ''might" or "will" be taken, occur or be achieved. These statements reflect the Company's current expectations regarding future events and operating performance and speak only as of the date of this MD&A.

RISK FACTORS

The following is a brief description of those distinctive or unique characteristics of the Company's operations and industry, which may have a material impact on, or constitute risk factors in respect of the Company's financial performance, business and operations.

History of Net Losses; Uncertainty of Additional Financing; Negative Operating Cash Flow

The Company has received no revenue to date from the exploration activities on its properties and has negative cash flow from operating activities. As of December 31, 2019, the Company had an accumulated deficit of $208,075,000. In the event the Company undertakes development activity on any of its properties, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

The business of mining and exploration involves a high degree of risk, and there can be no assurance that current exploration and development programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its exploration and development commitments to fund administrative overhead and to maintain its mineral interests. The Company will need to raise sufficient funds to meet these obligations as well as fund ongoing exploration, advance detailed engineering, and provide for capital costs of building its mining facilities.

Mineral Exploration and Development Activities are Inherently Risky

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into mineral deposits with significant value. Unusual or unexpected ground conditions, geological formation pressures, fires, power outages, labour disruptions, flooding, earthquakes, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing uranium and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection.

Uncertainty of Mineral Resources and Mineral Reserves

The figures presented for mineral resources in this MD&A are only estimates. The estimating of mineral resources is a subjective process, and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource estimate, and the actual deposits encountered, and the economic viability of a deposit may differ materially from the Company's estimates.

Estimated mineral resources may have to be re-estimated based on further exploration or development activity. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates.

Mineral resources are not mineral reserves, and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Possible Loss of Interests in Exploration Properties; Possible Failure to Obtain Applicable Licenses

The regulations pursuant to which the Company holds its interests in certain of its properties provide that the Company must make a series of payments over certain time periods or expend certain minimum amounts on the exploration of the properties. If the Company fails to make such payments or expenditures in a timely fashion, the Company may lose its interest in those properties. Further, even if the Company does complete exploration activities, it may not be able to obtain the necessary licenses or permits to conduct mining operations on the properties, and thus would realize no benefit from its exploration activities on the properties. There is no assurance that further applications will be successful.

Title Risks

Although the title to the properties in which the Company holds an interest was reviewed by or on behalf of the Company, and title opinions were obtained by the Company with regard to its properties upon their acquisition, there still may be undetected title defects affecting such properties. Third parties may have known or unknown valid claims underlying portions of the Company's interests, including claims from prior holders of mineral interests in the same area or technical defects in the granting or approval of mineral interests (including exploration licences) or in the transfers of any mineral interest. Title may be affected by, among other things, undetected defects, including legal defects. The Company does not maintain title insurance, which is generally not available for projects in Niger, Mali or Zambia.

Metal Price Volatility

The Company's activities will be focussed on the exploration and development of its uranium mining properties. The price of uranium is thus an important factor in the future profitability of the Company and, in turn, the market price of the common shares. Historically, the price of uranium has varied widely and is subject to factors outside of the Company's control. Such factors include, among others: demand for nuclear power, political and economic conditions in uranium producing and consuming countries, the public and political response to a nuclear accident, improvements in nuclear reactor efficiencies, reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails, sales of excess civilian and military inventories (including the dismantling of nuclear weapons) by governments and industry participants, and production levels and production costs in key uranium-producing countries. Any such variation in the price of uranium in the future could cause the market price of the Common Shares to fluctuate and could increase the Company's cost of capital.

Future Shareholders Dilution

The Company may need to obtain additional resources in the future to execute the Company's growth strategy, including the possible acquisition of new businesses and assets. The Company may issue additional equity securities to finance such operations, development, acquisitions or other projects. The Company cannot predict the size or frequency of such future issuances if any. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per share.

Volatility of the Company's Common Shares

In recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. The market price of the Common Shares could similarly be subject to wide fluctuations in response to a number of factors that some of them are beyond the Company's control. This could cause the market price of the Common Shares to volatile significantly.

Competition

Significant and increasing competition exists for mineral deposits in each of the jurisdictions in which the Company conducts operations. As a result of this competition, much of which is with large established mining companies with substantially greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mining claims or financing on terms it considers acceptable. The Company also competes with other mining companies in the recruitment and retention of qualified directors, officers and employees.

Insurance Risk

The mining industry is subject to significant risks that could result in damage to or destruction of property and facilities, personal injury or death, environmental damage and pollution, delays in production, expropriation of assets and loss of title to mining claims. No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company currently maintains insurance within ranges of coverage that it believes to be consistent with industry practice for companies at a similar stage. The Company carries liability insurance with respect to its mineral exploration operations but is not currently covered by any form of environmental liability insurance since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is unavailable or prohibitively expensive. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

Dependence on Management

The success of the Company's activities and operations is largely dependent on the efforts and abilities of its management team. Investors must be willing to rely to a significant extent on their discretion and judgment. The Company does not maintain key employee insurance on any of its employees. The Company depends on key personnel and cannot provide assurance that it will be able to retain such personnel.

Failure to retain such key personnel could have a material adverse effect on the Company's business and financial condition.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers of the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in applicable laws.

Changes in Government Regulation

Mining, processing, development and mineral exploration activities are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, and other matters. Although management believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future development or production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could adversely affect the business, results of operations, financial condition and prospects of the Company.

Legal rights in a dispute with foreign persons

In the event of a dispute, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts in Canada. A foreign court process may be conducted under rules and procedures that are different than those found in countries with more familiar legal systems, and may not result in a fair hearing for the Company. The Company may also be hindered or prevented from enforcing its rights with respect to a government or entity or instrumentality because of the doctrine of sovereign immunity. Any adverse or arbitrary decision of a foreign court may have a materially adverse impact on the Company's business, results of operations, financial condition and prospects.