# HI HO SILVER RESOURCES INC.

## MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JULY 31, 2014

AND FOR THE SUBSEQUENT PERIOD ENDED JANUARY 9, 2015

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## A. INTRODUCTION

The following management discussion and analysis of the operating results and financial position of Hi Ho Silver Resources Inc. (the "Company" or "Hi Ho Silver"), dated for reference January 9, 2015, constitutes management's view of the factors that affected the Company's financial and operating performance for the year ended July 31, 2014 and the subsequent period ended January 9, 2015. This discussion should be read in conjunction with the audited financial statements and related notes of the Company for the years ended July 31, 2014 and 2013.

All dollar amounts are in Canadian currency unless otherwise specified.

The Company's website can be found at www.hhsr.ca. Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com.

This Management Discussion and Analysis ("MD&A") is prepared in conformity with National Instrument 51-102 F1 and was approved by the Board of Directors on January 9, 2015.

## B. FORWARD-LOOKING STATEMENTS

*Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by applicable Canadian Securities law.*

## C. STRUCTURE AND BUSINESS DESCRIPTION

**Hi Ho Silver Resources Inc**. (the "Company") was incorporated under the Canada Business Corporations Act on April 7, 2005. All of the Company's efforts are currently devoted to developing exploration properties in British Columbia and Saskatchewan. There has been no determination whether the Company's interests in exploration properties contain mineral reserves which are economically recoverable.

The Company's head office and its registered records offices are located at Suite 201, 1090 West Pender Street, Vancouver, BC, Canada, V6E 2N7. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the CNSX Exchange under the symbol "HHS". The Company is also listed on the Frankfurt Stock Exchange under the symbol "H9T".

## D. OPERATING ACTIVITIES

The net loss for the year ended July 31, 2014 was $1,398,271 after property, investment and shares write-downs of $718,521 compared to the loss for the year ended July 31, 2013 of $1,269,916 after property write-downs of $695,833.

## E. CORPORATE DEVELOPMENTS

The following were corporate developments from August 1, 2012 to July 31, 2014:

On August 24, 2012, the Company entered into an option agreement with William McKinney, Turnagain Resources Inc and Knight-Castle Mercantile Inc. to acquire a 100% interest in a series of claims, collectively referred to as the Fairview South Okanagan Property, located in British Columbia. As consideration for the interest, the Company made a cash payment of $25,000 and issued a total of 3,000,000 common shares. The value of the shares was recorded at $120,000, representing the fair value of the shares at the time of issuance. The Company also incurred $5,000 in legal and paid a $5,000 finder's fee in association with acquiring the interest. During the year ended July 31, 2013, the Company incurred $278,285 for consulting and exploration services performed on the project and incurred $4,456 in maintaining tenures

On August 29, 2012 the Company announced a non-brokered private placement of up to 10,000,000 units at $0.05 per unit, for a total of $500,000. Each unit consisted of one common share and one share purchase warrant that entitles the holder to acquire one common share of the Company for a period of two years for $0.10 per share.

On October 25, 2012, the Company entered into an option agreement to acquire a 100% interest in a series of claims located in Saskatchewan, collectively referred to as the La Ronge Property. As consideration for the interest, the Company issued 4,600,000 common shares on signing and agreed to other future share issuances, as described in Section F below. These claims were abandoned and written off during the current year.

On January 21, 2013 the Board of Directors approved an option agreement pursuant to which the Company receives the tenures known as the Cherryville Property. In consideration for those rights, the Company issued 2,000,000 common shares upon and agreed to other future share issuances, as described in Section F below. These claims were abandoned and written off during the current year.

On April 4, 2013 the Company closed a non-brokered private placement of 1,970,000 flow-through units at a price of $0.05 per unit for gross proceeds of $98,500. Each unit is comprised of one flow-through common share and one flow-through common share purchase at any time for a two year period following issuance at an exercise price of $0.10 per share. The Company recognized a flow-through premium liability of $19,700 associated with this financing, while the remaining proceeds have been bifurcated using the relative fair value method resulting in $37,586 being recorded in warrants as the estimated value of the warrants, while the remaining $41,214 being allocated to the common share portion of the units. The fair value of the warrants has been estimated as of the date of the issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.98%, dividend yield of 0%, volatility of 268.76% and expected life of 2 year. Commissions of $7,000 were paid in connection with this private placement.

On May 23, 2013 the Company completed a non-brokered private placement of 7,404,000 units at a price of $0.05 per unit for gross proceeds of $370,200. Cash proceeds of $115,600 were received in connection with this financing, while a total of $254,600 worth of units were issued as an offset to outstanding accounts payable and amount due to related parties. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company for a period of two years at an exercise price of $0.10 per share. The proceeds from the private placement have been bifurcated using the relative fair value method resulting in $172,773 being recorded in warrants as the estimated value of the warrants, while the remaining $197,427 being allocated to the common share portion of the units. The fair value of the warrants has been estimated as of the date of the issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.04%, dividend yield of 0%, volatility of 265.76% and expected life of 2 years. Commissions of $11,600 were paid in connection with this private placement.

On August 9, 2013, the Company announced a private placement of up to 5,000,000 participating convertible redeemable Series "A" preferred shares at $1.00 each. Each share will carry a participating

dividend of 50% of the gross net margins payable quarterly until participating dividends equal to the issue price have been earned. At that time the dividend will be set at 40% per annum. Each share will be convertible into that number of common shares equal to the quotient of the issue price and unpaid dividends divided by the greater of $0.05 or 80% of the average of the closing prices of the common shares during the 10 trading days immediately preceding the notice of conversion.

On October 9, 2013, $50,000 was received on this preferred share financing and, as allowed under the terms of the subscription agreement, was designated as flow-through shares to be expended on the Fairview South Okanagan Property On April 25, 2014, a further $15,000 was received on this financing that was not designated as flow-through.

The shares have not yet been issued in connection with this financing and have been recorded as a liability item of the Company's statement of financial position as at July 31, 2014.

On October 24, 2013, a further $250,000 in proceeds was received for a future issuance of common shares but was not designated as flow-through. The Company spent US$ 200,000 of the proceeds to purchase convertible preference shares of Ascot Mining Plc as described in Note 4.

On October 17, 2013, the Company entered into an agreement with Ascot Mining Plc ("Ascot"), a private UK Company with mineral tenures in Costa Rica. Under the terms of the agreement the Company paid US$200,000 and received 125,157 preference shares, convertible into 5,333,333 common shares, representing 4.7% of the issued common shares of Ascot. The second and final payment, was to be made on or before February 12, 2014 requiring a payment of US$5,800,000 for which the Company would receive 3,754,717 preference shares. Upon final completion and conversion to common shares, the investment will represent 59.69% of the issued common shares of Ascot.

The Company failed to make the second payment under the terms of the agreement with Ascot, and does not currently have the funding available to focus its efforts in Costa Rica. Accordingly, the Company has written off its investment in Ascot in its entirety as at July 31, 2014.

On December 30, 2013, the Company extended the expiry date and reduced the exercise price for warrants that were scheduled to expire on February 26, 2014 and had an exercise price of $0.15. The new expiry date is February 26, 2016 and the new exercise price is $0.10.

On May 27, 2014, the Company acquired a 100% interest in 9 placer claims located in San Bernardino County, California from Clearbrook Water Company Ltd. and 0998601 BC Ltd. In consideration for the claims, the Company issued 5,000,000 common shares and a further 1,000,000 common shares as a finder's fee. The common shares were valued at $60,000, being the fair value of the common shares at the time of issuance. The Company conducted preliminary sampling and review of the property during the current year.

On June 12, 2014, the Company acquired a 100% interest in 4 mineral claim applications within the Detour trend of the Abitibi Region in Northwestern Quebec from Rusty V Resources and 0998601 BC Ltd. In consideration for the claims, the Company issued 6,000,000 common shares and a further 600,000 common shares as a finders' fee. The common shares were valued at $66,000, being the fair value of the common shares at the time of issuance. On June 8, 2014, the Company completed staking additional claims contiguous to the initial claims purchased.

On July 29, 2014 the Company completed a further purchase of 15 additional mineral claim applications from the same vendors. In consideration for the additional claims, the Company issued 4,000,000 common shares and a further 300,000 common shares as a finders' fee. The transaction The common shares were valued at $86,000, being the fair value of the common shares at the time of issuance.

Evaluation of literature and published material on these claims was initiated during the year.

# F. PROJECT UPDATE AND FUTURE PLANS

### Carmi Property (abandoned)

Pursuant to an option agreement with St. Elias Mines Ltd. ("St. Elias") dated September 12, 2005, as subsequently amended, the Company acquired a 51% interest in the Carmi Property, located in British Columbia. Pursuant to the option agreement, the Company paid $75,000, issued 500,000 common shares and incurred $1,892,084 in exploration expenditures on the property resulting in the acquisition of a 51% interest in the property.

Under the terms of the option agreement, the Company had the right to increase its ownership to a 100% interest, subject to a 1.5% net smelter returns royalty ("NSR") by paying $750,000 ($250,000 paid) and issuing 3,500,000 common shares of the Company.

During the year ended July 31, 2010, management recorded a write-down of $500,000 to reflect its estimate of the recoverable amount of the Carmi Property deferred exploration expenditures. On July 16, 2011, the tenures comprising the Carmi Property were due for renewal. The Company was not in a position to make the renewal due to lack of available funds, and the properties were forfeited. As a result of this forfeiture, the previously capitalized carrying value of $2,188,967 was written off during the year ended July 31, 2011.

Following the forfeiture, the Company entered into an agreement with arm's length parties to re-acquire the Carmi Property and title to certain of the tenures within the Carmi Property were restored.

All terms and conditions of the original option agreement with St. Elias remained in force.

During the year ended July 31, 2012, the Company entered into an option agreement to acquire an additional tenure within the Carmi Property for cash consideration of $100,000 (paid).

As at July 31, 2012, certain of the tenures were due for renewal, and the Company was not in a position to make the renewal due to lack of available funds. Accordingly, approximately 60% of the tenures were forfeited, and the Company wrote down the carrying value of its interest in the Property in the amount of $86,354. During the year ended July 31, 2013, the Company paid $7,905 for tenure renewals.

During the year ended July 31, 2013, the remaining tenures on the property were forfeited and accordingly, the Company wrote off all of the remaining costs totalling $65,474.

### Mt. Thomlinson Property

On December 23, 2010, the agreement to acquire the Mt. Thomlinson Property in British Columbia from Molystar Resources Inc. ("Molystar") formally closed and the property was transferred to the Company's name. In consideration for the property, the Company issued 4,750,000 common shares valued at $0.055 per share, based on the market price of the shares at the time of issue ($261,250) and assumed certain obligations of Molystar totalling $28,000. An NSR of 2% is attached to the property.

A finder's fee in the amount of 237,500 common shares was included as part of the agreement. These shares were issued February 28, 2011, valued at $0.055 per share ($13,063), based on the market price of the shares at the time of issue.

During the year ended July 31, 2013, the Company incurred $10,647 (2012 - $60,463) in deferred exploration costs.

As at July 31, 2013, certain of the tenures were due for renewal, and the Company was not in a position to make the renewal due to lack of available funds. Accordingly, approximately 88% of the tenures were forfeited, and the Company wrote down the carrying value of its interest in the Property in the amount of $352,710.

The Company had entered into negotiations with its former President to exchange their interest in the property in return for settling an amount owing to the former President. The total amount to be settled was expected to be $200,000, and an additional impairment provision of $28,003 was made effective July 31, 2013 to reduce the carrying value of the property on a pro-rata basis to the expected selling price of the interest.

The negotiations were not successful, and accordingly, the Company wrote off the remaining costs associated with the property as at July 31, 2014. The Company continues to hold 2 claims on this property.

**Inlet Claims (abandoned)**

The Company purchased these Claims, located in British Columbia from TA Mineral Resources Ltd. as to 80% and Quadra Coastal Resources Ltd. as to 20%. The Claims were acquired for 10,000,000 common shares valued at $300,000 based on the market price of the shares at the time of issue. A further 900,000 common shares valued at $27,000 based on the market price of the shares at the time of issue, were issued to unrelated parties as finders' fees.

During the year ended July 31, 2012, the Company paid a total of $10,000 for re-acquisition costs associated with certain of the tenures within the Claims, and incurred $2,338 in acquisition costs associated with payments in lieu of exploration work completed.

During the year ended July 31, 2013, the Company paid $825 for tenure renewals.

The Company had entered into negotiations with its former President to exchange their interest in the property in return for settling an amount owing to the former President. The total amount to be settled was expected to be $200,000, and an impairment provision of $190,811 was made effective July 31, 2013 to reduce the carrying value of the property on a pro-rata basis to the expected selling price of the interest.

The claims were later allowed to lapse and the Company wrote off all costs associated with the property effective July 31, 2014.

**Kitsault Claims (abandoned)**

On February 2, 2012, the Company entered into an agreement to acquire a series of mineral tenures from Wild West Gold Corp. for cash consideration of $25,000 (paid).

During the year ended July 31, 2012, the Company incurred $15,329 in acquisition costs associated with payments in lieu of exploration work completed.

During the year ended July 31, 2013, the Company paid $5,000 for tenure renewals.

As at July 31, 2013, certain of the tenures were due for renewal, and the Company was not in a position to make the renewal due to lack of available funds. Accordingly, approximately 28% of the tenures were forfeited, and the Company wrote down the carrying value of its interest in the Property in the amount of $12,505.

The Company had entered into negotiations with its former President to exchange their interest in the property in return for settling an amount owing to the former President. The total amount to be settled was expected to be $200,000, and an additional impairment provision of $18,242 was made effective July 31, 2013 to reduce the carrying value of the property on a pro-rata basis to the expected selling price of the interest.

The claims were later allowed to lapse and the Company wrote off all costs associated with the property effective July 31, 2014.

**Kisgegas Property (abandoned)**

On August 29, 2011, the Company entered into an option agreement with Ronald McMillan and Ross Blusson to acquire a 100% interest in a series of claims, collectively referred to as the Kisgegas Property, located in British Columbia. As consideration for the interest, the Company has agreed to make cash payments totalling $990,000 through May 31, 2021 ($10,000 paid).

During the year ended July 31, 2013, the Company failed to make a cash option payment and was in default of the agreement. Accordingly, in fiscal 2013, the Company wrote off all costs associated with the property, in the amount of $11,500.

**Fairview South Okanagan Property**

The Company acquired on option in this property, as described below.

The initial Property holding comprised 15 mineral claim covering approximately 762 hectares located 6.4 kilometres west of the town of Oliver BC, in the Okanagan mining division. On November 28, 2013, the Company acquired four additional tenures contiguous to the property that now form part of the Fairview South Okanagan Property.

Historical production from three parallel quartz vein systems on the property totaled 512,000 tonnes grading 3.99 grams per tonne gold and 49.1 grams/tonne silver (Barker and Trenaman, 1987). Initial production was started in the 1890s with the majority of production undertaken by Cominco (now Teck Resources Limited) between 1946 and 1961. The material was utilized as flux by Cominco in the Trail smelter.

Sufficient material remained within the mines at the time of shutdown in 1961 to encourage Cominco to subsequently evaluate a plan of operations at a projected gold price of $400. That program, as summarized in a 1980 report, was based upon a historical resource and envisioned a production scenario of 255,000 tonnes per year or 700 tonnes per day for a period of 10 years. This plan was not implemented and subsequent exploration and evaluation work was conducted by Oliver Gold, but operations were not continued, and the property has remained dormant. These historical resources do not meet the criteria for an NI 43-101-compliant resource of any category as defined in "CIM Definition Standards on Mineral Resources and Mineral Reserves," dated Nov. 27, 2010, and as such should not be relied upon. An updated current resource has been calculated for the property as discussed below.

Compilation of all data in a modern computerized format in order to create a 3-D model has been done, with the ultimate objective to guide the location of the bulk sampling and drilling work. The intent is to obtain a bulk sample and directly ship the material to a nearby mill for custom milling. Depending on the results obtained in the bulk samples, it is anticipated that additional preparations will be made for the eventual continued shipment of material from the underground target zones. This will allow a sequential evaluation of a number of the higher grade zones suggested by historical drilling and mining data, to eventually develop a mining plan as exploration advances and as funding is obtained.

The Company retained Apex Geoscience Ltd. to prepare a National Instrument 43-101 report on the Fairview gold property, near Oliver, in the Okanagan Valley of Southern British Columbia, Canada. Kristopher Raffle, BSc, PGeo, Senior Geologist, and Michael Dufresne, MSc, PGeol, President of Apex, co-ordinated compilation of historic exploration data and completion of the report.

The report is based on a voluminous historic exploration dataset, including work conducted by Highland Valley Resources Ltd. and Oliver Gold Corp. during the period 1985 to 1994, which included drilling of approximately 5,000 metres of core, 400 metres of underground drifting and extensive rock geochemical sampling. That work postdated exploration and development by Cominco Ltd. (now Teck Resources Ltd.) that consisted of drilling of numerous core holes, many hundreds of metres of underground drifts, and extensive stopping of production materials. The majority of surface plans, geologic logs and assay results from drilling, plus underground plans and sections, are available for compilation. This data has been digitized, compiled and used to create a modern 3-D geologic and mineralization model for the property, which will guide future exploration.

On August 21, 2013, this National Instrument 43-101 Technical Report was filed on SEDAR. The mineral resource estimate comprises an inferred mineral resource of 334,000 tonnes averaging 2.9 g/t Au and 17.9 g/t Ag, based on a cut-off grade of 1.0 g/t Au. This includes a higher grade core zone of 51,000 tonnes grading 11 g/t gold and 38g/t silver.

The company has received a bulk sampling permit, and has initiated plans to sample 1000 tonnes, followed by two 10,000 tonne bulk samples for a total of 21,000 tonnes.

The Company is in the process of purchasing additional claims to expand the Fairview property and to consolidate the land holdings for purposes of assessment work distribution. The plan is to acquire the claims for shares, but this has not yet been finalized and as of the date of this report, negotiations are ongoing. The property has had a small amount of surface work conducted during the quarter to facilitate the combination of properties with additional properties being acquired in order to expedite filings of assessment work.

**La Ronge Property (abandoned)**

On October 25, 2012, the Company entered into an option agreement with Peter Knudsen, Chris Knudsen and Scott Knudsen to acquire a 100% interest in a series of claims located in Saskatchewan, collectively referred to as the La Ronge Property As consideration for the interest, the Company is committed to the following:

a) 4,600,000 common shares on signing (3,500,000 shares which were issued in payment of a four hole drilling program on the claims) (completed);

b) an additional 700,000 common shares, a cash payment of $30,000, and cumulative exploration expenditures of $200,000 on or before the first anniversary of the agreement;

c) an additional 800,000 common shares, an additional cash payment of $39,000, and cumulative exploration expenditures of $300,000 on or before the second anniversary of the agreement;

d) and an additional 1,000,000 common shares, an additional cash payment of $45,000 and cumulative exploration expenditures of $500,000 on or before the third anniversary of the agreement.

The optionors retain a 3% NSR, which the Company could purchase at any time for a cash payment of $1,500,000.

The value of the shares issued on signing was recorded at $164,000, representing the fair value of the shares at the time of issuance and the estimated value of a four hole drilling program. During the year ended July 31, 2013, two of the four drill holes were completed. Accordingly, the Company recorded the value of one half of the shares issued for the drill program ($60,000) as shares issued for future services. The Company recognized a total of $130,501 in exploration costs during the year ended July 31, 2013, which included the other half of the shares issued for drilling services.

During the year ended July 31, 2014, the Company failed to make certain option payments and expenditure requirements and was in default of the agreement. The Company wrote off all costs associated with the property effective July 31, 2014.

**Cherryville Property (abandoned)**

On January 21, 2013 the Board of Directors approved an option agreement with Chris Knudsen pursuant to which the Company received 1 100% interest in a series of tenures collectively known as the Cherryville Property located in Cherryville BC. In consideration for those rights, the Company agreed to:

a) issue 2,000,000 common shares upon signing (issued),

b) incur $8,000 in exploration expenditures by November 1, 2013,

c) issue a further 2,000,000 common shares on or before February 8, 2014,

d) pay another $10,000 on or before June 30, 2014,

e) expend a further $40,000 on exploration before November 1, 2014,

f) pay $15,000 during 2015,

g) issue 1,700,000 common shares in 2015,

h) expend $60,000 in exploration expenditures in 2015,

i) pay an additional $20,000 during 2016,

j) issue 1,500,000 common shares in 2016, and

k) expend $100,000 in exploration expenditures in 2015.

The value of the shares issued on signing was recorded at $80,000, representing the fair value of the shares at the time of issuance.

During the year ended July 31, 2014, the Company failed to make certain option payments and expenditure requirements and was in default of the agreement. The Company wrote off all costs associated with the property effective July 31, 2014. The property was abandoned during the year.

**San Bernardino Claims**

On May 27, 2014, the Company acquired a 100% interest in 9 placer claims located in San Bernardino County, California from Clearbrook Water Company Ltd. and 0998601 BC Ltd. In consideration for the claims, the Company issued 5,000,000 common shares and a further 1,000,000 common shares as a finder's fee. The common shares were valued at $60,000, being the fair value of the common shares at the time of issuance.

The property covers a broad carbonate rubble terrain, with associated gold and silver mineralization. The claims have been subject to historical prospecting and removal of minor silver and gold since early settlement of California. The property is easily accessible from county roads and trails.

The Company conducted initial sampling for assessment work purposes during the year, and reviewed the property to design a sampling program for the future. It appears that some bulk processing of surface material will be necessary to evaluate the property for precious metal potential.

**Grasset Dome property, Northwestern Quebec**

On June 10, 2014 the Company acquired a property consisting of 1,100 hectares of mineral claims in Northwestern Quebec, Canada. The property, designated the Grasset Dome property, adjoins the property of Balmoral Resources Ltd., where a significant high grade nickel-copper-platinum group element discovery was recently announced. The property was acquired as to 100% with no retained royalty interest via the issuance of 6,000,000 shares.

The property was subsequently expanded to total approximately 7,000 hectares by staking of additional claims by the Company.

The property is believed to be prospective for deposits of nickel, gold, copper, lead and zinc in a belt of Precambrian volcanic rocks similar to those covering most of northwestern Quebec. Evaluation of available geological and geophysical information is in progress in anticipation of a field program during the summer of 2014. The area is accessible by logging roads, and much of the area has recently been logged. This indicates good drainage, and higher elevation terrain in a generally muskeg covered terrain, enhancing the possibility of bedrock near surface.

Evaluation of the historical geophysical data and historical drill data from two drill holes is in progress. Two historical holes were drilled on the property, as noted in historical files, and lithologies consisting of interbedded ultramafic rocks and volcanic rocks were intersected. Ultramafic rocks are prospective for nickel, and with the recent nickel discovery by Balmoral Resources Inc. at a distance of two kilometers to the south of the Grasset Dome, these drill data are being reevaluated. Field examination to search for possible outcrops is anticipated as soon as funding is available to initiate a program.

**Ascot Mining Plc**

As described above, the Company paid US$200,000 for 125,157 preference shares in Ascot Mining Plc ("Ascot"), convertible into 5,333,333 common shares, representing 4.7% of the issued common shares of Ascot.

The second and final payment under the agreement, was to be made on or before February 12, 2014, and required a payment of US$5,800,000 for which the Company would receive 3,754,717 preference shares. Upon final completion and conversion to common shares, the investment would represent 59.69% of the issued common shares of Ascot.

The Company failed to make the second payment under the terms of the agreement with Ascot, and does not currently have the funding available to focus its efforts in Costa Rica. Accordingly, the Company has written off its investment in Ascot in its entirety as at July 31, 2014.

A breakdown of the exploration and evaluation assets as at April 30, 2014 and at July 31, 2014 is as follows:

Costs of expenditures on exploration and evaluation assets continuity schedule for the year ended July 31, 2014:

| Acquisition Costs | Mt. Thomlinson | Inlet | Kitsault | Fairview South Okanagan | Cherryville | LaRonge | San Bernardino | Grassett Dome | Total |
|---|---|---|---|---|---|---|---|---|---|
| July 31, 2013 | $ 17,446 | $ 152,533 | $ 14,582 | $ 159,456 | $ 81,295 | $ 44,000 | $ - | $ - | $ 469,312 |
| Additions | 1,700 | - | 1,476 | 1,070 | - | - | 60,000 | 152,000 | 216,246 |
| Impairment | (19,146) | (152,533) | (16,058) | - | (81,295) | (44,000) | - | - | (313,032) |
| July 31, 2014 | $ - | $ - | $ - | $ 160,526 | $ - | $ - | $ 60,000 | $ 152,000 | $ 372,526 |

| Deferred Exploration Costs | Mt. Thomlinson | Inlet | Kitsault | Fairview South Okanagan | Cherryville | LaRonge | San Bernardino | Grassett Dome | Total |
|---|---|---|---|---|---|---|---|---|---|
| July 31, 2013 | $ 4,938 | $ - | $ - | $ 278,285 | $ - | $ 130,501 | $ - | $ - | $ 413,724 |
| Additions | - | - | - | 36,223 | - | - | - | - | 36,223 |
| Impairment | - 4,938.00 | - | - | - | - | (130,501) | - | - | (135,439) |
| July 31, 2014 | $ - | $ - | $ - | $ 314,508 | $ - | $ - | $ - | $ - | $ 314,508 |
| | | | | | | | | | |
| **July 31, 2014** | **$ -** | **$ -** | **$ -** | **$ 475,034** | **$ -** | **$ -** | **$ 60,000** | **$ 152,000** | **$ 687,034** |

Costs of expenditures on exploration and evaluation assets for the year ended July 31, 2013

| Acquisition Costs | Carmi | Mt. Thomlinson | Inlet | Kitsault | Thomlinson Creek | Kisgegas | Fairview South Okanagan | Cherryville | LaRonge | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| July 31, 2012 | $ 57,569 | $ 314,155 | $ 342,519 | $ 40,329 | $ 10,000 | $ 10,000 | $ - | $ - | $ - | $ 774,572 |
| Additions | 7,905 | - | 825 | 5,000 | - | - | 159,456 | 81,295 | 44,000 | 298,481 |
| Impairment | (65,474) | (296,709) | (190,811) | (30,747) | (10,000) | (10,000) | - | - | - | (603,741) |
| July 31, 2013 | $ - | $ 17,446 | $ 152,533 | $ 14,582 | $ - | $ - | $ 159,456 | $ 81,295 | $ 44,000 | $ 469,312 |

| Deferred Exploration Costs | Carmi | Mt. Thomlinson | Inlet | Kitsault | Thomlinson Creek | Kisgegas | Fairview South Okanagan | Cherryville | LaRonge | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| July 31, 2012 | $ - | $ 78,295 | $ - | $ - | $ 6,588 | $ 1,500 | $ - | $ - | $ - | $ 86,383.00 |
| Additions | - | 10,647 | - | - | - | - | 278,285 | - | 130,501 | 419,433 |
| Impairment | - | (84,004) | - | - | (6,588) | (1,500) | - | - | - | (92,092) |
| July 31, 2013 | $ - | $ 4,938 | $ - | $ - | $ - | $ - | $ 278,285 | $ - | $ 130,501 | $ 413,724 |
| | | | | | | | | | | |
| **July 31, 2013** | **$ -** | **$ 22,384** | **$ 152,533** | **$ 14,582** | **$ -** | **$ -** | **$ 437,741** | **$ 81,295** | **$ 174,501** | **$ 883,036** |

## G. QUALIFIED PERSONS UNDER NATIONAL INSTRUMENT 43-101

The technical information in this Management Discussion and Analysis has been reviewed and approved by Dr. Stewart Jackson, PhD, P.Geo.; who is a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects.

## H. RESULTS OF OPERATIONS

Operational results reflect overhead costs incurred for exploration and evaluation assets acquisitions and associated exploration expenses as well as other regulatory expenses incurred by the Company and to maintain the administrative infrastructure required to operate locally and report to the Vancouver Head Office.

General and administrative costs can be expected to fluctuate relationally with acquisitions, exploration and operations.

### (1) SELECTED ANNUAL INFORMATION

The following are highlights of financial data on the Company for the most recently completed three financial years:

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| | $'s | $'s | $'s |
| Loss for the year | 1,398,271 | 1,269,916 | 1,398,101 |
| Loss per common share, basic and diluted | 0.01 | 0.02 | 0.02 |
| Weighted Average number of common shares | 97,247,099 | 84,299,236 | 70,387,044 |
| Balance Sheet Data | | | |
| Working Capital/(Deficiency) | (1,515,859) | (1,017,514) | (513,438) |
| Total assets | 714,271 | 1,014,555 | 916,706 |

### (2) REVENUES

The company is currently engaged in mineral property acquisition and exploration and does not have revenues from its operations.

In fiscal 2014, the Company received $71,615 from the application of a BC Mining and Exploration Tax Credit ("BCMETC") on properties it has previously written off. In fiscal 2013, the company had non-cash income from the settlement of flow-through premium liability of $40,827. The flow-through premium liability is recognized at the time the flow-through shares are issued. As the company spends the proceeds on qualified exploration expenditures that, for income tax purposes, are passed on to the shareholders, the liability is reduced, resulting in the income noted above.

## (3) EXPENSES

In fiscal 2014, operating expenses, excluding share-based compensation of $167,000 were $559,089, a small reduction from the previous year of $16,714 or 3%. However, some of the actual accounts that comprise these expenses varied a significant amount from one year to the next. The accounts that changed significantly were as follows:

a) Consulting, salaries and benefits increased by $37,376 from $240,340 to 277,716, mainly arising from the fact the management fees for the CEO increased starting in the 4th quarter of 2013, whereas the new fee was in place for all of 2014.

b) Investor relations decreased by $107,391 from $131,375 to $23,984 as the Company only completed one small private placement in 2014 as compared to 2 larger private placements in 2013.

c) Office and administration costs increased by $32,844 from $52,229 to $85,073, reflecting some additional staff and increased interest costs from short term loans.

d) Rent increased significantly by $51,310 from $11,985 to 63,295, reflecting the fact that the Company moved offices twice during 2014.

## (4) SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly information for the preceding eight quarters ending July 31, 2014

| | **July 31, 2014 $** | **April 30, 2014 $** | **January 31, 2014 $** | **October 31, 2013 $** |
|---|---|---|---|---|
| Revenue | – | – | – | – |
| Loss for the period before undernoted items | 177,638 | 118,202 | 110,120 | 273,790 |
| Write down of exploration and evaluation assets, investments and shares | 703,939 | - | 14,582 | - |
| BC METC received on previously impaired exploration and evaluation assets | - | - | (71,615) | - |
| Sales tax not recovered | 25,276 | - | - | - |
| Net Loss for the period | 953,192 | 118,202 | 53,087 | 273,790 |
| Net Loss per common share | 0.01 | 0.00 | 0.00 | 0.00 |
| Weighted average number of common shares outstanding | 102,824,169 | 95,367,647 | 95,367,647 | 95,367,647 |

| | July 31, 2013 $ | April 30, 2013 $ | January 31, 2013 $ | October 31 2012 $ |
|---|---|---|---|---|
| Revenue | – | – | – | – |
| Loss for the period before undernoted items | 236,485 | 119,788 | 83,421 | 137,829 |
| Write down of exploration and evaluation assets | 695,833 | – | - | – |
| Net Loss for the period | 928,878 | 119,788 | 83,421 | 137,829 |
| Net Loss per common share | 0.01 | 0.00 | 0.00 | 0.00 |
| Weighted average number of common shares outstanding | 89,137,576 | 86,269,153 | 79,361,940 | 78,202,343 |

### (5) OPERATING EXPENDITURES – THREE MONTHS AND YEARS

Operating expenditures for both the three months and the years ended July 31, 2014 and 2014 is summarized below.

| Summary Expenditures for Period | 3 Months Ended July 31 | | Year Ended July 31 | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$** | $ | **$** | $ |
| Investor Relations | **8,783** | 55,360 | **23,984** | 131,375 |
| Office Expenditures and Other | **139,768** | 89,655 | **257,389** | 204,088 |
| Share-based payments | **-** | - | **167,000** | - |
| Payroll and consulting fees | **75,426** | 89,750 | **277,716** | 240,340 |
| Total | **223,977** | 234,765 | **726,089** | 575,803 |

## I. OTHER DISCLOSURES

### (1) LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2014, the Company had cash on hand of $34 compared to $158 as at July 31, 2013. Current assets amounted to $16,438 at 2014 compared to $56,996 at 2013 and the working capital deficit at July 31, 2014, 2014 amount to $1,515,859 compared to $1,017,514 as at July 31, 2013.

The capital markets during the past year have been very challenging as the Company continues to seek additional equity funds from private placements with the intention to have a positive working capital position and create the operating funds necessary to evaluate and develop its assets.

On August 9, 2013, the Company announced a private placement of up to 5,000,000 participating convertible redeemable Series “A” preferred shares at $1.00 each. Each share carries a participating

dividend of 50% of the gross net margins on proceeds from the sale of reserves payable quarterly until participating dividends equal to the issue price have been earned. At that time the dividend will be set at 40% per annum. Each share will be convertible into that number of common shares equal to the quotient of the issue price and unpaid dividends divided by the greater of $0.05 or 80% of the average of the closing prices of the common shares during the 10 trading days immediately preceding the notice of conversion.

On October 9, 2013, $50,000 was received on this preferred share financing and, as allowed under the terms of the subscription agreement, was designated as flow-through shares to be expended on the Fairview South Okanagan Property On April 25, 2014, a further $15,000 was received on this financing that was not designated as flow-through.

The shares have not yet been issued in connection with this financing and have been recorded as a liability item of the Company's statement of financial position as at July 31, 2014.

On October 24, 2013, a further $250,000 in proceeds was received for a future issuance of common shares but was not designated as flow-through. The Company spent US$ 200,000 of the proceeds to purchase convertible preference shares of Ascot Mining Plc as described in Note 4.

On May 27, 2014, the Company completed the acquisition of 9 placer gold claim situated in Central California USA by issuing 6,000,000 common shares.

On June 12, 2014, the Company completed an agreement to purchase 3 mineral claim applications in Northwestern Quebec, Canada by issuing 6,000,000 common shares. 600,000 common shares were issued as a finder's fee.

On July 29, 2014, the Company completed a further purchase of 15 additional mineral claim applications in the same area by issuing 4,000,000 common shares. 300,000 common shares were issued as a finder's fee.

On October 20, 2014, the Company completed a non-brokered private placement of 15,560,080 units at a price of $0.05 for gross proceeds of $778,004. Cash proceeds of $ 350,416 were received in connection with this financing, while a total of $427,588 worth of units were issued as an offset to outstanding accounts payable and accrued liabilities and amounts due to related parties. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one common share of the Company for a period of two years at an exercise price of $0.10 per share.

As at January 9, 2015 the Company had a total of 34,115,794 warrants outstanding.

As at January 9, 2015 the Company had a total of 11,350,000 options outstanding.

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## (2) TREASURY

As at January 9, 2015, the Company had 127,827,727 common shares outstanding. There were also subscriptions of $65,000 received for participating convertible redeemable preferred shares, classified as a liability on the statement of changes in financial position.

## (3) OPTIONS OUTSTANDING AS AT JANUARY 9, 2015

| Grant Date | Number of Options Outstanding and Exercisable | Expiry Date | Exercise price | Estimated Grant Date Fair Value |
|---|---|---|---|---|
| July 15, 2010 | 400,000 | July 15, 2015 | $ 0.05 | $ 12,000 |
| February 4, 2011 | 500,000 | February 3, 2016 | 0.06 | 25,500 |
| February 21, 2011 | 400,000 | February 20, 2016 | 0.06 | 20,400 |
| January 9. 2012 | 1,750,000 | January 8, 2017 | 0.08 | 69,900 |
| January 13, 2012 | 300,000 | January 12, 2017 | 0.08 | 12,000 |
| October 17, 2013 | 8,000,000 | October 16, 2018 | 0.06 | 153,600 |
| **January 9, 2015** | **11,350,000** | | | **$ 293,400** |

## (4) WARRANTS OUTSTANDING AS AT JANUARY 9, 2015

| Issue Date | No. of Warrants outstanding | Expiry Date | Exercise price | Estimated Grant Date Fair Value |
|---|---|---|---|---|
| February 27, 2012 | 9,181,714 | February 26, 2016 | $ 0.10 | $ 176,094 |
| April 4, 2013 | 1,970,000 | April 4, 2015 | 0.05 | 37,586 |
| May 23, 2013 | 7,404,000 | May 23, 2015 | 0.05 | 172,773 |
| October 20, 2014 | 15,560,080 | October 21, 2016 | 0.10 | 135,253 |
| **January 9, 2015** | **34,115,794** | | **$0.09** | **$ 521,706** |

Each warrant allows the holder to purchase one common share of stock. The April warrants are exercisable into flow-through common shares.

## (5) OFF-BALANCE SHEET ARRANGEMENTS

As at July 31, 2014 and January 9, 2015, the Company had no off-balance sheet arrangements.

## (6) CRITICAL ACCOUNTING ESTIMATES

The following are the critical estimates and judgments that management has made in applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

*Decommissioning obligations*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of non-current assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future decommissioning cost estimates arising from the decommissioning of site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other exploration and evaluation assets.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of decommissioning projects that are included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets. As of July 31, 2014, there were no restoration and reclamation provisions recognized (July 31, 2013 - $Nil).

*Exploration and evaluation assets*

Costs incurred after the legal right to explore has been obtained and before technical feasibility and commercial viability of the area have been established are capitalized as exploration and evaluation assets. The decision regarding technical feasibility and commercial viability of exploration and evaluation assets involve a number of assumptions, such as estimated reserves, commodity price forecasts, expected production volumes and discount rates, all of which are subject to material change in the future.

*Flow-through Share Provision*

Flow-through share provisions are comprised of the Company's various tax penalties and indemnification liabilities relating to the deficiencies in incurring on a timely basis the appropriate amount of qualifying exploration expenditures required related to past flow-through share issuances. The Company may also be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made exploration expenditures.

Flow-through share provisions have been created based on internal estimates of the maximum penalties and indemnification liabilities the Company could be subject to. Assumptions, based on the current tax regulations, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management

*Fair value of share-based payments*

The fair value of share-based payments is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the future forfeiture rate, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimate based on historical information and future forecasts.

*Taxation*

The calculation of deferred taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the statement of financial position date and the likelihood of deferred tax assets being realized

## (7) CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in internal controls over financial reporting during the period.

## (8) FINANCIAL INSTRUMENTS

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

*Financial assets at fair value through profit or loss ("FVTPL")*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the

Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

*Held-to-maturity ("HTM")*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Available-for-sale ("AFS")*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The carrying amounts for amounts receivable and accounts payable and accrued liabilities on the consolidated balance sheets approximate fair value because of the limited term of these instruments.

The Company has classified its financial instruments as follows:

a) Cash and cash equivalents are classified as fair value through profit or loss.

b) Sales tax receivable is classified as loans and receivable.

c) Accounts payable and accrued liabilities, due to related parties, loans payable to related party and provisions are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 - inputs for the asset or liability that are not based upon observable market data.

*Comprehensive income*

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources, such as any unrealized gains and losses in financial assets classified as available for sale. The Company had no "other comprehensive income or loss" transactions during the years ended July 31, 2014 and 2013.

*Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

*For all financial assets objective evidence of impairment could include:*

- Significant financial difficulty of the issuer or counterparty; or

- Default or delinquency in interest or principal payments; or

- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

## (9) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

*(a) Fair value of financial instruments*

The Company's financial instruments include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, due to related parties and flow-through premium liability. With the exception of cash and cash equivalents, the carrying value of the Company's financial instruments approximate their fair values due to their relatively short periods to maturity.

Cash and cash equivalents are measured at fair value using level 1 inputs.

*(b) Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash is exposed to credit risk. The Company has assessed the credit risk on its cash as low as its funds are held in highly rated Canadian financial institutions.

*(c) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. The Company believes it is subject to liquidity risk through its working capital. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. As at July 31, 2014 the Company had cash of $34 to settle current liabilities of $1,532,297 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year.

*(d) Foreign exchange risk*

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not believe that it is subject to foreign exchange risk, and does not hold any funds in foreign currencies as at April 30,2014 (April 30, 2013 – $Nil).

*(e) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Management considers the interest rate risk to be minimal as at April 30, 2014 and for the nine months then ended.

## (10) RELATED PARTY TRANSACTIONS

(1) During the year ended July 31, 2013, $60,000 (July 31, 2012 - $57,500) was recorded as consulting fees provided by companies controlled by officers of the Company. As at July 31, 2014, $107,150 of these costs were included in amounts due to related parties (July 31, 2013 - $38,850).

(2) During the year ended July 31, 2014, $180,000 was recorded as wages and salary for an officer and director of the Company (July 31, 2013 - $135,000). Also during the year ended July 31, 2013, 1,000,000 common shares (valued at $0.04 each) were issued to this officer/director as an exploration and evaluation asset acquisition cost in regards to the Company's Fairview South Okanagan property (Note 6(g)).

(3) As at July 31, 2014, $242,824 was owing to this individual or companies controlled by him (July 31, 2013 - $111,621).

(4) During the year ended July 31, 2013, $37,500 was recorded as wages and salary for a shareholder and former officer of the Company. The balance owing to the shareholder and a company controlled by the shareholder, amounted to $383,780 as at July 31, 2014 (July 31, 2013 - $383,780).

(5) All amounts due to related parties are unsecured, non-interest bearing and due on demand.

(6) On June 20, 2013, the Company borrowed $30,000 from a director. Under the loan agreement, the Company paid a financing fee to the director of 300,000 common shares (valued at $0.05 per share) and agreed to pay interest at the rate of 20% per annum. The principal of the loan was repaid during the year ended July 31, 2014 but $3,635 interest remains outstanding as at July 31, 2014 (July 31, 2013 - $Nil).

(7) A summary of the aforementioned related party transactions, consulting, salaries and benefits and other compensation earned directly by key members of the Company's management is as follows:

| | **Year Ended July 31, 2014** | Year Ended July 31, 2013 |
|---|---|---|
| Management fees to CEO, Director | **$ 180,000** | $135,000 |
| Management fees to Hugh Maddin, former CEO and Director | - | 37,500 |
| Management fees to CFO | **30,000** | 27,500 |
| Management fees to the Corporate Secretary | **30,000** | 30,000 |
| Interest to former Director, Vern Stromkins | **5,726** | 15,000 |
| Share-based compensation expense | **117,092** | - |
| Total compensation | **$ 362,818** | $ 245,000 |

## (11) RISK FACTORS

Hi Ho Silver is a development stage company and currently has interests in exploration and development properties in British Columbia and Saskatchewan. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in exploration properties contain mineral reserves which are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.