



MANAGEMENT DISCUSSION & ANALYSIS

**FOR THE YEAR ENDED
JUNE 30, 2017**

Introduction

The following discussion is management's assessment and analysis of the results and financial condition of Ximen Mining Corp. ("Ximen", or "the Company") and should be read in conjunction with the accompanying audited financial statements for the year ended June 30, 2017 and related notes.

These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting standards Board ("IASB").

The Financial Statements, together with the MD&A, are intended to provide investors with a reasonable basis for assessing the performance and potential future performance of the Company, and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward-looking statements, and the Company cautions investors that any forward looking statements by the Company are not guarantees of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events.

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is October 27, 2017. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Description of Business

Ximen Mining Corp., ("the Company") is an exploration company engaged in exploration and evaluation of resources properties. In this regard, the Company's plan is to acquire properties of merit and take them through the exploration phase and hopefully through feasibility and on to construction and operations.

The Company is currently engaged in the acquisition, exploration, and evaluation of its mineral property interests located in British Columbia. The Company's shares are listed on the TSX Venture Exchange under the symbol XIM.V, on the Frankfurt Exchange under the symbol A1W2EG, and on the US OTCQX, under the symbol XXMMF.

The head office, principal address, and registered office is located at 888 Dunsmuir Street, Suite 888, Vancouver, British Columbia, Canada.

Overall Performance

The level of the Company's future operations will be determined by the availability of capital resources, which will be derived from the issuance of special warrants and future financings.

- The Company has incurred recurring losses since its inception, and had an accumulated deficit of \$16,665,962 as at June 30, 2017 which has been funded primarily by the issuance of shares. The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

Share Issued for Cash

- In August 2016, the Company completed a non-brokered private placement of 4,400,000 units at a price of \$0.075 cents per unit for gross proceeds of \$330,000. Each unit consisted of one common share and one non-transferable share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of \$0.10 per share for a period of five years expiring August 15, 2021.
- In October 2016, the Company completed a flow-through private placement of 4,620,200 units at a price of \$0.15 cents per unit for gross proceeds of \$693,030. Each unit consists of one common share and one non-flow through share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at \$0.20 per share for a period of 5 years expiring October 24, 2021.
- In November 2016, the Company issued 140,000 common shares upon exercise of share purchase warrant. Cash proceed received totalled \$14,000.
- In December 2016, the Company issued 2,000,000 common shares upon exercise of share purchase warrant. Cash proceed received totalled \$100,000.
- In January 2017, the Company completed a non-brokered private placement of 1,000,000 units at a price of \$0.075 cents per unit for gross proceeds of \$75,000. Each unit consisted of one common share and one non-transferable share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of \$0.10 per share for a period of five years expiring December 30, 2021.
- In February 2017, the Company issued 1,000,000 common shares upon exercise of share purchase warrants. Cash proceeds received totalled \$50,000.
- In February 2017, the Company issued 1,540,646 common shares upon exercise of share purchase warrants. Cash proceeds received totalled \$77,032.
- In April 2017, the Company completed a non-brokered private placement of 11,135,000 units at a price of \$0.055 cents per unit for gross proceeds of \$612,425. Each unit consisted of one common share and one non-transferable share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of \$0.075 per share for a period of five years expiring April 11, 2022.. A finders' fee of \$6,875 was paid and 115,000 agents' warrants were granted.

Shares Issued for Mineral Properties

- In September 2016, the Company issued 535,125 common shares pursuant to the acquisition of the Bouleau Property for exploration purposes, with a fair value of \$82,944.
- In February 27, 2017, the Company issued 628,900 common shares pursuant to the NSR purchase agreement on Brent Property, with a fair value of \$56,601.

Shares Issued for Settlement of Debts

- In September and November 2016, the Company issued 847,046 common shares (fair valued at \$103,271) to settle accounts payable totaling \$96,718. Loss on the settlement of debt in the amount of \$6,553 was charged to operations.

- In December 2016 and January 2017, the Company issued 2,012,616 units to settle debenture interest payable totalling \$100,631. Each unit consisted of one common share and one share purchase warrant, with one warrant entitling the holder to acquire one additional common share at a price of \$0.05 per share for a period of five years expiring on December 7, 2018 and January 4, 2017 respectively.

Exploration Project

Brett Property, British Columbia, Canada

On December 3, 2013, the Company entered into an option agreement to acquire a 100% interest in the Brett Gold Project situated in the North Okanagan region of southwest British Columbia approximately 29 kilometers west of Vernon. Under the terms of the agreement, the Company may acquire a 100% undivided interest by making cash option payments totalling \$1,000,000, issuing 1,000,000 shares, and issuing additional common shares of the Company with an aggregate deemed value of \$350,000 as follows:

| | | Number of Shares | Cash \$ |
|---------------------------|-------------------------------------|------------------|------------------|
| On execution of agreement | (Paid) | - | 50,000 |
| By December 18, 2013 | (Paid) | - | 50,000 |
| By December 23, 2013 | (Issued – fair valued at \$290,000) | 1,000,000 | - |
| By January 17, 2014 | (Paid) | - | 200,000 |
| By January 05, 2015 | (Paid) | - | 300,000 |
| By January 05, 2015 | (Issued – fair valued at \$126,000) | 700,000 | - |
| By December 03, 2015 | (Paid) | - | 400,000 |
| By December 03, 2015 | (Issued – fair valued at \$166,667) | 3,333,333 | - |
| | | <u>5,033,333</u> | <u>1,000,000</u> |

The Company has earned a 100% undivided interest as it has complied with all the terms of the option agreement.

On January 24, 2014, the Company entered into an option agreement to acquire a 100% interest in the 2% net smelter royalty (“NSR”) on the Brett Gold Project. The agreement was amended on February 14, 2017 and May 17, 2017 under the following amended terms: the issuance of \$50,000 worth of the Company’s common shares based on a ten day weighted average upon signing of the amended agreement, the issuance of \$420,000 worth of the Company’s common shares upon TSX approval of the amended agreement, the payment or issuance of \$60,000 in cash or common shares of the Company on February 18, 2018 and \$75,000 on February 18, 2019, and final cash payment of \$830,000 payable by February 20, 2020:

| | | Number of Shares | Cash \$ |
|----------------------|--|---------------------|----------------|
| By February 20, 2014 | (Issued – fair valued at \$30,000) | 100,000 | - |
| By February 20, 2015 | (Issued – fair valued at \$49,077) | 258,300 | - |
| By February 20, 2016 | (Issued – fair valued at \$67,739) | 1,129,000 | - |
| By February 18, 2017 | (Issued – fair valued at \$56,601) | 628,900 | - |
| Upon TSX Approval | (Issued subsequent to year-end on October 17, 2017) | 6,000,000 | - |
| By February 18, 2018 | | - | 60,000 |
| By February 18, 2019 | | - | 75,000 |
| By February 20, 2020 | | - | 830,000 |
| | | <u>8,116,200</u> | <u>965,000</u> |

During the year ended June 30, 2017, the Company paid \$Nil (2016 – \$400,000) and issued 628,900 common shares (2016 – 4,462,333 common shares) pursuant to the terms of the option agreements.

Past exploration work carried out to date on the Brett Property has confirmed the presence of a number of significant gold bearing mineralized zones associated with northerly trending altered shear/fracture zone(s). Previous work, summarized in a 43-101 report dated April 21, 2004, consisted of geochemical surveys, trenching, 10,000 meters (m) (32,900 feet) of diamond drilling, 2,800 meters (9,300 feet) of reverse circulation drilling, and 459 meters (1506 feet) of underground development.

The majority of work has been concentrated in a small area (200 m strike and 76 meters depth) of the property, along what is known as the Main Shear Zone- RW vein. One hole drilled on the property, Hole 93-19, a reverse circulation hole, returned an intersection of 16.76 m grading 35.79 gms Au/tonne (1.045 oz Au/ton) including 3.048 m grading 57.88 grams Au/tonne (1.69 oz Au/ton) and 4.57 m grading 107.88 gms Au/tonne (3.15 oz Au/ton) within the Main Shear Zone.

In 1996 (291 tonne) bulk sample, from the RW vein and Main Shear Zone, was shipped to Trail and returned an average grade 27.74 gms Au/tonne and 63.7 gms Ag /tonne. Work was stopped in late 1996 and the property was tied up in litigation for several years.

To date, the Main Shear Zone has been traced for a strike length of over 1,300 meters and down dip to a depth of 150 meters (possibly as deep as 500 meters, based on a single hole drilled on the neighboring property) and is wide open in all directions. In addition to the Main Shear Zone, the local geology and geochemistry indicates excellent exploration potential for developing other mineralized zones. Gold mineralization on the property appears to be a strongly related to the intersections between flat lying inter unit polymictic tuffaceous horizons and the northerly trending altered shear/fracture zone(s).

Highlights of the Brett project prior to Ximen's involvement

- The property has seen high grade gold production from bulk sampling, with 96% recovery.
- 43-101 completed by Shaun Dykes late 2004
- No work has been conducted on the area of main shear from late 2004 till spring 2014 Ximen enters
- 100's of meters of underground workings on the property.
- Proximity to several mill. Since custom milling opportunities exist in the district, the property does not necessarily need to support a stand-alone mine/mill operation to be viable. Even a small or modest tonnage of high-grade ore could potentially be profitable to extract.
- The property hosts epithermal style gold mineralization containing coarse gold and has excellent potential of hosting an economically viable gold deposit.
- Excellent infrastructure and access along well maintained paved and gravel roads.

Based on the review of all available data, combined with information gained from a property inspection, the Brett property hosts epithermal style gold mineralization containing coarse gold and has potential of hosting a gold deposit.

During the summer of 2014, the Ximen completed historic data compilation program and a field exploration program consisting of geochemical sampling, mapping, compilation reports, and geophysical survey to establish drill targets for a fall drill program. Then in September commenced a diamond drill program focused on new opportunities outside of the main shear where all the previous drilling was focused, results from the 13 holes completed were released in 2015.

Highlights of the Exploration program and the Drill program below

2014 Summer exploration program at Brett

- Complete GIS compilation and integration of historical work
- Comprehensive database completion
- Soil sampling over area of interest
- VLF-EM and Magnetic survey conducted, large area of low-mag identified as previously unknown extent of alteration
- Geologic mapping completed
- Rock chip and auger-assisted sampling of bedrock
- Vegetation sampling
- Microprobe petrography and litho geochemistry studies
- 3D modeling work
- IP survey investigates area of low-magnetic response

2014 Drill program consisting of 13 holes

- Two new high-grade gold-bearing veins discovered. Results include 34.18 g/t Au over 0.9 m from one zone and 16.7 g/t Au over 1.5 m from the second.
- Significant intervals of bulk tonnage gold mineralization intercepted, including 1.77 g/t Au over 31 m, 1.88 g/t Au over 16.55 m and 0.82 g/t Au over 33 m.
- Two drill holes ended in intervals of low grade gold mineralization which remain open to depth.
- Widespread alteration, with strong epithermal pathfinder geochemistry, identified in several areas.
- Trace element geochemistry provides vectors for follow-up drilling.
- High grade gold values confirmed from the Main Zone, including 24.7 g/t Au over 1.3 m

During the 2014 exploration program Ximen also conducted a biogeochemical survey to identify targets that may be under glacial cover and within the broad and strong magnetic low, which is found northeast of the Main Zone. By sampling the humus in the upper profile of the soil horizon over the broad magnetic low anomaly, the Company identified a strong linear multi element anomaly consisting of six epithermal associated trace elements (news release dated April 28, 2015). Since this data was received and released after the 2014 drill program it remains untested.

In July 2016, Ximen announced and commenced drilling on the Brett epithermal Gold Project near Vernon. Up to 3,000 m of systematic drilling was planned in 22 HQ holes. To date it has been announced that 13 holes have been completed. Assay results will be compiled and released once completed expectations are for mid-November.

The 2016 drill program was designed to delineate high grade bonanza shoots within the Main Zone mineralized structure as well as target sub-parallel mineralized structures. Spacing is approximately 50 meters apart and to a depth of up to 250 meters. The Gold Silver mineralization consists of native gold, electrum and argentite and is associated with multiphase silicification, chalcedony breccias, veins, stockwork veinlets as well as late-state calcite fillings within the silicified zones and veinlets. The structural orientations and interpretation of the breccia zones, veins and veinlets from the systematic drilling is what the company is targeting to assist in delineating high-grade bonanza shoots.

The full text of all news releases, accompanying assay tables, and other technical information are available on the Company's website at ximenminingcorp.com and sedar.com

Gold Drop Property, British Columbia, Canada

On November 27, 2013, the Company entered into an option agreement to acquire a 100% interest in the Gold Drop Property located about 9 kilometers northeast from Greenwood, British Columbia, in the Greenwood Gold Mining district. Under the terms of the option agreement, the Company may acquire a 100% undivided interest by making cash option payments totalling \$170,000, and issuing an aggregate of 750,000 common shares as follows:

| | | Number of Shares | Cash \$ |
|----------------------|---|---------------------|------------|
| On November 27, 2013 | (Paid) | - | 25,000 |
| On February 23, 2014 | (Issued – fair valued at \$49,500, and paid) | 150,000 | 15,000 |
| By February 24, 2015 | (Issued – fair valued at \$120,000, and paid) | 250,000 | 60,000 |
| By February 24, 2016 | (Issued – fair valued at \$168,000, and paid) | 350,000 | 70,000 |
| | | 750,000 | 170,000 |

During the year ended June 30, 2016, the Company earned a 100% undivided interest by making the final cash payment of \$70,000, therefore, complying with all the terms of the option agreement.

On June 21, 2016, the Company entered into an option agreement with GGX Gold Corp. (*formerly Revolver Resources Inc.*) (“GGX”) to sell its 100% in the Gold Drop Property. Upon the signing of the Agreement, and to earn an undivided 100% interest in the property, GGX is required to make cash option payments totalling \$400,000, issue 1,000,000 common shares, issue additional common shares with a fair value of \$450,000, and incur exploration expenditures on the property as follows:

Cash Payments:

- CAD\$50,000 in cash on the date of execution of the agreement (received);
- CAD\$50,000 within five business day following the approval by TSX Venture (received); and
- CAD \$100,000 on or before July 26, 2017 (received subsequent to year-end, on August 21, 2017), July 26, 2018, and July 26, 2019.

Shares Payment:

- 1,000,000 common shares within five business day following the approval by TSX Venture (issued); and
- Additional common shares with a fair value of \$150,000 per year on or before July 26, 2017 (received subsequent to year-end on July 6, 2017), July 26, 2018, and July 26, 2019.

Exploration Expenditures:

- A minimum of \$1,000,000 on the property on or before July 26, 2019, but not less than \$150,000 on the property on or before July 26, 2017, July 26, 2018, and July 26, 2019.

The Company will retain a 2.5% net smelter return royalty (the “NSR Royalty”) which GGX may buy down 1% of the NSR Royalty by paying \$1,000,000 to the Company. Upon the completion of the sale of the Property, the Company will have a right for nine months thereafter to elect to form a joint venture with GGX by paying to GGX the amount of money equal to 30% of the total amount expended on the Property by GGX. If the Company exercises this joint-venture right, the Company and GGX will enter into a joint venture for the exploration and development of the Property.

During the year ended June 30, 2017, the Company was the operator for the Gold Drop Property and the optionee advance for exploration on the property for \$150,000 and \$50,000 is still outstanding.

In January 2014 a 43-101 report on the Gold Drop property by Linda Carron on behalf of Ximen

- The property covers geologically prospective ground in the well-mineralized Greenwood District, and hosts 8 or more known low-sulfide, gold-bearing veins or vein systems, including the North Star, Gold Drop, Amandy, Lakeview and Moonlight occurrences
- The property has seen high grade gold production as recent as the 1980's
- 100's of meters of underground workings on the property
- Since custom milling opportunities exist in the district, the Gold Drop property does not necessarily need to support a stand-alone mine/mill operation to be viable.
- Potential also exists on the claims for low-grade, bulk-tonnage gold mineralization related to broad fracture or stock work zones. Ximen has acquired the property on the basis of both its exploration and mining potential.
- There has been intermittent small-scale historic production from the property at the Gold Drop, North Star and Amandy mines. Historical production totals 7572 tonnes at an average grade of 5.2 g/t Au and 93.4 g/t Ag. The average mined grade is significantly affected by a large volume of very low grade material that was removed from the North Star mine in 1934-35. Omitting production from these years, the average grade for the remaining 2,505 tonnes mined from the property is 13.1 g/t Au and 133.7 g/t Ag.
- Excellent infrastructure and access

In February 2014, Ximen received an approved Notice of Work permit from the Ministry of Energy and Mines for Phase 1 exploration work on the Gold Drop property. The approved work permit is a multi-year permit, valid until Dec 1, 2018, which enables the company to establish up to 20 drill sites and up to 25 excavator trenches on the property. The primary purpose of the work permit is to allow the Company to identify areas for bulk sampling. The land package that has been assembled is approximately 5 km by 5 km and is comprised of 15 claims and 2 crown grants that cover an area of approximately 1500 hectares.

In the summer of 2014, the Company carried out extensive work consisting of partially brushing out 10km of existing roads for 4x4 access, examining numerous historical shallow pits, adits, including mine workings with 200 foot shafts and historical minor diamond drilling. Over one kilometre of veins were mechanized/excavator trenched.

There are at least six parallel veins semi-exposed on surface and underground, they average in excess of 300 metres (1000 feet) on strike not including unknown faulted and buried ones.

In the summer of 2015 the company conducted a work program of mapping and sampling, and in September received analytical results for 2015 rock samples from its high grade Gold Drop Project, located near Greenwood, SE British Columbia. The Company collected samples in the eastern region of the Project, mainly from trenches previously excavated by the Company. These trenches were excavated in the area of the gold and silver bearing Gold Drop and North Star vein system and their respective underground workings (British Columbia Energy and Mines MINEFILE Mineral Occurrence Nos. 082ESE152 and 082ESE153). The highlight was a sample from a block of quartz – galena vein material, excavated from one trench near the Upper North Star Adit, which returned 159 grams per tonne gold and 744 grams per tonne silver (news release dated September 18, 2015).

The full text of all news releases, accompanying assay tables, and other technical information are available on the Company's website at ximenminingcorp.com and sedar.com

Treasure Mountain, British Columbia, Canada

In March 2014, the Company entered into an option agreement whereby the Company acquired a 100% interest in the Treasure Mountain property located 30 kilometres east of Hope, British Columbia by making cash payments as follows: \$75,000 cash upon signing of the agreement (paid) and \$50,000 cash due 90 days after the signing of the agreement (paid).

In 2014, the Company also acquired a 100% interest in three surrounding mineral claims for cash payments of \$70,000 (paid).

On December 7, 2016, the Company acquired a mineral tenure claim north of Treasure Mountain Property for cash payment of \$15,000 (paid) from a director of the Company. The agreement is subject to a 2% net smelter return royalty (“NSR”) payable to the vendor.

On November 30, 2016, the Company entered into an option agreement with New Destiny Mining Corp (“New Destiny”) to sell its 100% interest in all mineral claims which comprise the Treasure Mountain Property. Upon signing of the Agreement, and to earn an undivided 100% interest in the property, New Destiny is required to make cash and or issue common shares totalling \$400,000, issue an aggregate of 500,000 common shares, and incur exploration expenditures on the property as follows:

Cash Payments:

- CAD\$25,000 in cash on the date of execution of the agreement (received);
- CAD\$50,000 within five business day following the approval by TSX Venture;
- CAD \$75,000 in cash or common shares on or before the first, second, and third anniversaries of the approval by TSX Venture, with a minimum of \$10,000 on each anniversary to be paid in cash; and
- CAD \$100,000 in cash or common shares on the fourth anniversary of the approval by TSX Venture, with a minimum of \$10,000 to be paid in cash.

Shares Payment:

- 500,000 common shares with a minimum fair value of \$50,000 within five business day following the approval by TSX Venture.

Exploration Expenditures:

- A minimum of CAD\$100,000, \$150,000, \$250,000, and \$250,000 on the property in each year ending on or before the first, second, third, and fourth anniversaries respectively, of the approval by TSX Venture.

The Company will retain a 2.5% net smelter return royalty (the “NSR Royalty”) which New Destiny may buy down 1% of the NSR Royalty by paying \$1,000,000 to the Company. Upon the completion of the sale of the Property, the Company will have a right for nine months thereafter to elect to form a joint venture with New Destiny by paying to New Destiny the amount of money equal to 30% of the total amount expended on the Property by New Destiny. If the Company exercises this joint-venture right, the Company and New Destiny will enter into a joint venture for the exploration and development of the Property.

As of the auditors’ report date, the transaction has not been approved by the TSX Venture.

The Treasure Mtn. Silver Project covers geologically prospective ground in the Similkameen and / or New Westminster Mining Divisions. The Project is adjacent to Nicola Mining Inc.’s Treasure Mountain property, site of the historic Treasure Mountain Silver-Lead-Zinc Mine (polymetallic veins). The Project also occurs within the Intermontane Tectonic Belt, which hosts numerous porphyry copper deposits. The Project covers an area of approximately 9500 hectares and hosts seven gold, silver, lead, zinc and / or copper occurrences in various regions as reported in the B.C. Ministry of Energy and Mines MINFILE database. These include gold-quartz vein, polymetallic vein and porphyry type occurrences. Some of these mineral occurrences have associated historic underground workings.

In October 2015, the Company conducted a program of prospecting as well as soil and till sampling in the northeast region of the Project (news release dated October 21, 2015). The 2015 soil and till geochemical survey was conducted in the northeast region of the property, north of Railroad Creek and west of Tulameen River / Vuich Creek. The Superior (Lucky Todd) copper - gold occurrence is reported in this area (B.C.MINFILE No. 092HSE240). At this occurrence gold and copper mineralization were reported in a quartz porphyry dyke with a 5 foot sample reported to assay 0.02 ounce gold (1913 Annual Report of Minister of Mines). In 2012 Canadian International Minerals Inc. reported adits in this target area and copper mineralization in the adjacent rock dumps and outcrop. A few dump grab samples were reported to exceed 1% copper while also assaying 76 and 69 g/t silver. Ximen has not verified these results.

In May 2016 the Company announced the analytical results for the program conducted in October of 2015. A total of 325 soil samples were collected during the survey. The samples were collected along 9 east-west traverses, spaced at approximately 100 meters. The samples were spaced at approximate 25 meter intervals along the traverses. A total of 17 till samples were collected using an overburden drill adjacent to roads in this area. The depths of these samples were 1.5 - 8.5 meters. The soil and till samples were submitted to ALS Global. The samples were sieved to minus 180 micron. The sieved portions were analyzed for copper, lead, zinc, arsenic and silver by Four Acid - Inductively Coupled Plasma Atomic Emission Spectroscopy (ICP-AES).

The soil samples averaged 29 ppm Cu. Two main zones of copper soil anomalies were identified where samples exceeding 50 ppm Cu where more frequent. One zone is a topographic high in the northern half of the grid where Canadian International Minerals reported copper mineralization and historic workings. This zone is approximately north-south trending, being distinct on 3 of the 4 northern traverses and 125 to 175 meters wide on these traverses. The samples in this zone included analytical highs of 155 and 730 ppm Cu. Some samples within this zone were also anomalous for lead (up to 378 ppm Pb) and zinc (391 ppm Zn).

The second zone of copper soil anomalies is in the southeast region of the grid approximately 100 - 500 meters west of Vuich Creek. Within this zone are single samples and clusters of samples exceeding 50 ppm Cu, including analytical high values of 102, 112 and 188 ppm Cu. The 17 till samples averaged 39 ppm Cu with three scattered samples exceeding 50 ppm Cu (high value of 55 ppm Cu).

In August 2016, the Company has entered into an exclusivity agreement with New Destiny Mining Corp. (TSXV: NED) whereby New Destiny will have up to forty five days to conduct due diligence on certain of Ximen's mineral claims commonly known as the Treasure Mountain Silver Project in Similkameen and/or New Westminster mining divisions, with a view to negotiating the terms of a letter of intent and, if applicable, a definitive agreement in order to complete the acquisition of certain of Ximen's mineral claims. Since that time the exclusivity agreement has been extended.

The full text of all news releases, accompanying assay tables, and other technical information are available on the Company's website at ximenminingcorp.com and sedar.com

Bouleau, British Columbia, Canada

On July 15, 2014, the Company entered into a property option agreement to acquire a 100% interest in the Bouleau Property which is adjacent to the Company's Brett property located near Vernon, British Columbia. Under the terms of the option agreement, the Company may acquire a 100% undivided interest by making cash option payments totalling US\$250,000, and issuing additional common shares of the Company with an aggregate deemed value of \$300,000 as follows:

| | | Number of Shares | Cash US\$ |
|-----------------------|-------------------------------------|------------------|--------------------|
| On September 05, 2014 | (Paid) | - | 100,000 |
| On September 05, 2014 | (Issued – fair valued at \$102,174) | 217,391 | - |
| By March 05, 2015 | (Paid) | - | 50,000 |
| By March 05, 2015 | (Issued – fair valued at \$67,211) | 480,077 | - |
| By September 30, 2015 | (Paid) | - | 50,000 |
| By September 30, 2015 | (Issued– fair valued at \$46,260) | 1,321,700 | - |
| By March 05, 2016 | (Paid) | - | 50,000 |
| By March 05, 2016 | (Issued – fair valued at \$72,545) | 1,209,091 | - |
| By September 05, 2016 | (Issued – fair valued at \$82,944) | 535,125 | - |
| | | 3,763,384 | US\$250,000 |

During the year ended June 30, 2017, the Company earned a 100% undivided interest by making the final share issuance payment, therefore, complying with all the terms of the option agreement.

Dentonia, South, British Columbia, Canada

On August 29, 2014, the Company entered into a property option agreement whereby the Company acquired a 100% interest in the Dentonia South Property, located 10 miles south of Greenwood, British Columbia, by issuing 150,000 common shares (issued – fair valued at \$51,000).

Providence Property, British Columbia, Canada

Subsequent to year-end, the Company completed a purchase and sale agreement with arm’s length vendors. Pursuant to the agreement, the vendors agreed to sell and the Company agreed to purchase two mineral tenure claims adjacent to the Company’s Gold Drop Property situated near Greenwood, B.C, in consideration the Company agreed to issue an aggregate of 1,000,000 common shares (issued subsequent to the year-end) to such vendors.

Marketable Securities

During the year ended June 30, 2017, the Company owns 1,000,000 common shares and has been classified as a financial asset at fair value through profit or loss, with changes in fair value based on market prices and the difference of \$20,000 between the fair value of the common shares at June 30, 2017 and the fair value of the shares on the date of receipt was recognized as a gain in the year.

Convertible Debentures

| | Liability Component \$ | Carrying Value Equity Component \$ | Net Shares Value \$ |
|-------------------------------|------------------------------|---|---------------------------|
| Balance, June 30, 2016 | 809,996 | 191,859 | 1,001,855 |
| Repayment of Debentures | (825,905) | (191,859) | (1,017,764) |
| Accretion | 15,909 | - | 15,909 |
| Balance, June 30, 2017 | - | - | - |

During the year ended June 30, 2016, the Company issued \$800,000 and \$200,000 of convertible debentures (the “Debentures”) respectively. The principal amount of the Debentures may be converted into units comprised of one common share and one common share purchase warrant of the Company at the option of the holder, at any time prior to the maturity dates on December 24, 2020 and January 14, 2021 respectively (the “Maturity Dates”), at \$0.05 per unit in the first year after issuance, and \$0.10 per Unit thereafter. Each warrant will have an exercise term of two years from the date of conversion, with an exercise price of \$0.05 per warrant for warrants acquired as part of debentures converted within the first year of issuance, and \$0.10 per warrant thereafter.

The convertible debentures are recorded in part as a liability and in part as shareholders’ equity. The Company uses the “residual valuation” method to determine the debt and equity components of the convertible debentures. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders’ equity.

The debentures payable are accreted to their face value at maturity over the term of the debt through a charge to operations. For the year ended June 30, 2017, the Company recorded accretion expense in the amount of \$15,909 (2016 - \$14,802), and a gain on conversion of debentures in the amount of \$17,765 (2016 - \$Nil). During the year ended June 30, 2017, all outstanding debentures were converted into common shares.

During the year ended June 30, 2017, the Company recorded interest expense of \$50,001 (2016 - \$50,630).

Results of Operations

Net Gain/Loss and Operating Expenses

During the year ended June 30, 2017, the Company recorded a loss of \$2,089,146 or 0.03 basic and diluted loss per share, compared to \$1,390,674 or \$0.04 basic and diluted loss per share for the same period last year. The increase is due to the increased in exploration, investor relations activities and stock-based compensation.

| <i>Year Ended June,</i> | 2017 | 2016 |
|-----------------------------------|-------------|-------------|
| | \$ | \$ |
| Financial results: | | |
| Net loss for the year | (2,089,146) | (1,390,674) |
| Basic and diluted gain per share | (0.03) | (0.04) |
| Balance sheet date | | |
| Cash and cash equivalent | 202,846 | 76,294 |
| Total assets | 509,568 | 200,506 |
| Shareholders' equity (deficiency) | 209,074 | (1,221,359) |

Expenses for the year ended June 30, 2017 increased by \$713,415 compared to the same period in 2016.

General Administrative Expenses

| | Three Months Ended | | Year Ended | |
|---|--------------------|------------------|-------------|------------------|
| | 2017 | June 30, 2016 | 2017 | June 30, 2016 |
| | \$ | \$ | \$ | \$ |
| Audit and Legal | 11,988 | (6,607) | 56,203 | 64,322 |
| Advertising, Investor Relations and Promotion | 28,461 | 8,925 | 143,632 | 25,679 |
| Bank Charges and Interest (recovery) | 10,379 | (3,475) | 25,117 | 23,086 |
| Consulting | 40,650 | 6,593 | 50,650 | 16,153 |
| Depreciation | 2,339 | 3,820 | 8,521 | 15,280 |
| Exploration | 225,272 | 57,091 | 1,392,910 | 1,183,589 |
| Management | 60,000 | 90,000 | 220,000 | 197,500 |
| Office and Administration | 74,444 | 74,027 | 167,345 | 175,124 |
| Regulatory Fees and Transfer Agent | 12,499 | 5,194 | 39,672 | 24,944 |
| Stock-Based Compensation | 31,156 | 24,430 | 380,425 | 49,938 |
| Travel and Accommodations | 29,025 | 20,560 | 51,263 | 46,708 |
| | (526,213) | (280,558) | (2,535,738) | (1,822,323) |

Exploration and Evaluation Expenditures

| | Three Months Ended | | Year Ended | |
|---|--------------------|----------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| <u>Brent Property</u> | | | | |
| Acquisition and staking costs | 6,601 | (35,594) | 56,601 | 634,406 |
| Assay | 17,466 | 93 | 85,987 | 93 |
| Drilling | - | 9,655 | 380,931 | 9,655 |
| Geological | 32,632 | 11,720 | 180,374 | 12,671 |
| Geophysical | 1,710 | 14,674 | 60,355 | 14,674 |
| Equipment, Travel and Other | 17,600 | 16,975 | 301,765 | 17,622 |
| | <u>76,009</u> | <u>17,523</u> | <u>1,066,013</u> | <u>689,121</u> |
| <u>Gold Drop</u> | | | | |
| Acquisition and staking costs | - | - | - | 70,000 |
| Assay | - | - | - | 1,063 |
| Geological | 43,500 | 16,594 | 51,488 | 32,303 |
| Geophysical | 1,200 | 8,466 | 2,060 | 12,202 |
| Equipment, Travel and Other | 69,203 | 18,015 | 94,859 | 43,359 |
| | <u>113,903</u> | <u>43,075</u> | <u>148,407</u> | <u>158,927</u> |
| <u>Treasure Mountain</u> | | | | |
| Acquisition and staking costs | - | - | 15,000 | - |
| Assay | - | 8,245 | - | 8,245 |
| Geological | 5,625 | (1,656) | 44,625 | 24,000 |
| Geophysical | 200 | 941 | 200 | 21,965 |
| Equipment, Travel and Other | 8,483 | (376) | 33,398 | 39,401 |
| | <u>14,308</u> | <u>7,154</u> | <u>93,223</u> | <u>93,611</u> |
| Bouleau Property-Acquisition | 18,729 | (13,934) | 82,944 | 236,657 |
| General Exploration | 2,323 | 5,273 | 2,323 | 5,273 |
| | <u>21,052</u> | <u>(8,661)</u> | <u>85,267</u> | <u>241,930</u> |
| Total Exploration and Evaluation Expenditures | <u>225,272</u> | <u>59,091</u> | <u>1,392,910</u> | <u>1,183,589</u> |

- Advertising, investor relations and promotion \$143,632 (2016-\$25,679). Amounts included in advertising, investor relation and promotion are monthly investor relations fees, print and internet advertising costs, web site updates, marketing, investment and geological conference attendance fees.
- Consulting fees of \$50,650 (2016 - \$16,153), paid to companies for strategic, administrative services, project evaluation and future acquisition. Consulting fees have increased due to more business activity.
- Management comprised of \$220,000 (2016-\$197,500) of consulting fees, pursuant to the Management Consulting Agreement with the company controlled by the President and CEO of the company to perform management services for \$15,000 per month. See “Commitment” for further discussion.
- The Company incurred office and administrative expenses of \$167,345 (2016 - \$175,124). The office and administration included accounting, administration, rent, telephone, printing storage, secretarial and foreign exchange. The office and administrative expenses increased due to the increase in administrative, accounting and secretarial fees.
- Regulatory and transfer agent fees of \$39,672 (2016 - \$24,944) consisted of fees paid to regulatory bodies in Canada in connection with routine filings and filing fees for private placement.

- Travel and accommodations expenses of \$51,263 (2016-\$46,708). Management traveled to visit the Company's properties in BC Canada and attending various geological conferences and meetings.
- The Company incurred \$1,392,910 (2016 - \$1,183,589) of exploration expenditures on the company's Canadian BC Projects. Details of Exploration and Evaluation Expenditures see above.
- The Company recorded \$380,425 (2016 - \$49,938) of non-cash compensation cost due to the grant of \$4,400,000 stock options and during the period ended June 30, 2017.

Other Expenses

| | Three Months Ended | | Year Ended | |
|--|--------------------|------------------|----------------|------------------|
| | 2017 | June 30, 2016 | 2017 | June 30, 2016 |
| | \$ | \$ | \$ | \$ |
| Accretion on Debentures | (1,677) | (8,588) | (15,909) | (14,802) |
| BC Mining Exploration Tax Credit | - | 346,721 | 71,387 | 346,721 |
| Gain on Conversion of Debentures | 17,765 | - | 17,765 | - |
| Gain on Sale of Equipment | - | - | 1,183 | - |
| Interest on Debentures | (16,088) | (50,630) | (50,001) | (50,630) |
| (Loss) Gain on Settlement of Debts | (165,012) | 7,242 | (127,888) | 7,242 |
| Mineral Exploration Property Recovery | - | 50,000 | 425,000 | 50,000 |
| Reversal of Flow-Through Share Premium Liability | 115,505 | - | 115,505 | - |
| Unrealized Gain on Marketable Securities | 140,000 | - | 20,000 | - |
| Write-off Accounts Payable | - | (17,199) | - | 93,118 |
| | <u>90,493</u> | <u>327,546</u> | <u>457,042</u> | <u>431,649</u> |

- BC mining exploration tax credit of \$71,387 (2016 -\$346,721) in connection with qualifying exploration expenditures incurred in the Province of BC for the year ended June 30, 2017.
- Gain on Conversion of Debentures of \$17,765 was recorded based on the difference between the market value of the securities and the exercise price during the time of the conversion.
- Interest on Debentures of \$50,001(2016 - \$50,630), the Company is incurring interest of 10% per annum on \$1,000,000 in debentures.
- Loss on Settlement of Debt of \$127,888 (2016-\$7,242 Gain), the debt was forgiven by two of the vendors and extinguishment of debenture interest payable through the issuance of common shares.
- Mineral Exploration Property Recovery of \$425,000 (2016-\$50,000), payment received on the two properties optioned. See Note 6 on the Audited Financial Statements.
- The Company recorded a reversal of the flow through share premium liability of \$115,505 (2016 – Nil) to other income based on amount of expenditures incurred and renounced at June 30, 2017.
- The Company recorded an unrealized gain of \$20,000 on 1,000,000 common shares owned in GGX Gold Corp.
- Write-off of accounts payable of \$Nil (2016-\$93,118). After seeking professional advice and no contact from the vendors, these liabilities have been written off during YE2016.

Fourth Quarter Operations

During the 3-months ended June 30, 2017, the Company experienced a net loss of \$434,580 compared to a net loss of \$46,988 for the comparative period in 2016. The change was primarily due to the Company recognizing \$115,505 in other income during 2017 for amortization of the deferred flow-through premium liability, the recognition of \$165,012 loss on settlement of debt and unrealized gain on marketable securities of \$140,000 during 2017.

Expenses for the period ended June 30, 2017 increased by \$245,665 compared to the same period in 2016.

Differences in general administrative expenses incurred for the fourth quarter are as follows:

- Advertising, investor relations and promotion \$28,461 (2016-\$8,925). Amounts included in advertising, investor relation and promotion are monthly investor relations fees, print and internet advertising costs, web site updates, marketing, investment and geological conference attendance fees.
- Consulting fees of \$40,650 (2016 - \$6,593), paid to companies for strategic, administrative services, project evaluation and future acquisition. Consulting fees have increased due to more business activity.
- Management comprised of \$60,000 (2016-\$90,000) of consulting fees, pursuant to the Management Consulting Agreement with the company controlled by the President and CEO of the company to perform management services for \$15,000 per month. See "Commitment" for further discussion.
- The Company incurred office and administrative expenses of \$74,444 (2016 - \$74,027). The office and administration included accounting, administration, rent, telephone, printing storage, secretarial and foreign exchange. The office and administrative expenses increased due to the increase in administrative, accounting and secretarial fees.
- Regulatory and transfer agent fees of \$12,499 (2016 - \$5,194) consisted of fees paid to regulatory bodies in Canada in connection with routine filings and filing fees for private placement.
- Travel and accommodations expenses of \$29,025 (2016-\$20,560) Management traveled to visit the Company's properties in BC Canada and attending various geological conferences and meetings.
- The Company incurred \$225,272 (2016 - \$57,091) of exploration expenditures on the company's Canadian BC Projects. Details of Exploration and Evaluation Expenditures see above.
- The Company recorded \$31,156 (2016 - \$24,430) of non-cash compensation cost due to the grant of stock options and during the period ended June 30, 2017.

Other Expenses

- Gain on Conversion of Debentures of \$17,765 was recorded based on the difference between the market value of the securities and the exercise price during the time of the conversion.
- Interest on Debentures of \$16,088 (2016 - \$50,630), the Company was incurring interest of 10% per annum on \$1,000,000 in debentures.
- Gain on Settlement of Debt of \$165,012 (2016-\$7,242), the debt was forgiven by two of the vendors and extinguishment of debenture interest payable through the issuance of common shares.
- The Company recorded a reversal of the flow through share premium liability of \$115,505 (2016 - Nil) to other income based on amount of expenditures incurred and renounced at June 30, 2017.
- The Company recorded an unrealized gain of \$140,000 on 1,000,000 common shares owned in GGX Gold Corp.

Summary of Quarterly Reports

Results for the eight most recent quarters ending with the last quarter for the period ended June 30, 2017:

| | Three Months Ended | | | |
|------------------------------|------------------------|-------------------------|----------------------------|-----------------------------|
| | June 30, 2017 \$ | March 31, 2017 \$ | December 31, 2016 \$ | September 30, 2016 \$ |
| Revenue | Nil | Nil | Nil | Nil |
| Net income (loss) | (434,580) | (486,225) | (671,750) | (496,591) |
| Basic and diluted per shares | (0.01) | (0.01) | (0.01) | (0.01) |

| | Three Months Ended | | | |
|------------------------------|------------------------|-------------------------|----------------------------|-----------------------------|
| | June 30, 2016 \$ | March 31, 2016 \$ | December 31, 2015 \$ | September 30, 2015 \$ |
| Revenue | Nil | Nil | Nil | Nil |
| Net income (loss) | 46,988 | (189,644) | (935,455) | (312,563) |
| Basic and diluted per shares | (0.00) | (0.00) | (0.03) | (0.09) |

Over the last eight quarters, the Company has been exploring projects in Canada and the majority of the loss each quarter relates to the expenditures incurred in maintaining the operations of the Company and general and administrative expenses. The other main contributor to the losses is non-cash stock based compensation incurred on the grant of stock options done periodically over the last eight quarters.

Mineral exploration is typically a seasonal business, and accordingly, the Company's operating expenses and cash requirements will fluctuate depending upon the season and the level of activity. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favorable terms, the Company's activity levels and the size and scope of planned exploration projects will typically increase.

Liquidity and Capital Resources

At June 30, 2017, the Company had cash of \$202,846 and working capital of \$154,274. All cash is deposited in interest accruing accounts.

| | June 30, 2017 \$ | June 30, 2016 \$ |
|--------------------------------------|------------------------|------------------------|
| Current assets | 454,768 | 89,717 |
| Reclamation Bond | 44,000 | 39,000 |
| Loans Receivable | - | 10,650 |
| Property and Equipment | 10,800 | 61,139 |
| Total Assets | 509,568 | 200,506 |
| Current Liabilities | 300,494 | 561,239 |
| Non-current liabilities – Debentures | - | 860,626 |
| Total Liabilities | 300,494 | 1,421,865 |
| Shareholders' Equity (Deficiency) | 209,074 | (1,221,359) |
| Working Capital (Deficiency) | 154,274 | (471,522) |

The Company does not generate sufficient cash flow from operations to fund its exploration activities, its acquisitions and its administration costs. The Company is reliant on equity financing to provide the necessary cash to continue its operations.

| | June 30, 2017 \$ | June 30, 2016 \$ |
|---------------------------------------|------------------------|------------------------|
| Cash used in operating activities | (1,740,757) | (894,369) |
| Cash provided by investing activities | 38,000 | - |
| Cash provided by financing activities | 1,829,309 | 967,513 |
| Change in cash | 126,552 | 73,144 |

During the period ended June 30, 2017;

- The Company had cash of \$202,846 as of June 30, 2017 compared to \$76,294 as of June 30, 2016.
- In August 2016, the Company completed a non-brokered private placement of 4,400,000 units at a price of \$0.075 cents per unit for gross proceeds of \$330,000.
- In October 2016, the Company completed a flow-through private placement of 4,620,200 units at a price of \$0.15 cents per unit for gross proceeds of \$693,030.
- In January 2017, the Company completed a non-brokered private placement of 1,000,000 units at a price of \$0.075 cents per unit for gross proceeds of \$75,000.

- In April 2017, the Company completed a non-brokered private placement of 11,135,000 units at a price of \$0.055 cents per unit for gross proceeds of \$612,425
- The Company has received \$241,032 in cash from exercise of warrants.

Selected Annual Information

The following financial data is derived from the Company's audited financial statements for the year ended June 30 2017, 2016 and 2015.

| | 2017 \$ | 2016 \$ | 2015 \$ |
|----------------------------------|-------------|-------------|-------------|
| Financial Results | | | |
| Net loss for the year | (2,089,146) | (1,390,674) | (4,541,590) |
| Basic and diluted loss per share | (0.03) | (0.04) | (0.21) |
| Financial Position | | | |
| Working Capital (Deficiency) | 154,274 | (471,522) | (553,361) |
| Total Assets | 509,568 | 200,506 | 236,469 |
| Total Liabilities | 300,494 | 1,421,865 | 662,161 |
| Capital Stock | 16,111,136 | 12,887,382 | 12,534,171 |
| Share-Based Payment Reserve | 763,900 | 416,761 | 617,341 |
| Deficit | 16,665,962 | 14,717,361 | 13,577,204 |

The Company's net loss was higher in 2017 compared to 2016. The increase is due to the increase in exploration and stock based compensation. The Company's share capital increased by approximately \$3,223,754 over 2016 as a result of shares issued for mineral properties, private placement and warrants.

Transactions with Related Parties

At the Report Date, key management consists of Chris Anderson (CEO, President and a Director of the Company), Zeny Manalo (CFO of the Company) Lorne Mann, Scott Kent, Wesley Warthe-Anderson, Shervin Kent and Roy Davis (Directors of the Company). The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations. Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these financial statements, are described below.

Compensation of Key Management Personnel

All related party transactions were in the ordinary course of business and were measured at their exchange amount.

| | June 30, 2017 \$ | June 30, 2016 \$ |
|--|------------------------|------------------------|
| Consulting Fees | 2,400 | 5,310 |
| Management Fees | 220,000 | 197,500 |
| Exploration | 61,370 | 405 |
| Office Administration and Support Fees | 33,000 | 74,388 |
| Stock-Based Compensation | 188,094 | 18,726 |
| | <u>504,864</u> | <u>296,329</u> |

- Paid and accrued management fees and reimbursements of travel and other expenses \$253,000 (2016 – \$275,471) to a Company a director and a Company controlled by a directors and CEO of the Company
- Paid and accrued rent of \$Nil (2016 – \$24,810) in rent and office charges for use of the shared office space to a company under common control.
- Paid and accrued consulting fees of \$2,400 (2016 - \$5,310) to two directors of the Company.
- Paid and accrued exploration expenses of \$61,370 (2016 - \$Nil) to a Company control by a director of the Company.
- During the year ended June 30, 2017, the Company incurred stock-based compensation of \$188,094 (2016 - \$18,726) to directors and officers of the Company.

Commitment

On December 1, 2013, the Company entered into a three-year agreement with an officer and a director for consulting services for consideration of \$10,000 per month, plus reimbursement of all traveling and direct expenses. The rate will increase to \$15,000 per month if the Company reaches a market capitalization of \$10,000,000. In addition, the agreement stipulates payment of an annual bonus for the second and third year, such amount to be determined by the board of directors, but not to be less than \$25,000.

Flow-Through Share Premium Liability

The Company entered into flow-through share subscription agreements in October 2016 whereby it committed to incur a total of \$693,030 of qualifying Canadian exploration expenditures. The value of the flow-through units in excess of the quoted market value of shares on the date of issuance and the fair value of share purchase warrants issued was set up as a liability at the time these shares were issued. Funds raised through the issuance of flow through shares are required to be expended on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation.

In November 2016, the Company renounced \$693,030 of qualifying exploration expenditures to the shareholders with an effective date of December 31, 2016. The effect of this renunciation and the reversal of the flow-through share premium liability has been reflected in the financial statements for the year ended June 30, 2017. The Company has incurred qualifying expenditures of \$693,030 with respect to exploration activities at the Brett and Gold Drop Properties.

Subsequent Event

Property Acquisition

Subsequent to year end, the Company completed the acquisition of five mineral tenure claims adjacent to the Company's Gold Drop Property situated near Greenwood, B.C. In consideration, the Company issued a total of 1,400,000 common shares to the vendors.

Off Balance Sheet Agreements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

Critical Accounting Policies and Estimates

The details of Ximen's accounting policies are presented in Note 2 of the financial statements ended June 30, 2017. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

Accounting Standards Issued But Not Yet Effective

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up the date of issuance of the Company's consolidated financial statements. The Company intends to adopt the following standards when they becomes effective.

IFRS 9 – Financial Instruments

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard was initially effective for annual period beginning on or after January 1, 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2018. The Company has not yet determined the impact of this standard on its consolidated financial statements.

IFRS 16 – Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 "Leases", and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019.

Capital Risk Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration, and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages its share capital as capital, which as at June 30, 2017, was \$16,111,136 (2016 – \$12,887,382). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended June 30, 2017.

Management Financial Risks

The fair value of the Company's loan receivable, accounts payable and accrued liabilities, convertible debentures, and amounts due to related parties approximate their carrying value, which is the amount recorded on the consolidated statement of financial position. The Company's other financial instruments, cash and marketable securities under the fair value hierarchy is recorded at fair value based on level one quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) *Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that its credit risk is not significant.

b) *Liquidity Risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2017, the Company had a cash balance of \$202,846 to settle current liabilities of \$300,494. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management expects to fund those liabilities through the issuance of capital stock and loans from related parties over the coming year.

c) *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 market interest rates. The Company's loans receivable and payable are non-interest bearing. Interest on the Company's debentures payable are based on fixed rates, and as such, the Company is not exposed to significant interest rate risk.

d) *Foreign Currency Risk*

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and accounts payable and accrued liabilities that are denominated in U.S. Dollars. The Company's financial instruments denoted in U.S. Dollars are insignificant and any fluctuation in foreign currency exchange rates would have an insignificant impact on net loss for the year.

e) *Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Risk and Uncertainties

The Company's operations and results are subject to a number of different risks at any given time. These factors , include but are not limited to disclosure regarding exploration , additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards , insurable risk and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulation risk.

- (a) the state of the capital markets, which will affect the ability of the Company to finance further mineral property acquisitions and expand its contemplated exploration programs;
- (b) the prevailing market prices for base metals and precious metals;
- (c) the consolidation and potential abandonment of the Company's property as exploration results provide further information relating to the underlying value of the property;
- (d) the ability of the Company to identify and successfully acquire additional mineral properties in which the Company may acquire an interest whether by option, joint venture or otherwise, in addition to or as an alternative to the property;

Other risk factors

Nature of Mineral Exploration and Mining

There is no known economic recoverable mineral resource upon any of the Principal Properties. Development of any of the Principal Properties will follow only upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and of those properties which are explored, few are developed into producing mines. The Company provides no assurance that its mineral exploration and development activities will result in any discoveries of bodies of commercial ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors out of the Company's control.

Mineral Deposits and Productions Costs; Metal Prices

Many factors affect the economics of developing mineral deposits, including variations in ore grade, cost of operations, and price fluctuations in of products sold. Metal prices influence heavily the value of the Principal Properties. Metal prices can and do change by substantial amounts over short periods of time, and are affected by numerous factors beyond the Company's control, including changes in supply and demand, international economic and political trends, inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries. The Company provides no assurance that the prices of mineral products will be sufficient to ensure that any of the Principal Properties can be mined profitably.

Depending on the price received for minerals produced, the Company may determine that it is impractical to commence or continue commercial production. The grade of any ore ultimately mined from a mineral deposit may differ from that predicted by drilling results.

Additional Financing

The Company has limited financial resources and provides no assurance that it will obtain additional funding for further exploration and development of its projects or to fulfill its obligations under applicable agreements. The Company provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Properties with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. The Company provides no assurance that it can operate profitably or that it will successfully implement its plans for its further exploration and development of its Properties.

Permits and Licenses

The Company will require licenses and permits from various governmental and non-governmental authorities for its operations. The Company has obtained, or plans to obtain all necessary licenses and permits required carrying on the activities it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances. The Company provides no assurance that it will obtain all necessary licenses and permits required to carry out exploration, development and mining operations.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, and labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of the Principal Properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate the Principal Properties. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Currency Risk

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars. The Company's costs are incurred primarily in Canadian dollars.

Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. In addition, the Company will be highly dependent upon contractors and third parties in the performance of its exploration and development activities. The Company provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Competitive Factors in the Precious and Base Metals Markets

Most mineral resources including precious and base metals are essentially commodities markets in which we would expect to be a small producer with an insignificant impact upon world production. As a result, production, if any, would be readily sold and would likely have no impact on world market prices. In recent months due to the significant downturn in the world economies has driven the commodities prices much lower which has made raising capital more difficult more competitive than past years.

Forward-Looking Information

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, and U.S. dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

Management’s Report On Internal Control Over Financial Reporting

In connection with National Instrument (“NI”) 52-109 (Certification of Disclosure in Issuer’s Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Additional Information in relation to the Company

Additional information relating to the Company is available:

- (a) On SEDAR at www.sedar.com
- (b) On the Company’s website at www.ximenminingcorp.com
- (c) In the Company’s annual audited financial statements for the year ended June 30, 2017.

Outstanding Shares

| | Number | Exercise Price | Expiry Date |
|--|------------|----------------|-------------------|
| Common Shares (as at October 24, 2017) | 93,616,439 | n/a | n/a |
| Stock Options | 1,750,000 | 0.12 | April 29, 2020 |
| Stock Options | 1,000,000 | 0.05 | February 2, 2021 |
| Stock Options | 700,000 | 0.15 | October 5, 2021 |
| Stock Options | 1,200,000 | 0.12 | November 22, 2021 |
| Stock Options | 1,000,000 | 0.10 | February 16, 2019 |
| Stock Options | 1,500,000 | 0.09 | March 20, 2019 |
| Warrants | 1,150,000 | 0.25 | April 20, 2020 |
| Warrants | 4,260,000 | 0.10 | August 15, 2021 |
| Warrants | 4,620,200 | 0.20 | October 24, 2021 |
| Warrants | 81,340 | 0.05 | December 7, 2018 |
| Warrants | 1,000,000 | 0.10 | December 30, 2021 |
| Warrants | 17,390,629 | 0.05 | January 4, 2019 |
| Warrants | 4,700,000 | 0.075 | April 11, 2022 |
| Warrants | 5,435,000 | 0.075 | April 13, 2022 |
| Warrants | 1,000,000 | 0.075 | April 20, 2022 |
| Agent’s Warrant | 115,000 | 0.075 | April 13, 2022 |

Other Requirements

Additional disclosure of the Company’s technical reports, material change reports, news release and other information can be obtained on SEDAR at www.sedar.com.