

JUBILEE GOLD EXPLORATION LTD.

Report of the Directors to the Shareholders

Your Directors are pleased to present the Annual Report of your company, together with the Audited Financial Statements for the year ended December 31, 2015.

In 2015, Jubilee Gold Exploration (the Company) focused exploration efforts on three Ontario properties: the Halcrow property in the Porcupine Mining Division, the Munro-North property in the Larder Lake Mining Division, and the Leeson-Brackin Property in the Sault Saint Marie Mining Division.

The Munro-North property, located east of Matheson, Ontario, was enlarged with the staking of 41 additional claim units (656 hectares). Induced polarization (I.P.) geophysical surveying over the original lease outlined three parallel chargeability anomalies that warrant evaluation. The most northerly of these anomalies is located approximately 1 km west and along the projected strike from the historic Potterdoal copper-zinc sulphide occurrence. Preliminary soil-sampling returned an encouraging zinc value of 22 x background at this anomaly. Sampling was not possible at several sample sites, due either to the presence of a thick layer of organics or a rocky boulder-rich cover. Future detail soil-sampling along trend of existing targets is expected to provide improved geochemical coverage. Reconnaissance soil-sampling over the recently staked claims is expected to aid in locating additional targets of interest.

At Halcrow, located 100 miles west of Timmins, detail soil sampling in the west-central section of the property confirmed the presence of a prominent soil-gold geochemical anomaly extending over 300 metres southward along the east side of a quartz-feldspar-porphry. Reconnaissance soil-sampling also returned slightly elevated soil-gold values from two additional areas. Follow-up surface prospecting is anticipated in these areas.

At the Leeson-Brackin gold property, located adjacent the historic Renabie mine, reconnaissance soil-geochemical sampling was completed along a 500 metre-long section of a prominent north-south trending I.P. chargeability anomaly in the southwest section of the property. Our sampling outlined a clustering of anomalous gold sites occurring near the apparent intersection of north-south and east-west trending structures, similar to situations near the historic #21 Gold Zone, located one kilometre to the north and in the area of the historic gold deposits on the nearby Renabie Mine property. Future detail soil-sampling over the 2015 sample area is expected to assist in defining potential drill targets.

The Geary Township property, located 45 kilometres north-west of Timmins, and the Brenbar gold property in Irwin and Pifher Townships near Beardmore, Ontario, were retained but inactive in 2015.

The Birneys Lake property, located in south-west New Brunswick, was retained, but was inactive in 2015. The McDougal Inlet property, in the Mount Pleasant area of south-western New Brunswick, and previously under option to Geodex Minerals Ltd., was not retained.

In 2015, First Mining Finance Corp. entered into a business combination with Gold Canyon Resources Inc., and acquired ownership of the Springpole Gold Project in the Red Lake Mining District of Ontario, where Jubilee holds significant royalty interests on core area claims. Gold Canyon previously reported an indicated mineral resource for Springpole of over 128.7 million tons grading 1.07 g/ton gold and 5.7 g/ton silver (4.41 million ounces gold and 23.8 million ounces silver).

In 2015, Orefinders Resources was granted 100% vesting in the Jubilee Derlak Gold property located in the Red Lake District of Ontario, subject to a 3% NSR retained by Jubilee. In exchange for their vesting in Derlak, Orefinders agreed to amend its NSR agreement with Jubilee, on its Mirado Project in Kirkland Lake, to provide for a reduced buyback of 1% for Orefinders at a cost of \$1,000,000.

Laurion Mineral Exploration Inc. retained their option on the Elmhirst Township property in the Beardmore-Geraldton Greenstone Belt in 2015.

The Golden-Harker, Munro, Harker North (Dale), Harker South, Ghost Lake or Elliott Twp., and the Magusi River properties (all located in the Larder Lake Mining District of N.E. Ontario), were retained, but inactive in 2014. The Todd Township gold claim in the Red Lake Mining District of Ontario, and the Gilbec area base-metal property in N.W. Quebec were also retained, but were inactive. The Dasserat-Deep gold property in N.W. Quebec was not retained.

The Beaver and Violet properties, located in the Cobalt District of N.E. Ontario, remained under option to Gold Bullion Development of Haileybury, Ontario in 2015.

The Company retains its NSR royalty interests in the Milestone-Klotz Lake property in the Beardmore-Geraldton area of Ontario that was acquired by Goldstream Minerals in 2013. The company retains additional royalties in the following: the former Bourlamaque Township property in Quebec, through a wholly owned subsidiary of Century Mining Corporation, the former Milestone-Duprat property near Noranda (Quebec), which is now owned by Inmet Mining Corp., plus the Duprat Township copper (+/-zinc) property in the Noranda area (Quebec) that is currently owned by Xstrata Canada Inc. The company retains additional royalty interests in the McGarry Township property near Virginiatown in N.E. Ontario, which is currently being developed by Kerr Mines Inc. (formerly Armistice Resources Ltd.), and on properties in Baird and Fairlie Townships in the Red Lake Mining District that are currently controlled by Goldcorp Inc.

Net Current Assets, including investments at market value, were over \$2,195,000 on December 31, 2015.

Respectfully submitted on behalf of the Board,

“Jeffrey J. Becker”

President
Toronto, Ontario
January 31, 2016