



## ***Management Discussion and Analysis (“MD&A”) for the three and six months ended August 31, 2017 and August 31, 2016***

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This Management Discussion and Analysis of Atlantic Industrial Minerals Incorporated (the "Company") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the three and six months ended August 31, 2017, compared to the three and six months ended August 31, 2016. The following discussion and analysis also provides a summary of selected consolidated financial information for the three and six month period ended August 31, 2017. This report complements and supplements our unaudited consolidated financial statements (the “financial statements”) as at August 31, 2017 and should be read in conjunction with the financial statements and the accompanying notes. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say “we”, “us”, “our”, the “Company” or “AIM”, we mean Atlantic Industrial Mineral Incorporated and/or its subsidiary, as it may apply.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address reserve potential and events or developments that the Company expects, are forward looking statements. Forward looking statements are often but not always identified by words such as "believes", "likely", "may", "plans", "expects" or similar words. Forward-looking statements included or incorporated by reference in this document include, but are not limited to, statements with respect to: the Company's development strategy, including potential and nature of progress; the Company's prospects to enter a contractual relationship or business combination; expectations regarding the ability to raise capital and projections as to any geological extractions or potential thereof.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include operating costs, availability of capital, ability to acquire or develop a new operating business and general economic, market, or



business conditions, and the factors identified under the heading “Risks and Uncertainties”. Investors are cautioned that any such statements are not guarantees of future performance and that the actual results or developments may differ materially from those projected in the forward-looking statements.

### **1. Date of MD&A**

This management discussion and analysis is prepared as of October 26, 2017.

### **2. Nature of Business and Overall performance**

Atlantic Industrial Minerals Incorporated was incorporated under the name Ohman Gold Exploration Ltd. by Articles of Incorporation dated September 16, 1985 pursuant to the provisions of the Ontario Business Corporations Act. The Company subsequently operated under the names Torene Gold Exploration Ltd. and Aquagold Resources Incorporated before being continued under the Canada Business Corporations Act on January 19, 1989 and changing its name to Atlantic Industrial Minerals Incorporated on November 19, 1992. Prior to March 23, 2009, the Company’s operating limestone quarrying activities were conducted through a subsidiary, Kelly Rock Limited (“Kelly Rock”) which AIM subsequently sold.

The Company is presently engaged in the business of acquiring, exploring and developing natural resource properties and is presently evaluating the viability of its Glencoe and Kewstoke limestone properties and considering the future direction of the Company. The Company’s head office is located in Bedford, Nova Scotia. The Company is considered to be in the exploration stage as it has not placed any mineral properties into production.

### **3. Company Highlights**

There were no material changes in the affairs of the Company during the period ending August 31, 2017.

### **4. Corporate Developments and Significant Transactions and Factors Affecting Results of Operations**

#### Financing Activities

The Company has conducted no financing activity and is being supported by shareholder loans. The Company will require additional financing to meet its current obligations and fund its administration and any proposed exploration costs for the next twelve months.

#### Glencoe and Kewstoke Limestone Properties

Following the disposition of the Company’s interest in Kelly Rock, the Company held a 50% interest in Glencoe Resources Inc., which in turn held a carbonate deposit and an inactive quarry in Cape Breton, Nova Scotia.

On August 31, 2012 the Company acquired the remaining 50% interest in Glencoe Resources Inc. and a 100% interest in the Kewstoke carbonate property, for the issuance of 6,000,000 common shares with 2,000,000



share purchase warrants (expired), and \$50,000. Pursuant to a Modification Agreement dated August 3, 2012 the parties agreed to extend the time to pay the \$50,000 dollars cash consideration to the earlier of seven days of completion of an equity financing of not less than C\$750,000, or June 14, 2017. The vendors are also entitled to receive a production royalty from these properties based on the greater of \$1.50 per tonne or 5% of the gross selling price of all carbonate product sold.

The cost of this acquisition was \$437,000 which was allocated to mineral properties. During the year ended February 28, 2017, the Company incurred exploration and evaluation costs of \$49,738 (year ended February 29, 2016 - \$71,682). During the six month period ending August 31, 2017 the Company incurred exploration and evaluation costs of \$28,870 (six month period ending August 31, 2016 - \$49,804).

Developing the Company's limestone properties to commercial production, if possible, will require substantial new capital.

The Glencoe carbonate deposit is located in the Glencoe area of Inverness County, Nova Scotia and comprised of 61 claims covering 976 hectares. The Kewstoke carbonate property is comprised of 19 claims covering 304 hectares in the same region of Cape Breton.

The Glencoe carbonate property is held by Glencoe Resources Inc. (GRI) and covers a deposit of limestone and dolomite located at Glencoe, Inverness County in Cape Breton, Nova Scotia, Canada. The property is located within 60 km or less of the Strait of Canso Super Port, which is serviced by highway, rail and natural gas pipeline systems, each are important factors that enhance the area's ability to support potential future development of carbonate resources at the Glencoe property.

In 1977, the Nova Scotia Department of Mines and Energy (NSDME) reported non NI 43-101 compliant reserves totaling 175 million tons of metallurgical grade stone grading 52% CaO or greater and < 2.5% SiO<sub>2</sub>. Substantial components of these reserves grade in excess of 96% CaCO<sub>3</sub> (~ 53.75% CaO) and are of interest as potential chemical grade calcium carbonate resources. Carbonate within a larger cement grade zone of 345 million tons was reported. Additionally, extensive areas of white calcium carbonate have been intercepted by drilling at Glencoe. Beneficiation studies conducted by Ginn Mineral Technologies Ltd. on associated samples returned GE Brightness values in the 93.86 to 96.4 range. These results established the property's potential as a source of high quality coater, filler and extender grade white carbonate. In addition to calcium carbonate, according to the 1977 NSDME report, a substantial dolomite deposit is present at Glencoe, and combined calcium carbonate and dolomite resource potential is estimated to be 500 million tonnes or more.

**NOTE:** *None of these estimates or analyses were prepared in compliance with NI 43-101 definitions and a qualified person within the meaning of NI 43-101 has not done sufficient work to classify these historical estimates as current mineral resources or mineral reserves. The Company is not treating these historical estimates as current mineral resources or mineral reserves and these historical estimates should not be relied upon.*

Late in 2002 Mercator Geological Services Limited (Mercator) re-logged deposit delineation cores archived at the Nova Scotia Department of Natural Resources Stellarton Core Library. 103 of 122 holes drilled in the area were re-logged, representing a total of 14,080 meters of drilling. A limited field program was also carried out,

focused on locating drill hole collars and collection of bedrock samples from several areas of high purity or white carbonate potential. Based upon the core re-logging and associated field programs the continuity of lithologic units and associated carbonate quality parameters was demonstrated over much of the property. This reflected geological correlation on a unit by unit basis through cross sectional study, which was also evident in earlier surface mapping data from the property.

In a July 5, 2004 “Report on Drill Core Re-Logging and Resource Potential” of the Glencoe Carbonate Deposit prepared by Michael P. Cullen, M.Sc., P.Geo., Mercator identified the potential for the following occurrences on the Glencoe Property:

- 470 million tonnes or more of cement grade carbonate;
- 190 million tonnes or more of light grey to white carbonate of coater, filler and extender grade interest, this potential being broadly based on results of beneficiation studies carried out to date;
- 50 million tonnes or more of white to bright white carbonate that occurs as a subset of the light grey to white zone mentioned above;
- 60 million tonnes or more of high purity, chemical grade carbonate; and
- 50 million tonnes or more of dolomite and dolomitic carbonate

**NOTE:** *The above historical figures are estimates of exploration potential only and were not prepared in accordance with NI43-101 and are not mineral resources or reserves as currently defined in National Instrument 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves Definitions and Guidelines. A qualified person within the meaning of NI 43-101 has not done sufficient work to classify these estimates as current mineral resources or mineral reserves, the Company is not treating these estimates as current mineral resources or mineral reserves, and these estimates should not be relied upon.*

During 2011 the permit area was geologically mapped and a 73 hole (261.9 metre) percussion drilling program was completed. Since then, due to the Company’s limited financial resources, only minimal exploration work sufficient to meet annual assessment requirements has been undertaken on the property, and to date the Company has not been successful in attracting additional investment or identifying a suitable business combination partner, and there can be no assurance that the Company will be successful in doing so in the future.

During 2013 a market study from PricewaterhouseCoopers (“PwC”) and a mine permitting scoping study from Conestoga-Rovers and Associates (“CRA”) were completed, and a NI 43-101 Resource Estimate from Services Limited (“Mercator”) of Dartmouth, Nova Scotia was initiated.

#### *PricewaterhouseCoopers Market Study*

The PwC ‘supply-demand’ market assessment for cement in North America from PricewaterhouseCoopers focussed primarily on the eighteen states of the U.S. Eastern seaboard and concluded that in the nearer-term on the supply side there will be a 2 million tonne shortfall in cement production by 2015 increasing to 20 million tonnes by 2020, that in the longer-term starting around the 2015 timeframe on the demand side there would be an increase in the demand for cement, and that through to 2035 demand would increase

significantly. The report also concluded that it appeared that the domestic supply of cement within the Eastern United States would not be sufficient to meet the increased demand.

#### *Mine Permitting Scoping Study*

The CRA mine permitting scoping study concluded that the Glencoe Limestone Project has a number of elements favourable towards successful permitting with limited constraints. The preliminary permitting scoping study outlined the permitting process for such a project including in general terms the parameters for environmental impact reviews and extensive First Nations, community and interest group consultations. CRA indicated that the project has a high likelihood that it can be successfully permitted within a two year period from initiation of the permitting process based on the project scenarios that they were provided by Atlantic Industrial Minerals for the study.

#### *NI 43-101 Resource Estimate*

The resource estimate compliant with National Instrument 43-101 on the Glencoe Limestone deposit from Mercator Geological Services Limited (“Mercator”) of Dartmouth, Nova Scotia, has not been completed due to financing shortfall.

#### Reefton Gold Project (lapsed)

On September 26, 2012 the Company optioned a 100% interest subject to a 2% vendor retained NSR in the Reefton Gold property, New Zealand from CanAlaska Uranium Inc. (“CanAlaska”) for \$300,000 and 300,000 shares payable. During the currency of the option the Company made one payment of \$25,000 and satisfied a second payment of \$25,000 by issuing 333,333 shares in lieu, and issued 100,000 as a finder’s fee. Additionally, the property was subject to annual lease payments of approximately C\$50,000 to the New Zealand government and a commitment to drill 1,500 metres by Dec 31, 2014. During the first year of the option the Company reimbursed CanAlaska for \$20,000 for lease payments and paid \$30,000 directly to the government of New Zealand and recorded the amounts as acquisition costs. In December 2012, a field team located the entrance to the 300 metre Morning Star adit and inspected the first 200 metres of the adit. A June 2013 sampling program over the first 200 metres of the adit did not return significant values. Faced with annual lease fees of approximately C\$50,000 the Company determined not to make the payment and, working with CanAlaska, sought to reduce the annual fees by reducing the property size and concurrently renegotiating certain terms of the September 26, 2012 option agreement with CanAlaska. The reduction in property size and annual fees was completed successfully; however, the renegotiation of the option agreement was not and the option was allowed to lapse with a write-down of \$101,631 taken to Exploration and Evaluation Assets to August 31, 2013. In the quarter ending August 30, 2013 the Company incurred additional costs of \$4,000 which were expensed in the quarter ending November 30, 2013 for a cumulative write-off of \$105,631. In August 2013 the option lapsed and a property impairment loss of \$105,631 was recorded.

## **5. Overall Performance**

The Company holds an industrial minerals property which is in the exploration stage. No commercial operations have been commenced. The Company has no earnings and therefore finances exploration and

development activities by the sale of shares. The key determinants of the Company's operating results are the following:

- the success of its exploration and development programs;
- (b) the state of capital markets, which affects the Company's ability to finance its exploration activities;
- (c) the demand for and the market price for industrial minerals and particularly limestone; and
- (d) the political and social issues both national and local which affect the ability of the Company to conduct exploration and quarry development activities.

## 6. Exploration and Development Strategy

Due to fiscal restraints resulting from the state of financial markets for junior industrial minerals explorers the Company's exploration is restricted to such expenditures as are sufficient to meet the minimum requirements to maintain the Company's permits in Nova Scotia.

The Company's development strategy is to continue to seek a fiscally strong development partner for some or all of the Company's property or the products contained therein.

## 7. Selected Annual Information

The following table sets out selected annual financial information from the Company's annual audited consolidated financial statements for the years ended:

	February 28, 2017	February 29, 2016	February 28, 2015
	\$	\$	\$
<b>OPERATIONS</b>			
Revenue	Nil	Nil	Nil
Comprehensive loss	(18,589)	(31,593)	(52,320)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)
<b>BALANCE SHEET</b>			
Working capital (deficiency)	(551,140)	(482,813)	(379,538)
Exploration and evaluation assets	881,117	831,379	759,697
Total assets	914,424	862,868	797,202
Total non-current liabilities	350,000	350,000	350,000
Dividends	Nil	Nil	Nil

The Company's working capital deficiency increased in 2017 compared to 2016. Total current assets remained approximately the same. Current liabilities increased due increases in shareholders loans to support corporate activity.

The Company's comprehensive loss decreased slightly in 2017 compared to 2016. This was due to lower consulting and professional fees.

The value of the Company's exploration and evaluation assets increased slightly from 2016 to 2017 due to continued annual exploration assessment work.

There were no write-downs or dispositions of properties for the year ended February 28, 2017 (2016 - \$Nil).

## 8. Summary of Quarterly Results

The following table presents selected financial information for the quarters indicated with dollar amounts presented in thousands (\$,000's) except for the per share data and conform to IFRS standards.

	August 31 2017	May 31 2017	Feb 28 2017	Nov 30 2016	Aug 31 2016	May 31 2016	Feb 29 2016	Nov 30 2015
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Deficit and Cash Flow</i>								
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Comprehensive loss	(11.5)	(3.50)	11.90	(9.25)	(9.46)	(11.78)	(5.84)	(2.77)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<i>Balance Sheet</i>								
Assets	943	916	914	923	921	870	863	795

Fluctuations in Assets minor due to small expenditures on property maintenance costs. Over the last eight quarters minor changes to operational expenses fluctuated due limited expenditures on both general and administrative expenses and property investigation and exploration spending.

## 9. Consolidated Results of Operations

All of the balances set out in this and following sections conform to IFRS standards and are in Canadian dollars.

	QUARTER ENDED AUGUST 31 2017	QUARTER ENDED AUGUST 31 2016
<b>Expenses</b>		
Office general and administrative	\$ 3,495	\$ 2,708
Geological consulting and testing	-	-
Professional fees	8,058	6,750
Share based compensation	-	-
Property impairment loss	-	-
<b>Loss Before Income Taxes</b>	<b>(11,553)</b>	<b>(9,458)</b>
<b>Deferred Income Tax Recovery</b>	<b>-</b>	<b>--</b>
<b>Net Loss And Comprehensive Loss For The Period</b>	<b>\$ (11,553)</b>	<b>\$ (9,458)</b>
<b>Loss Per Share – Basic and Diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted Average Number of Common Shares Outstanding:</b>	<b>24,633,449</b>	<b>24,633,449</b>



For the three-month period ending August 31, 2017 compared to the three-month period ending August 31, 2016.

The Company's losses increased due to slightly increase general and administrative costs and slightly increased professional costs.

The Company incurred \$28,870 in exploration or development expenditures for the six-month period ended August 31, 2017 compared to \$49,804 for the corresponding period in 2016.

## 10. Liquidity and Capital Resources

The financial statements of the Company have been prepared on a 'going-concern' basis which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations are dependent upon management's ability to secure required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, especially given today's volatile and uncertain financial markets. The Company may revise exploration and development programs depending on its working capital position.

As at August 31, 2017 the Company had a working capital deficit of \$595,058 (August 31, 2016 - \$551,199). Current assets consisted cash of \$3,417 (August 31, 2016 - \$117) and receivables of \$3,190 (August 31, 2016- \$13,366). Current liabilities as at August 31, 2017 consisted accounts payable and accrued liabilities of \$377,997 (August 31, 2016 - \$438,636) and amount due to shareholders of \$223,668 (August 31, 2016 - \$126,046).

Long-term debt was \$350,000 (August 31, 2016 - \$350,000).

Refer to the Financial Statements for more information on the use of cash in operating, investing and financing activities for the periods ended August 31, 2017 and August 31, 2016.

Other than the above mentioned current liabilities, the Company has no short-term capital spending requirements other than the minimum assessment work requirements to maintain the Glencoe and Kewstoke limestone properties estimated at approximately \$75,000 annually, and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has no revenue and future revenues, if any, are expected to be from the extraction and sale of industrial mineral products or interests related there to. The economics of developing and producing industrial minerals are affected by many factors including the cost of operations, variations in the grade of minerals



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mined, and the price of such minerals. Depending on the price of minerals, the Company may determine that

it is impractical to commence or continue commercial production. The price of industrial minerals fluctuates and is affected by many factors beyond the Company's control including changes in international investment patterns and monetary systems, economic growth rates, political developments, and shifts in supplies of and demands for industrial minerals.

### 11. Transactions with Related Parties

The Company participated in the following transactions with related parties including associated persons or corporations:

#### Acquisition of Glencoe Resources Inc. and the Kewstoke property

On August 31, 2012, the Company acquired the remaining 50% of Glencoe Resources Inc. (Glencoe) and the Kewstoke limestone property (Kewstoke). At the time of the transaction one of the vendors, Greg Isenor, was a director of the subsidiary of the Company. As a result of the transaction, he became a principal shareholder. Subsequently two of the vendors, Greg Isenor and John Cumming, became directors of the Company. The Company issued 6,000,000 common shares and 2,000,000 common share purchase warrants (expired) for Glencoe and Kewstoke. A final \$50,000 cash payment is due upon the earlier of completion of an equity financing of not less than \$750,000 or June 14, 2020.

Greg Isenor and John Cumming are also entitled to receive a production royalty from these properties based on the greater of \$1.50 per tonne or 5% of the gross selling price of all carbonate product sold.

#### Related party balances

The Company has received from time to time cash advances in the form of loans from two directors, Greg Isenor and John Cumming, of the Company which cash was used for general operations. This amount is included in 'due to shareholders'. The Company also owes \$50,000 from the purchase of the Glencoe and Kewstoke properties and \$300,000 of accrued remuneration from prior year to two directors, Greg Isenor and John Cumming, which amount is included in 'long term debt'.

The following amounts are due to directors of the Company:

	August 2017	August 2016
Included in due to shareholders	\$ 223,668	\$ 126,047
Included in accounts payable	-	-
Long term debt	350,000	350,000
	<b>\$ 573,668</b>	<b>\$ 467,047</b>

These amounts are unsecured as at August 31, 2016 (\$Nil).

During the three-month period ended August 31, 2017 no incentive stock options were granted to officers or directors (August 31, 2016 Nil).

## 12. Critical Accounting Estimates and Judgements

The preparation of Company's financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Significant areas where judgment is applied include the carrying value and recoverability of mineral property costs, inputs used in accounting for share-based compensation, the valuations of the non-cash transactions and the probabilities used in valuing the contingent consideration. Actual results could differ from these estimates. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. However, actual outcomes can differ from these estimates. The estimates and assumptions that have a significant risk of causing material adjustments to the Company's financial statements are addressed below.

- The Impairment of exploration and evaluation assets. The net carrying value of each mineral property is reviewed regularly for conditions that indicate impairment. This review requires significant judgment as the Company does not have any proven and probable reserves that enable estimated future cash flows to be compared to the carrying values. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant decrease in the market price of the property; whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future and whether the Company has the necessary funds to be able to maintain its interest in the mineral property.
- The inputs used for share-based compensation calculation. The Company provides compensation benefits to our consultants, directors and officers through a stock option plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of the Company's share price. Historical data is utilized to estimate option exercises and forfeiture behavior with the valuation model. The risk-free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.
- The valuations of shares issued in non-cash transactions using the quoted share price as the fair value based measurement on the date the shares are issued for the transaction.
- The probabilities assigned to individual purchase components being met in calculating the contingent consideration are based on the most current and reliable information available to management.

### 13. Financial Instruments and Other risks

#### Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, and accounts payable. Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks arising from these financial instruments. The fair market value of these financial instruments approximates their carrying values, unless otherwise noted.

#### Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Investing in shares of this Company should be viewed as having extraordinary risk given the potential for its wind-up and dissolution in the short run. The following factors should be considered:

#### Lack of Liquidity and Capital Resources

The Company has had no revenue from operations since February 28, 2009, and has been depleting its capital resources to fund its continued administrative functions. Additional funds will be required to cover basic expenses of maintaining the Company's corporate existence and for future exploration and development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds, or through a business combination with a suitable partner. There is no assurance that such funding will be available to the Company or that a suitable business combination partner will be identified. If no such sources are found in the immediate future, the Company may be required to cease operations and wind up its business, and there are no assurances that the Company will be able to continue operations through fiscal 2018. The liquidity and capital of the Company is nearly exhausted and without an injection of new capital, it will not be able to pay its debts or expenses in connection its on-going existence. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

#### Development Stage Company

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits. The Company's property interests are in the exploration stage only and are without a known economic mineral deposit. Accordingly, there is no prospect that the Company will realize any revenue or profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic mineral deposit, which itself is subject to numerous risk factors. Further, there can be no assurance, even if an economic deposit of minerals is located, that any of the Company's property interests can be commercially mined. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time with which even a combination



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of careful evaluation, experience and knowledge of management may not eliminate. While discovery of additional ore-bearing structures may result in substantial rewards, few properties which are explored are

ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial mining operations. The 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. Substantial expenditures are required to establish reserves which are sufficient to commercially mine and to construct, complete and install mining and processing facilities in those properties that are actually mined and developed.

### Economic Risk

The prices of industrial minerals and other metals fluctuate. The future direction of the price of any metal or mineral will depend on numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of commodities, and therefore on the economic viability of the Company's properties, cannot accurately be predicted. As the Company is only at the exploration stage, it is not yet possible for it to adopt specific strategies for controlling the impact of fluctuations in the price of the commodities being explored for.

### Management; Dependence on Key Personnel, Contractors and Service Providers

Shareholders of the Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company. The Company has adopted a policy of retaining leading, innovative and regionally focused outside service providers who may provide ancillary value to the Company in its operations.

### Industry Conditions

The exploration and development of mineral deposits involve significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves, to develop processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs planned by the Company will result in a profitable commercial operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as commodity prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these



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factors may result in the Company not receiving an adequate return on invested capital. In the event that any of the Company's current or future properties are developed to the point where mining activity can

be pursued, mining operations generally involve a high degree of risk. The Company's operations will be subject to all the hazards and risks normally encountered in the exploration and development of minerals, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

### Value of Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors. In addition, the limited trading volume in the Company's common shares in recent years can result in significant changes in the trading price based on a small number of shares being traded, which may not reflect changes in the Company's business or results of operations.

### Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other interests, many of which have greater financial resources than it has, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

### Environmental Risk

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests that have been caused by previous or existing owners or operators.

### Title to Property

Although the Company has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests. Some property is held via corporate affiliates that may be inactive or otherwise not maintain full corporate formality. This structure could substantially reduce the value of any interests held in the underlying properties.

### Uninsured Hazards

The Company may not always be able or may choose not to obtain insurance for many of the risks that it



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faces. In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible

to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in the value of the Company's securities. The Company is currently not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Company may periodically evaluate the cost and coverage of the insurance that is available against certain environmental risks to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate the Company's available funds or could exceed the available funds that the Company has and result in bankruptcy. Should the Company be unable to fully fund the remedial cost of an environmental problem, it might be required to enter into interim compliance measures pending completion of the required remedy.

### Permits, Licenses and Approvals

The operations of the Company may require licences and permits from various governmental authorities. The Company believes it holds or is in the process of obtaining all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations. Such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the Company will be able to obtain all necessary licenses and permits that may be required to maintain its exploration activities, construct mines or other facilities and commence operations of any of their exploration properties. In addition, if the Company proceeds to production on any exploration property, it must obtain and comply with permits and licenses which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to obtain such permits and licenses or that it will be able to comply with any such conditions.

### Social and Surface Access Factors

The Company's mineral are located near rural communities that may be affected by quarrying activities. The Company engages in community stakeholder consultations to ensure that the Company will be able to carry out its planned exploration and, in the future, development programs. There can be no assurance that these measures will be successful, in whole or in part. In areas where there are local populations or landowners, it may be necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the legal right to access the surface and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out exploration, development or quarrying activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction and the success of such actions cannot be predicted with certainty.



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### Regulatory Matters

The Company's business is subject to various federal, provincial and local laws governing prospecting and development, taxes, labour standards and occupational health, mine safety, toxic substances, environmental protection and other matters. Exploration and development are also subject to various federal, provincial, state and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry to monitor the discharge of waste water and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively rehabilitate mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents. A violation of these laws may result in the imposition of substantial fines and other penalties.

### Mineral Price Fluctuations

The marketability of any mineral is subject to numerous factors beyond the control of the Company. The price of minerals can experience volatile and significant movements over short periods of time. Factors impacting price include, but are not limited to, demand for the particular mineral, political and economic conditions and production levels and costs of production in other areas or countries.

### Credit Risk

In accordance with its investment policy, the Company maintains cash deposits with Schedule 1 Banks. The credit risk on cash is limited because the counter-parties are banks with high credit ratings assigned by international credit-rating agencies.

### Foreign Currency Risk

The Company is not presently exploring in any foreign jurisdiction and has no foreign currency risk.

### Sensitivity Analysis

Certain of the Company's exploration expenditures and property lease payments were paid in New Zealand dollars. However, the Company did not maintain any working capital in New Zealand dollars, therefore the sensitivity to currency fluctuation is nil at this time.

## **14. Additional Information**

### Off-Balance Sheet Arrangements

At August 31, 2017 and August 31, 2016 the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instrument obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.



## Going Concern

The consolidated financial statements for the period ended August 31, 2017 have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Several material uncertainties may cast a significant doubt on the validity of this assumption. The Company has incurred losses since inception and has no current source of revenue. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given the volatile and uncertain financial markets. The consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. At August 31, 2017, the Company had a deficit of \$2,254,081 (August 31, 2016 - \$2,239,033) and a working capital deficit of \$595,058 (August 31, 2016 - \$551,199).

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to continue as a going-concern, the net realizable values of its assets may be materially less than the amounts recorded on the consolidated statement of financial position. Such adjustments could be material.

## Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue suitable business opportunities and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage and has not achieved commercial operations from its project, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity (deficiency). The

Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and any updated budgets are approved by the Board of Directors. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company is uncertain as to whether its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period and, accordingly, management is reviewing the timing and scope of current exploration plans and is also pursuing other financing alternatives to fund the Company's operations.



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The Company is not currently subject to externally imposed capital requirements. There are no changes in the Company's approach to capital management.

### 15. Outstanding Shares

#### *Share Capital*

No shares were issued during the period.

As at August 31, 2017 the Company has 24,633,449 common shares outstanding.

#### *Share Purchase Warrants*

As at August 31, 2017 the Company had no share purchase warrants outstanding.

#### *Stock Options*

At August 31, 2017 the Company had no incentive stock options outstanding.

### 16. Subsequent Events

None

### 17. Additional Information

*The financial statements and additional information regarding the Company, including the Company's certificates of annual and interim filings, news releases and technical reports referred to herein, are available on SEDAR at [www.sedar.com](http://www.sedar.com).*

### 18. Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning Atlantic Industrial Minerals Inc.'s general and administrative expenses and exploration and evaluation costs is provided in the Company's consolidated statement of loss and note disclosures contained in its consolidated financial statements for the period ended February 28, 2017. These statements are available on the System for Electronic Document Analysis and Retrieval ('SEDAR') at [www.sedar.com](http://www.sedar.com).

#### *Dividends*

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant

#### *Management's Responsibility for Financial Statements*

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a



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determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. In

contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52 -109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

### Proposed Transactions

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of certain properties.

### Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.



## Forward Looking Information

Certain statements in this document constitute “forward-looking statements” and are based on current expectations and involve risks and uncertainties, referred to above and or in the Company’s financial statements for the period ended August 31, 2017, that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in the forward-looking statements. Examples of such forward looking statements include statements regarding financial results and expectations for 2018, future anticipated results of exploration programs and development programs (including, without limitations, with respect to the Glencoe and Kewstoke limestone properties), including, but not limited to, the geology, grade and continuity of industrial mineral deposits and conclusions of economic evaluations, and the possibility that future exploration, development or mining results will not be consistent with the Company’s expectations, metal prices, demand for metals, currency exchange rates, political and operational risks inherent in mining or development activities, legislative factors relating to prices, taxes, royalties, land use, title and permits, importing and exporting of minerals, environmental protection, expenditures on property, plant and equipment, increases and decreases in reserves and/or resources and anticipated grades and recovery rates and are or may be based on assumptions and/or estimates related to future economic, market and other conditions. This list is not exhaustive and should be considered carefully by prospective investors, who should not place undue reliance on such forward-looking statements. Factors that could cause actual results, developments or events to differ materially from those anticipated include, among others, the factors described or referred to elsewhere herein including, without limitation, under the heading “Risks and Uncertainties” and/or the financial statements, and include unanticipated and/or unusual events as well as actual results of planned exploration and development programs and associated risk. Many of such factors are beyond the Company’s ability to control or predict. Actual results may differ materially from those anticipated. Readers of this MD&A are cautioned not to put undue reliance on forward looking statements due to their inherent uncertainty. Forward-looking statements are made based upon management’s beliefs, estimates and opinions on the date the statements are made, which management believes are reasonable, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law. These forward -looking statements should not be relied upon as representing management’s views as of any date subsequent to the date of this MD&A. Additional information, including interim and annual consolidated financial statements, the management information circulars and other disclosure documents, may also be examined and/or obtained through the Internet by accessing the Canadian System for Electronic Document Analysis and Retrieval (“SEDAR”) website at [www.sedar.com](http://www.sedar.com).