

Spirit Banner Capital Corp.
Management Discussion and Analysis
For the Year Ended December 31, 2018

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of Spirit Banner Capital Corp. prepared for the year ended December 31 should be read in conjunction with the Corporation’s audited financial statements for the year ended December 31, 2018 and the period from incorporation (June 5,) 2017 to December 31, 2017. All figures contained in this MD&A are presented in Canadian dollars.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Corporation

The Corporation was incorporated under the Canada Business Corporations Act on June 5, 2017 and is classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”).

The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Corporation has not commenced operations and has no assets other than cash, accrued interest receivable, and property, plant, and equipment. The Corporation’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of most of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the TSX Venture. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

On June 5, 2017 the Corporation issued 2,210,780 common shares at \$0.05 per share for total proceeds of \$110,539.

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On September 20, 2017, the Corporation issued 6,820,000 common shares at \$0.05 per share for total proceeds of \$341,000.

On February 21, 2018, the Corporation filed its prospectus and raised \$1,000,000 by an Initial Public Offering ("IPO") of 10,000,000 common shares and began trading on the Exchange.

Pursuant to an agency agreement, the Agent received 10% of the gross proceeds of the offering as well as compensation options ("Broker Options") to acquire up to 10% of the number of offered shares sold under the offering at a price of \$0.10 per common share, exercisable for a period of 24 months from the date of listing of the Corporation's common shares on the Exchange. The Company incurred total transaction costs of \$107,537 in relation to the initial public offering.

Upon closing of the IPO, the Corporation issued 1,903,078 options to directors and officers which are exercisable within five years from the date of grant at an exercise price of \$0.10 per share

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

The registered office of the Corporation is located at 1015-4th Street SW, Suite 730, Calgary, Alberta T2R 1J4. The head office of the corporation is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5J 4A6.

On April 26, 2019, the Board of Directors approved the financial statements for the year ended December 31, 2018.

Subsequent Events

Subsequent to year end, the Corporation announced that it entered into a Letter of Intent with Ion Energy Ltd which outlines the terms and conditions pursuant to which Spirit Banner and Ion Energy will complete a transaction that will result in the reverse takeover of Spirit Banner by Ion Energy. This transaction, if completed, will constitute Spirit Banner's Qualifying Transaction.

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Annual Financial Information

The following table sets forth selected audited financial information of the Company as at and for the periods indicated. This financial information is derived from, and should be read in conjunction with, the audited annual financial statements of the Corporation for the year ended December 31, 2018 and for the period from incorporation (June 5, 2017) to December 31, 2017 and the notes thereto. Financial information presented below is prepared in accordance with accounting policies in accordance with IFRS unless otherwise stated.

	As at and for year/period ended	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Total Assets	\$1,196,844	\$415,617
Cash	\$1,188,765	\$415,617
Accrued interest receivable	3,995	
Property, plant, and Equipment	\$4,084	\$nil
Current Liabilities	\$11,963	\$64,000
Total Liabilities	\$11,963	\$64,000
Net Income (Loss)	(\$201,848)	(\$74,422)
Basic and Diluted Net Income Loss) per Share	(\$0.02)	\$nil

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Total Assets	\$1,196,844	\$1,214,075	\$1,217,767	\$1,228,050	\$415,617	\$425,597	\$96,491
Total Revenues	nil	nil	nil	nil	nil	nil	nil
Total Expenses	\$76,198	\$14,257	\$36,089	\$83,737	\$63,979	\$10,394	\$49
Net Loss	\$(71,760)	\$(10,262)	\$(36,089)	\$(83,737)	(\$63,979)	\$(10,394)	\$(49)
Basic and diluted net loss per share	\$(0.01)	\$(0.00)	\$(0.00)	\$(0.00)	\$0.00	\$(0.00)	\$(0.00)

Annual Results of Operations

Twelve months ended December 31, 2018 compared to period from incorporation (June 5, 2017) to December 31, 2017

During the twelve month period ended December 31, 2018, the Corporation reported a net loss of \$201,848 with basic and diluted loss per share of (\$0.02) compared to reported net loss of \$74,422 with basic and diluted loss per share of \$(0.00) for the period from incorporation (June 5, 2017) to December 31, 2017. The net loss for the year ended December 31, 2018 was principally attributable to filing fees, stock-based compensation, travel and accommodation and general and office expenses offset by interest income.

Three month period ended December 31, 2018 compared to three month period ended December 31, 2017

During the three month period ended December 31, 2018, the Corporation reported a net loss of \$71,760 with basic and diluted loss per share of (\$0.01) compared to reported net loss of \$63,979 with basic and diluted loss per share of \$(0.00) for the three month period ended December 31, 2018. The net loss for the three month period December 31, 2018 was principally attributable to filing fees, stock-based compensation, travel and accommodation and general and office expenses offset by interest income.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred in the period from June 5, 2017 (date of incorporation) to December 31, 2018:

Material Costs	Period from June 5, 2017 (date of incorporation) to December 31, 2018
Interest income	\$8,433
Professional fees	\$79,043
Listing fees	\$26,404
Depreciation	140
Stock-based compensation	\$142,649
General and office	\$36,467

Liquidity and Capital Resources

As at December 31, 2018, the Corporation had cash of \$1,188,765, and accrued interest receivable of \$3,995 resulting in total current assets of \$1,192,760. The Corporation had current liabilities of \$11,963 and working capital of \$1,180,797.

Negative cash flows of \$115,091 were recorded from operating activities for the year ended December 31, 2018 and \$10,422 for the period from June 5, 2017 (date of incorporation) to December 31, 2017. This is primarily due to outflows relating to filing fees, stock-based compensation, travel and accommodation and general and office expenses.

Outstanding Share Data

The Corporation is authorized to issue an unlimited number of common and preferred shares. Each common share entitles the holder to one vote at all meetings of shareholders and represents an interest in dividends declared by the Corporation and an undivided interest in the net assets of the Corporation. As at the date of this MD&A, the outstanding securities of Spirit Banner consists of 19,030,780 common shares, 1,903,078 stock options and 1,000,000 broker options, with each stock option and broker option exercisable to acquire one common share at \$0.10 per common share.

The Corporation's common shares commenced trading on the TSX Venture Exchange on February 21, 2018 under the trading symbol "SBCC.P".

Off-Balance Sheet Arrangements

The Corporation has not had any off-balance sheet arrangements since incorporation to the date of this MD&A.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

Stock-based compensation expense of \$142,649 is attributable to options issued to directors and officers for the year ended December 31, 2018. There were no other related party transactions and no remuneration was paid to key management personnel during the year ended December 31, 2018 (2017-nil).

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash held in trust and due to shareholder approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Critical Accounting Estimates

The Corporation's significant accounting policies are summarized in Note 2 to the audited financial statements for the period ended December 31, 2018.

New Accounting Standards issued

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The corporation adopted this standard on January 1, 2018, which had no impact on the financial statements

Additional Information

For further detail, see the Corporation's audited financial statements for the year ended December 31, 2018 and the period from incorporation (June 5,) 2017 to December 31, 2017. Additional information about the Corporation can also be found on SEDAR.