

**Canadian Energy Materials Corp.**  
**Management Discussion & Analysis**  
**For the six months ended September 30, 2019**

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Overview

The following covers the operations of Canadian Energy Materials Corp. (the “Company” also referred to as “CHEM”) for the six months ended September 30, 2019, prepared as of November 25, 2019. This management discussion and analysis (“MD&A”) should be read in conjunction with the Company’s condensed interim consolidated financial statements for the six months ended September 30, 2019 and related notes and the annual audited consolidated financial statements for the year ended March 31, 2019 and related notes. These documents are available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com). All dollar amounts therein and in the following MD&A are in Canadian dollars unless otherwise indicated. These financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Forward-Looking Statements

This MD&A contains certain statements that may be deemed “forward-looking statements”. All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is developed. 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 may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in the forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company’s management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions, or other factors, should change beyond the procedures required under applicable securities laws.

Description of Business

The Company is a junior resource company engaged in the acquisition, exploration and development of gold, silver and copper properties in British Columbia, Saskatchewan, New Brunswick and Quebec. The Company has its head office in Vancouver, British Columbia, and its shares trade on the TSX Venture Exchange under the symbol “CHEM”. The Company’s shares commenced trading on the TSX Venture Exchange on September 29, 2010. Previously the Company traded on the Canadian National Stock Exchange (CNSX).

The Company was incorporated in March 2006, and in June 2008, it completed its initial public offering, raising gross proceeds of \$800,000.

On October 26, 2017, the shareholders of the Company approved a common share consolidation on the basis of twenty pre-consolidation common shares for one post-consolidation common share of the Company. The

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consolidation was made effective on November 15, 2017. All references to the number of shares and per share amounts have been retroactively restated as if the consolidation had occurred April 1, 2016.

On August 31, 2018, the Company entered into a share exchange agreement (the “Agreement”) to purchase 100% of the issued and outstanding common shares of CIN Energy Materials Inc., a Private Company, (“CIN”), which holds 100% interest in 3,846-hectare Grindstone Copper-nickel-cobalt project in an unexplored region of Northwestern New Brunswick, Canada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company agreed to issued to the Shareholders of CIN a total of 12,000,000 common shares of the Company valued at \$1,800,000 (\$0.15 per share) pursuant to the terms of the Agreement. The Company also issued 666,666 units as finders fees in connection with this transaction which was valued at the same price of the non-flow-through private placement of \$0.15 per unit totalling \$100,000. As a result of this transaction CIN became a wholly-owned subsidiary of the Company. This transaction was completed on December 21, 2018. The purchase price of \$1,900,000 was allocated to the value of exploration and evaluation assets.

Selected Annual Information

The following is a summary of the Company’s financial results for the Company’s three most recently completed financial years:

	Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2017 (restated)
Total revenues	\$Nil	\$Nil	\$Nil
Net and comprehensive loss	(1,083,663)	(487,097)	(432,382)
Loss per share – basic and diluted	(0.08)	(0.12)	(0.21)
Total assets	2,331,420	876,996	120,367
Long term liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

There were no significant changes in operations from the years noted above.

Exploration and evaluation assets

The following table summarizes the Company’s exploration and evaluation assets as at September 30, 2019 and March 31, 2019.

<b>For the six months ended September 30, 2019</b>	Cluff Lake			JAM	Total
	Grindstone	Uranium/Cobalt	Beryllium		
Balance, beginning of period	\$ 1,923,830	\$ -	\$ 3,700	\$	\$ 1,927,530
Balance, end of period	\$ 1,923,830	\$ -	\$ 3,700	\$	\$ 1,927,530

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<b>For the year ended March 31, 2019</b>	Grindstone	Cluff Lake Uranium/Cobalt	JAM Beryllium	Total
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Cash - payment	20,630	-	-	20,630
Cash - Staking	3,200	16,165	3,700	23,065
Shares issued	1,800,000	-	-	1,800,000
Shares issued as finders fees	100,000	-	-	100,000
	1,923,830	16,165	3,700	1,943,695
Impairment	-	(16,165)	-	(16,165)
Balance, end of year	\$ 1,923,830	\$ -	\$ 3,700	\$ 1,927,530

The following table summarizes the Company's exploration expenditures for the six months ended September 30, 2019 and 2018.

For the six months ended September 30, 2019	General	JAM Beryllium	Grindstone	Total
Exploration expenditures				
Property investigation and miscellaneous	\$ 6,981	\$ -	\$ 7,666	\$ 14,647
	\$ 6,981	\$ -	\$ 7,666	\$ 14,647

For the six months ended September 30, 2018	General	JAM Beryllium	Grindstone	Total
Exploration expenditures				
Property investigation and miscellaneous	\$ 6,577	\$ -	\$ -	\$ 6,577
Geological	-	17,022	127,777	144,799
	\$ 6,577	\$ 17,022	\$ 127,777	\$ 151,376

***Grindstone properties, New Brunswick***

On August 20, 2018, the Company entered into a mineral property acquisition agreement with Roland J.B. Lovesey, Dick Mann, Norm Pitre and David Mann (the "Vendors") in which the Company will acquire a 100% interest in five mineral claims located in New Brunswick, Canada (also known as "Grindstone claims") in exchange for cash fees totalling \$15,870 (paid) plus renewal fees and claim transfer. The Company paid \$4,760 to transfer the claim and renewal fees. These claims are contiguous to the claims held by CIN Energy Materials Inc.

The Company will pay to the Vendors on commencement of Commercial Production relative to each Vendor's individual Vendor's interest, a Net Smelter return royalty of 2% ("NSR"). The Company shall have the right, at any time, to purchase one-half of the NSR from the Vendors in consideration of the aggregate payment of \$1,000,000 to be distributed to each Vendor based on there individual Vendor interest thereby leaving the Vendors with a one percent (1%) NSR Royalty.

During the period ended December 31, 2018, the Company staked additional claims in New Brunswick, Canada for \$3,200 which are contiguous to the Grindstone Claims.

On August 31, 2018, the Company entered into a share exchange agreement (the "Agreement") to purchase 100% of the issued and outstanding common shares of CIN Energy Materials Inc., a Private Company, ("CIN"), which holds 100% interest in 3,846-hectare Grindstone Copper-nickel-cobalt project in an unexplored region of

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Northwestern New Brunswick, Canada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company agreed to issued to the Shareholders of CIN a total of 12,000,000 common shares of the Company valued at \$1,800,000 (\$0.15 per share) pursuant to the terms of the Agreement. The Company also issued 666,666 units as finders fees in connection with this transaction which was valued at the same price of the non-flow-through private placement of \$0.15 per unit totalling \$100,000. As a result of this transaction CIN became a wholly-owned subsidiary of the Company. This transaction was completed on December 21, 2018. The purchase price of \$1,900,000 was allocated to the value of exploration and evaluation assets.

***Cluff Lake Uranium/Cobalt Project, Saskatchewan***

During the period ended December 31, 2018, the Company staked ten claims for a total of 26,842 hectares in Saskatchewan, Canada totalling \$16,165. As at March 31, 2019, the Company has decided to abandon these claims and have written-off the staking cost of \$16,165.

***JAM Beryllium Property, British Columbia***

During the period ended December 31, 2018, the Company purchased three claims in JAM Beryllium Property in Northern British Columbia for \$3,700.

***Carbo Property, British Columbia***

On January 26, 2017, the “Company provided an update on the Company’s 100% owned Wicheeda Alkaline-Carbonatite project (the “Project”), located approximately 80 kilometers northeast of Prince George, B.C., in the heart of the Rocky Mountain Rare Metal Belt.

Although the Company has written off the exploration costs in previous years, it still holds title to the Carbo property.

Summary of Quarterly Results

The following is a summary of the Company’s financial results for the eight most recently completed quarters.

<b>For the quarter ended</b>	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Net and comprehensive loss	(\$66,083)	(\$57,189)	(\$222,464)	(\$471,268)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.01)	(\$0.05)
<b>For the quarter ended</b>	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Net and comprehensive loss	(\$252,235)	(\$137,695)	(\$392,962)	(\$65,592)
Loss per share – basic and diluted	(\$0.03)	(\$0.01)	(\$0.05)	(\$0.02)

During the three months ended December 31, 2017 the Company recorded a net loss of \$65,592 as compared to a net loss of \$19,576 for the previous quarter an increase of approximately \$46,000 which can be attributed to the increase in consulting fees, and transfer agent and filing fees associated with the private placement that

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occurred during the quarter. During the three months ended March 31, 2018 the Company recorded a net loss of \$392,962 as compared to the net loss \$65,592 for the previous quarter an increase of approximately \$436,000 which can be attributed to the write-off the Lac Manitou and the fair value of the stock options that was granted during the quarter. During the three months ended June 30, 2018, the Company recorded a net loss of \$137,695 as compared to the net loss of \$392,962 for the previous quarter a decrease of approximately \$255,000 which can be attributed to the write-off the Lac Manitou and the fair value of the stock options that was granted in the previous quarter. During the three months ended September 30, 2018, the Company recorded a net loss of \$252,235 as compared to the net loss of \$137,695 for the previous quarter an increase of approximately \$115,000 which can be attributed to an increase in professional fees of \$20,000 for general legal and accounting fees, an increase in consulting fees of \$10,000 and \$145,000 in general exploration cost as the Company performed its due diligence on the Grindstone property in New Brunswick. During the three months ended December 31, 2018, the Company recorded a net loss of \$471,267 as compared to the net loss of \$252,235 for the previous quarter an increase of approximately \$219,000 which can be attributed to an increase in general explorations of \$185,000 and an increase in shareholders communication of \$45,000 all incurred as a result of the acquisition of the Grindstone property. During the three months ended March 31, 2019, the Company recorded a net loss of \$222,464 as compared to the net loss of \$471,267 for the previous quarter a decrease of approximately \$249,000. The decrease can be attributed to less exploration work done in the current quarter. During the three months ended June 30, 2019, the Company recorded a net loss of \$57,189 as compared to the net loss of \$222,464 for the previous quarter a decrease of approximately \$165,000. The decrease can be attributed to the reduction in exploration cost, travel cost, professional and consulting fees. During the three months ended September 30, 2019, the Company recorded a net loss of \$66,083 which is comparable to the net loss of \$57,189 for the previous quarter. The slight increase can be attributed to the increase in general exploration work done in the current quarter.

Operations for the three months ended September 30, 2019

As at September 30, 2019, the Company had no material operations. The Company incurred a net loss of \$66,083 for the three months ended September 30, 2019 as compared to a net loss of \$252,235 for the previous period ended September 30, 2018. The Company had total expenses of \$69,833 for the three months ended September 30, 2019 as compared to \$252,235 for the comparable period a decrease of approximately \$182,000. The decrease in expenses is mainly attributed to the decrease in general exploration cost from \$146,299 down to \$13,147 for the current period while the Company awaits for permits on the Grindstone properties. Consulting fees have also decreased from \$49,049 down to \$11,497 due to no consultants engaged in marketing and coordinating tradeshows for the Company. All other costs were consistent with that of the prior period.

Operations for the six months ended September 30, 2019

As at September 30, 2019, the Company had no material operations. The Company incurred a net loss of \$123,271 for the six months ended September 30, 2019 as compared to a net loss of \$329,195 for the six months ended September 30, 2019. The Company had total expenses of \$127,202 for the six months ended September 30, 2019 as compared to \$329,195 for the comparable period a decrease of approximately \$200,000. The decrease in expenses can be attributed to the following:

Exploration expenditures have decreased to \$14,647 in the current period from \$156,376 for the prior period. The decrease can be attributed to less work performed on the mineral properties in the current period. while the Company evaluate its results and its permits. In the prior period the company concentrated its exploration program on the Grindstone project in New Brunswick.

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Consulting fees have decreased to \$49,184 in the current period from \$85,248 for the prior period. The decrease can be attributed to \$50,000 in fees that was paid to Zimtu Capital Corp for their assistance in marketing and coordinating tradeshows for the Company in the prior period. There were no fees paid in the current period this service.

Management fees paid to Michael Schuss have decreased to \$18,500 in the current period as compared to \$24,500 for the prior period.

All other costs were consistent with that of the prior period.

Liquidity and Capital Resources

The Company had cash of \$208,971 at September 30, 2019, compared to \$303,363 at March 31, 2019. The Company had a working capital of \$28,331 for September 30, 2019 as compared to the working capital of \$150,652 for March 31, 2019.

The Company's current activities have been funded to date through the issuance of commons shares and obtaining loans from third parties.

The Company's budget is its working capital and to pay overhead expenses and exploration expenditures for the next twelve months and will seek additional funding to fund future overhead expenses and its future exploration program. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On December 21, 2018, the Company complete private placements for 1,150,000 flow-through units at a price of \$0.20 and 2,142,733 non-flow-through units at a price of \$0.15 per unit for total proceeds of \$551,410. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of \$0.35 per share expiring on December 21, 2020. Each non-flow-through unit consists of one non-flow-through common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of \$0.25 per share expiring on December 21, 2020. In connection with the private placement the Company paid cash finders fees totalling \$33,492 and issued 127,952 agent's warrants. Each agent's warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share for a period of two years expiring on December 21, 2020. The Company fair valued the agent's warrants at \$11,516. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.15, risk-free interest rate of 1.91%, dividend yield of 0%, volatility of 146.47% and expected life of two years.

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On December 28, 2018, the Company completed the second tranche of the private placement for 725,000 flow-through units at a price of \$0.20 per unit for total proceeds of \$145,000. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of \$0.35 per share for a period of two years expiring on December 28, 2020. In connection with the private placement the Company issued 52,000 agent's warrants. Each agent's warrant entitles the holder to purchase one common share of the Company at a price of \$0.35 per share for a period of two years expiring on December 28, 2020. The Company fair valued the finder's fee warrants at \$4,680. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.15, risk-free interest rate of 1.91%, dividend yield of 0%, volatility of 146.47% and expected life of two years.

The Company recognized a flow-through premium of \$93,750 on the flow-through private placements which is included in Flow-through premium liability and has a commitment to incur \$375,000 on exploration expenditures. As at September 30, 2019, the Company has a Flow-through premium liability of \$74,000 and has a commitment to incur approximately \$296,000 on exploration expenditures.

Related Party Transactions

The following expenses were incurred with key management personnel of the Company and companies controlled by key management personnel. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain current and former directors and officers. Key management compensation comprises:

<b>For the six months ended</b>	<b>September 30, 2019</b>	<b>September 30, 2018</b>
Consulting fees		
– Harmony Corporate Services – Geoff Balderson, CFO	\$ 18,000	\$ 18,000
– Hard Rock Consulting – Rafael Vaudrim, Director	7,184	-
Management fees		
– Michael Schuss, CEO	18,500	24,500
	<b>\$ 43,684</b>	<b>\$ 42,500</b>

Included in prepaid expenses at September 30, 2019 is \$12,346 (March 31, 2019: \$864) paid to a director of the Company for advances on expenses and a Company controlled by an officer of the Company for consulting fees.

As at September 30, 2019 accounts payable and accrued liabilities included \$13,529 (March 31, 2019 - \$15,470) owing to a former officer, a director of the Company and a company with a director in common. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

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Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimates of recoverable value of its mineral properties.

The Company's recoverability of the recorded value of its mineral properties is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds of disposition thereof.

See Note 4 of the condensed interim consolidated financial statements for details on the critical accounting estimates and judgments.

Financial Instruments and Risks

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in notes to the financial statements.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred, and by disposing of its investments when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

As at September 30, 2019, the Company had a cash balance of \$208,971 and amounts receivable of \$8,016 to settle current liabilities of \$243,062.

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#### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### Interest rate risk

The Company has cash and no interest-bearing debt.

#### 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 of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### Credit risk

Financial instruments that potentially expose the Company to credit risk are cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

#### Fair Values

The Company's financial instruments include cash and accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximates its carrying value due to its short term nature.

#### Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Outstanding Claim

During the year ended March 31, 2016, a creditor filed a claim against the Company in the sum of \$25,000 with the Small Claims Court of the Ontario Superior Court of Justice for unpaid services. This amount has been provided for in accounts payable and accrued liabilities at September 30, 2019 and March 31, 2019. The expected timing of settling the obligation is uncertain at this time.

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Proposed Transactions

N/A

Disclosure of Outstanding Share Capital

The Company's outstanding share capital as at the date of the MD&A is as follows:

Common shares	
Balance, September 30, 2019	25,905,016
Balance, Date of MDA	25,905,016

Options	
Balance, September 30, 2019	892,000
Balance, Date of MDA	892,000

Warrants	
Balance, September 30, 2019	4,141,366
Balance, Date of MDA	4,141,366

Agent's Warrants	
Balance, September 30, 2019	859,285
Balance, Date of MDA	859,285

Risks and Uncertainties

*Mineral Property Exploration and Mining Risks*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.