

## **Overview**

The Quarterly Highlights of E3 Metals Corp. (the “Company” or “E3 Metals”) provide a summary of the activities, results of operations and financial condition of the Company as at and for the three and nine months ended September 30, 2018. The Quarterly Highlights have been prepared by management as of November 27, 2018 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the three and nine months ended September 30, 2018 and 2017, the audited consolidated financial statements and related notes thereto of the Company for the years ended December 31, 2017 and 2016, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), and the annual Management Discussion and Analysis (“MD&A”) of the Company prepared by management as of April 27, 2018.

The Company is an exploration company engaged in the acquisition and exploration of petro-brine lithium resource properties. The Company was incorporated on August 19, 1998 under the laws of British Columbia and is a reporting issuer in British Columbia, Alberta and Ontario. The Company’s shares trade on the TSX Venture Exchange (the “Exchange”) under the trading symbol “ETMC”.

On May 30, 2017, the Company completed a Fundamental Acquisition (as that term is defined in the policies of the Exchange) (the “Transaction”) with 1975293 Alberta Ltd. (“Alberta Co”), whereby all outstanding securities of Alberta Co. were exchanged for securities of the Company pursuant to a Definitive Share Exchange Agreement dated May 8, 2017. The Company changed its name to E3 Metals Corp. (from Savannah Gold Corp.) and upgraded its listing to Tier 2 of the Exchange subsequent to the closing of the Transaction.

As part of the Transaction, the Company paid Alberta Co. \$150,000 in cash to settle its outstanding debt owed to Revere Development Corp. and issued a total of 6,000,000 common shares of the Company (the “Escrow Shares”) and 600,000 share purchase warrants in exchange for all of the issued and outstanding shares and share purchase warrants of Alberta Co. Alberta Co. became the wholly owned subsidiary of E3 Metals.

Pursuant to the Transaction, the Company acquired a 100% interest in the Clearwater and Exshaw lithium petro-brine projects (“Alberta Lithium Project”) covering the Leduc reservoir in south-central Alberta.

## **Forward-looking statements**

These forward-looking statements are based on current expectations and various estimates, factors and assumptions, and involve known and unknown risks, uncertainties and other factors. All statements, other than statements of historical fact, included herein, including without limitation, statements about the Company’s ability to effectively implement its planned exploration programs; unexpected events and delays in the course of its exploration and drilling programs; the ability of the Company to raise the capital necessary to conduct its planned exploration programs and to continue exploration on its properties; the failure to discover any significant amounts of lithium or other minerals on any of the Company’s properties; the fact that the Company’s properties are in the exploration stage and exploration and development of mineral properties involves a high degree of risk and few properties, which are explored are ultimately developed into producing mineral properties; the fact that the mineral industry is highly competitive, and E3 Metals will be competing against competitors that may be larger and better capitalized, have access to more efficient technology, and have access to reserves of minerals that are cheaper to extract and process; the fluctuations in the price of minerals and the future prices of minerals; the fact that if the price of minerals decreases significantly, any minerals discovered on any of the Company’s properties may become uneconomical to extract; the continued demand for minerals and lithium; that fact that the resource figures for minerals are estimates only and no assurances can be given than any estimated levels of minerals will actually be

produced; governmental regulation of mining activities and oil and gas in Alberta and elsewhere, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection; environmental regulation, which mandates, among other things, the maintenance of air and water quality standards and land reclamation, limitations on the general, transportation, storage and disposal of solid and hazardous waste; environmental hazards that may exist on the properties, which are unknown to E3 Metals at present and which have been caused by previous or existing owners or operators of the properties; reclamation costs, which are uncertain; the fact that commercial quantities of minerals may not be discovered on current properties or other future properties and even if commercial quantities of minerals are discovered, that such properties can be brought to a stage where such mineral resources can profitably be produced therefrom; the failure of plant or equipment processes to operate as anticipated; the inability to obtain the necessary approvals for the further exploration and development of all or any of the Company's properties; risks inherent in the mineral exploration and development business; the uncertainty of the requirements demanded by environmental agencies; the Company's ability to hire and retain qualified employees and consultants necessary for the exploration and development of any of E3 Metals' properties and for the operation of its business; and other risks related to mining activities that are beyond the Company's control.

Forward-looking statements contained herein are made as of the date of this Quarterly Highlights, and the Company disclaims any obligation to update any forward-looking statements, except as required by law, whether as a result of new information, future events or results, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **Alberta Lithium Project**

The Company is in the process of developing the Alberta Lithium Project towards commercialization. The Company has delineated 6.7 Mt lithium carbonate equivalent ("LCE") which covers only 34% of E3 Metals' permit area. Although resource expansion potential remains on the balance of the 66% of the Company's permit area, the focus has shifted to project development. Specifically, the company is working with external development facilities and engineering, procurement and construction ("EPC") firms to further define and advance the various aspects of the lithium production flow sheet.

### ***Development of Extraction Technology***

With a large potential source of lithium secured, management's focus has shifted to demonstrating the technological viability of the project. E3 Metals process of delivering high grade lithium hydroxide or carbonate to the market is being developed as three major steps. The first step involves pumping the brine to surface using either new or a existing infrastructure, or a combination of both. This process is well understood in Alberta through oil and gas production which has demonstrated that large volumes of brine can be cycled to surface and back into the reservoir. This has the potential to reduce the Company's development costs. The second step uses E3 Metals' proprietary technology employing ion-exchange to extract lithium. The process both concentrates the brine and removes the majority of the impurities in one step (see E3 Metals news release May 29, 2018). This technology development is the key link between the existing brine production and readily available technology potentially utilised for the third step of lithium production. The third step is the production of a lithium salt and involves refining the concentrate feedstock to further remove the last of the impurities and produce a high-grade lithium product for direct sale into the battery market. The Company believes the key to the defining a feasible project in the future is the continued development of its' proprietary concentration technology, which has demonstrated it will efficiently concentrate lithium. All other process steps may consist of existing technology modified slightly for the specifics of the Alberta Lithium Project.

The E3 Metals' lithium concentration technology is in the advanced stages of development through the Company's partnership with University of Alberta ("the University"), GreenCenter Canada ("GC") and the National Research Council ("NRC").

In August 2018, the Company was awarded two non-refundable government grants to assist in the development of the concentration technology. The Industrial Research Assistance Program ("IRAP"), a federal funding agency, has awarded \$56,000 to assist in the development work at NRC. Alberta Innovates ("AI"), an Alberta funding agency, has awarded \$100,000 to assist in the development work at GC. Both grants will be supporting the continued development and scaling of the Company's concentration technology.

The research of the concentration technology is being guided by Dr. Daniel Alessi, Assistant Professor at the University. In April 2018, the Company received a grant of \$100,000 from the National Science & Engineering Research Council ("NSERC") under the collaborative research and development grant program. The funding will continue to support the advancement of the Company's lithium concentration technology into 2019.

The Company is supporting the NSERC grant with a matching contribution of \$50,000, payable to the University of Alberta in accordance with the following schedule:

- \$12,500 was paid in Q2 2018;
- \$12,500 on July 1, 2018;
- \$12,500 on October 1, 2018; and
- \$12,500 on January 1, 2019.

As a result of the grant, the Alessi lab will also receive an in-kind contribution of up to an additional \$102,500.

The University has developed a chemical process that has a high selectivity for lithium with the goal of achieving greater than 20 times concentration factor at greater than 90-per-cent Li recovery while attracting less than 1-per-cent impurities. This low-energy concentration will require no evaporation and provides a concentrate that the Company believes can be purified by most off-the-shelf lithium production technology available on the market.

The planned commercial lithium extraction process from E3 Metals' petro-lithium deposit would occur in two stages:

- A. Brine production: well network to deliver Petro-lithium brine to surface for lithium extraction. Re-injection of lithium void brine back into the reservoir
- B. Lithium Extraction: reducing water volumes while increasing the resulting grade of lithium and removing the majority of sodium (Na) magnesium (Mg) and calcium (Ca) to produce a concentrate feedstock;
- C. Lithium Production: Polishing and lithium salt production: purifying the concentrate feedstock prior to creation of high-purity lithium hydroxide (LiOH) and/or lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>).

The Company's near-term focus is to scale-up its promising chemical concentration technology in partnership with some of Canada's leading (public and private) research facilities. Additionally, the Company has arranged for testing of its brine using advanced lithium concentration methods under development by other leading third-party technology providers.

In 2019, the Company is planning to develop scaled-up concentration testing equipment that could be coupled with proven commercially available polishing and production technology. The Company would then construct a bench-scale prototype capable of producing quantities of its concentrate. It will then utilize existing test facilities to create quantities of high-purity LiOH and/or Li<sub>2</sub>CO<sub>3</sub> from E3 Metals' brines. This will allow for the initial detailed full-cycle process flow sheet to be defined. Once the process has proven successful, a pilot plant focussing on creating larger volumes of concentrate will be constructed and deployed into the field for testing. Potential low-cost field testing will be facilitated by available brine production at surface from E3 Metals' partnerships with multiple oil and gas operators. Field testing of this prototype equipment is expected to commence in the second half of 2019. The large volumes of concentrate will be shipped in batches to facilities to create larger quantities of LiOH and/or Li<sub>2</sub>CO<sub>3</sub>. The results from this testing should allow the company to begin Front End Engineering and Design (FEED) towards a Pre-Feasibility Study (PFS).

### ***Property and Permits***

The Alberta Lithium Project is comprised of 76 MIM Permits, which includes the rights for lithium, totaling 593,165 hectares (5,931 square kilometers) that can be further sub-divided into five separate sub-properties, or groups of contiguous permits:

- Clearwater Sub-Property: 19 contiguous permits totaling 149,433 hectares;
- Exshaw Sub-Property: 18 contiguous permits totaling 137,570 hectares;
- Rocky Sub-Property: 29 contiguous permits totaling 234,973 hectares;
- Sunbreaker Sub-Property: 2 contiguous permits totaling 15,678 hectares; and
- Drumheller Sub-Property: 8 contiguous permits totaling 55,511 hectares.

Pursuant to the Share Exchange Transaction, the Company acquired a 100% interest in the Clearwater and Exshaw Petro-Lithium projects ("Alberta Petro-Lithium Project") covering the Leduc reservoir in south-central Alberta and comprised of 10 Alberta Metallic and Industrial Mineral Permits ("MIM Permits") totaling 87,965 hectares (879.65 square kilometers). The Company also acquired 64 additional MIM Permits during the year ended December 31, 2017, and 2 additional MIM Permits during the nine months ending September 30, 2018.

### ***Clearwater***

On July 10, 2017, the Company signed a Royalty Agreement pursuant to which it has agreed to pay to the royalty owner a perpetual production royalty equal to 2.25% (the "Royalty") of the gross proceeds from all products that are mined or extracted from seven specific Clearwater MIM permits.

The Company has the option, at any time before September 30, 2020, to purchase all or a portion of the royalty at a price of:

- \$600,000 for the entire 2.25% of the Royalty, or
- \$75,000 for each 0.25% of the Royalty, provided that the maximum amount to purchase the entire 2.25% of the Royalty will be \$600,000.

### ***Exshaw***

On August 9, 2017, the Company entered into a binding term sheet to acquire three MIM permits located in the Exshaw Project Area from Fathom Minerals Ltd. ("Fathom"), a private mineral exploration company. Pursuant to the terms of the Term Sheet, the Company will acquire (i) a 100% interest in the Permits and (ii)

all technical data and reports related to the Permits in Fathom's possession, in consideration of:

- CAD \$35,000 (paid in December 31, 2017); and
- 350,000 common shares of the Company (issued in February 2018).

### **Inferred Mineral Resource Estimates**

In 2017, the Company completed two National Instrument 43-101 inferred mineral resource estimates of a combined 2.83 million tonnes of LCE. This includes the Central Clearwater Resource Area: 4,617,079,087 cubic metres (4.6 cubic kilometres) of brine formation water at an average grade of 77.4 milligrams per litre for 1.9Mt of LCE. On the North Rocky Resource Area: 3,312,431,608 cubic meters (3.3 cubic kilometers) of brine formation water at an average grade of 52.9 milligrams per litre for 0.93Mt of LCE. Lithium is converted to LCE by multiplying by 5.323.

In May 2018, the Company completed a third National Instrument 43-101 inferred mineral resource estimate of 3.9 million tonnes (Mt) lithium carbonate equivalent (LCE) in the Exshaw West resource area ("Exshaw West"). The magnitude of this new resource area, in addition to the North Rocky and Central Clearwater resource areas, demonstrates the project's significant lithium production potential.

The Company plans to evaluate the potential to upgrade portions of its inferred resource to measured and indicated in 2018 to 2019.

### ***Highlights:***

- The Central Clearwater Area contains an Inferred Mineral Resource of 4.6 billion m<sup>3</sup> of brine formation water at an average grade of 77.4 mg/L lithium calculated as total producible brine.
- The North Rocky Resource Area contains an Inferred Mineral Resource of 3.3 billion m<sup>3</sup> of brine formation water at an average grade of 52.9 mg/L lithium calculated as total producible brine.
- The Exshaw West resource area (EWRA) contains an estimated total of 19.5 billion m<sup>3</sup> of brine formation water at an average grade of 75 milligrams/litre (mg/L) lithium.
- E3 Metals total combined inferred lithium mineral resources (over Rocky Property, Clearwater Property and Exshaw West) is 6.7 Mt LCE and covers only 34% of E3 Metals' Petro-Lithium Project Area.

Resource Area	Volume of Water in Effective porosity (m <sup>3</sup> )	Lithium Grade (mg/L)	Production Factor Cut-off	Production Volume (m <sup>3</sup> )	Inferred Lithium Resource Estimate (tonnes)	Inferred Lithium Resource Estimate (LCE tonnes)
Central Clearwater Resource Area	9,234,158,174	77.4	1	9,234,158,174	710,000	3,800,000
	9,234,158,174	77.4	0.9	8,310,742,357	640,000	3,400,000
	9,234,158,174	77.4	0.8	7,387,326,539	570,000	3,000,000
	9,234,158,174	77.4	0.7	6,463,910,722	500,000	2,700,000
	9,234,158,174	77.4	0.6	5,540,494,904	430,000	2,300,000
	<b>9,234,158,174</b>	<b>77.4</b>	<b>0.5</b>	<b>4,617,079,087</b>	<b>360,000</b>	<b>1,900,000</b>
	9,234,158,174	77.4	0.4	3,693,663,270	290,000	1,500,000
	9,234,158,174	77.4	0.3	2,770,247,452	210,000	1,100,000

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Resource Area	Volume of Water in Effective Porosity (m <sup>3</sup> )	Lithium Grade (mg/L)	Production Factor Cut-off	Production Volume (m <sup>3</sup> )	Inferred Lithium Resource Estimate (tonnes)	Inferred Lithium Resource Estimate (LCE tonnes)
North Rocky Resource Area	6,624,863,216	52.9	1	6,624,863,216	350,000	1,900,000
	6,624,863,216	52.9	0.9	5,962,376,894	320,000	1,700,000
	6,624,863,216	52.9	0.8	5,299,890,572	280,000	1,500,000
	6,624,863,216	52.9	0.7	4,637,404,251	250,000	1,300,000
	6,624,863,216	52.9	0.6	3,974,917,929	210,000	1,100,000
	<b>6,624,863,216</b>	<b>52.9</b>	<b>0.5</b>	<b>3,312,431,608</b>	<b>180,000</b>	<b>930,000</b>
	6,624,863,216	52.9	0.4	2,649,945,286	140,000	750,000
	6,624,863,216	52.9	0.3	1,987,458,965	110,000	560,000

Resource Area	Volume of Water in Effective Porosity (m <sup>3</sup> )	Lithium Grade (mg/L)	Production Factor Cut-off	Production Volume (m <sup>3</sup> )	Inferred Lithium Resource Estimate (tonnes)	Inferred Lithium Resource Estimate (LCE tonnes)
Exshaw West Resource Area	19,511,285,152	75	1	19,511,285,152	1,462,014	7,782,301
	19,511,285,152	75	0.9	17,560,156,637	1,315,813	7,004,071
	19,511,285,152	75	0.8	15,609,028,122	1,169,611	6,225,841
	19,511,285,152	75	0.7	13,657,899,606	1,023,410	5,447,611
	19,511,285,152	75	0.6	11,706,771,091	877,208	4,669,381
	<b>19,511,285,152</b>	<b>75</b>	<b>0.5</b>	<b>9,755,642,576</b>	<b>731,007</b>	<b>3,891,151</b>
	19,511,285,152	75	0.4	7,804,514,061	584,806	3,112,920
	19,511,285,152	75	0.3	5,853,385,546	438,604	2,334,690

Please also see the Company's press release dated May 3, 2018 for further information on Inferred Mineral Resource Estimate for the Exshaw West Resource Area.

The Company's NI 43-101 technical report for the Exshaw West project area is filed on the Company's SEDAR profile ([www.sedar.com](http://www.sedar.com)) as well as on the Company's website ([www.e3metalscorp.com](http://www.e3metalscorp.com)).

The following table summarizes the Company's exploration and evaluation asset expenditures incurred to September 30, 2018:

<b>Alberta Petro-Lithium Project</b>	
<b>Acquisition Costs:</b>	
Balance December 31, 2016	\$ –
Excess consideration paid on acquisition of Alberta Co. (Note 3)	1,328,653
Permitting and other acquisition costs	179,871
Balance December 31, 2017	1,508,524
Common shares issued for acquisition of properties (Note 9)	140,000
Permitting and other acquisition costs	485
Balance September 30, 2018	\$ 1,649,009
<b>Exploration Costs:</b>	
Balance December 31, 2016	\$ –
Amortization of licenses	12,306
Geochemistry analysis	108,888
Geological consulting	256,491
Metallurgical assessments	16,893
Balance, December 31, 2017	394,578
Geologic software licenses	15,936
Environmental consulting	9,113
Geochemistry analysis	44,967
Geological and geochemistry consulting	88,986
Metallurgical assessments	2,700
Other	14,943
Balance, September 30, 2018	\$ 571,223
Total, December 31, 2017	\$ 1,903,102
Total, September 30, 2018	\$ 2,220,232

**Analysis of the Company's financial performance and conditions***Three and nine months ended September 30, 2018 and 2017*

During the three and nine months ended September 30, 2018, the Company reported a net loss of \$476,006 and \$1,090,056 respectively (2017 – \$214,558 and \$614,012). The Company currently is in the technology development stage and does not have revenues. As such, funding of operations is provided by the issuance of common shares as well as available grants. The Company continued to expand its exploration and development activities and, therefore, incurred higher operational costs as compared to the nine months in 2017.

The increase in loss during the three months ended September 30, 2018 was a result of the following:

- increased salaries to \$122,298 in 2018 from \$81,073 in 2017. The Company had three fulltime employees in Q3 2018 in addition to the part-time CFO versus two fulltime employees in 2017;
- marketing expense increased from \$83,247 in 2017 to \$133,045 in 2018 as a result of the European marketing awareness services, information sessions, investor relations activities and assistance in securing government funding;
- professional and consulting fees increased to \$139,542 in 2018 (2017 – \$4,265) due to the engagement of a regulatory consultant, European capital markets consultant, a corporate development consultant, and payment for three months of part-time CFO services. In addition, the Company incurred \$17,403 in legal fees in 2018;
- general and administrative expenses increased by \$20,203 to a reported \$56,460 in 2018 (2017 – \$36,257) due to an increase in administrative services fees, office rent and other office administrative expenses.

The increase in loss from \$614,012 for the nine months ended September 30, 2017 to \$1,090,056 for the same period of 2018 is a result of: nine months of operations (versus four months in 2017) with a \$265,402 increase in salaries (2018 – \$373,397; 2017 – \$107,995); a \$115,804 increase in marketing fees (2018 – \$242,990; 2017 – \$127,186); \$252,990 in higher professional and consulting fees (\$264,698 in 2018 versus \$11,708 in 2017); an increase in general and administrative expenses of \$79,575 (2018 – \$143,708; 2017 – \$64,113); \$17,863 of additional travel expenses related to the increased marketing fees (2018 – \$40,301 versus \$22,438 in 2017); partially offset by \$212,846 decrease in share-based compensation to \$48,039 in 2018 versus \$260,885 in 2017.

*Liquidity and capital resources*

The Company reported a working capital of \$571,794 at September 30, 2018 compared to working capital of \$393,511 at December 31, 2017, representing an increase in working capital of \$178,283.

As at September 30, 2018, the Company had cash on hand of \$570,069 compared to cash on hand of \$608,428 at December 31, 2017.

During the nine months ended September 30, 2018, the Company:

- used \$1,258,032 of its cash for operating activities including project development expenses, payments of employee salaries, consulting fees, marketing, and other operating expenses;

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- paid \$168,027 in exploration expenditures for the water sampling and metallurgical testing programs conducted during the period;
- received \$1,293,000 from the issuance of 3,232,500 common shares of the Company and paid \$20,325 in commission related to this non-brokered private placement;
- received \$121,500 from the exercise of the share purchase warrants. These warrants were issued under the April 2017 private placement and were subject to an acceleration provision. The Company exercised the acceleration provision right after its common shares traded on the TSXV at a price of \$0.80 or more for 20 consecutive days and issued a notice to warrant holders to accelerate the expiry date of the warrants to January 5, 2018. A total of 1,390,000 share purchase warrants from the April 10, 2017 grant were exercised from November 2017 to January 5, 2018 at a price of \$0.40, and 10,000 warrants expired unexercised.

Current assets, excluding cash, as at September 30, 2018 consisted of GST recoverable of \$15,149 (December 31, 2017 - \$37,132) and prepaid expenses of \$129,241 (December 31, 2017 - \$18,857).

Current liabilities as at September 30, 2018 consisted of trade payables and accrued liabilities of \$106,493 (December 31, 2017 - \$190,244), amounts due to related parties for reimbursement of travel, project-related expenses, and consulting fees of \$16,608 (December 31, 2017 - \$9,633), a short-term loan of \$7,268 from the Company's landlord related to minor office renovations, and flow-through premium liabilities of \$12,296 (December 31, 2017 - \$71,029).

The flow-through premium liability was recorded in connection with the two flow-through private placements completed in 2017. It does not represent a cash liability to the Company and is to be fully amortized to the statement of operations and comprehensive loss pro-rata with the amount of qualifying flow-through expenditures to be incurred in calendar 2018.

Current sources of additional funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants that are summarized below. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised. As the Company has limited cash on hand, it will need to raise additional funds to continue its business plan by issuing additional equity if the existing stock options or warrants are not exercised. There can be no assurance that the Company would be successful in issuing new equity.

The Company has not had a history of operations or earnings and the overall success of the Company will be affected by its current or future business activities.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including liquidity risk and market risks with respect to its ability to raise capital through equity markets under acceptable terms and conditions. Management monitors its activities and various factors that could impact the risks in order to manage risks and make timely decisions. For further discussion of financial risks, please refer to Note 12 of the condensed consolidated interim financial statements for the three and nine months ended September 30, 2018.

### **Transactions with Related Parties**

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

During the nine months ended September 30, 2018 and 2017, the remuneration of the key management personnel was as follows:

Nine months ended September 30,	2018	2017
Management fees (i)	\$ –	\$ 3,000
Management salaries and benefits(ii)	246,990	100,533
Share-based compensation (iii)	15,828	27,796
Total	\$ 262,818	\$ 133,329

- (i) Effective July 1, 2015, the Company had a 3 year-term agreement with Varshney Capital Corp. (“VCC”), a company partially controlled by a common director, to provide management and administrative services to the Company in exchange for a monthly fee of \$2,500 and \$3,000, respectively. On March 1, 2017, the Company terminated its management and administrative services agreement with VCC and paid a reduced management service fee of \$500 for the month of February 2017.

Effective June 1, 2017, the Company entered into a new agreement with VCC to provide accounting and administrative services to the Company in exchange for a monthly fee of \$3,750. This agreement terminated on May 31, 2018.

During the nine months ended September 30, 2018, the Company paid \$Nil (2017 - \$3,000) for management fees and \$18,750 (2017 - \$6,000) for administrative fees to VCC.

- (ii) On May 30, 2017, the Company entered into employment agreements with the CEO and the VP of Project Development of the Company that ratify annual compensation of \$145,000 plus benefits for each individual. During the nine months ended September 30, 2018, the Company paid gross management salaries of \$226,200 (2017 - \$100,533) pursuant to these agreements.

On May 10, 2018, the Company entered into an agreement with The CFO Centre Limited to provide part-time CFO services on a contract basis. For the nine months ended September 30, 2018, the Company paid \$20,790 (2017 - \$Nil) in consulting fees.

- (iii) The Company recognised share-based compensation of \$12,090 (2017 - \$Nil) on the vested portion of the stock options granted to the VP of Project Development. On August 21, 2018, 20,000 stock options were granted to the CFO of the Company, and \$3,737 (2017 - \$Nil) share-based compensation was recognised on the vested portion of these stock options.

The Company recorded a share based compensation of \$27,796 in 2017 related to options issued to the former CFO of the Company.



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**Summary of outstanding share data as at September 30, 2018**

Authorized: unlimited common shares without par value

	<b>As at September 30, 2018</b>
Issued and outstanding common shares	20,622,409
Escrowed shares	(3,600,000)
Share purchase warrants outstanding	4,027,750
Unexercised stock options	1,710,000

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

On behalf of the Board of Directors, thank you for your continued support.

*"Signed"*

Chris Doornbos  
President and Chief Executive Officer