

BQE Water

BQE WATER INC.

Interim Management's Discussion and Analysis (Quarterly Highlights)

For the three and nine months ended September 30, 2018 and 2017

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Highlights – for the three and nine months ended September 30, 2018 and 2017

The following Interim Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of our consolidated results of operations and consolidated financial condition. We have prepared this document in conjunction with our broader responsibilities for the accuracy and reliability of the financial statements and the development and maintenance of appropriate information systems and internal controls to ensure that the financial information is complete and reliable. The Audit Committee of the Board of Directors, consisting of independent directors, has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

This Q3 2018 Interim MD&A updates disclosure previously provided in our Annual MD&A, up to the date of this Interim MD&A, and should be read in conjunction with our unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 and 2017 (our "Interim Financial Statements"), our audited consolidated financial statements for the years ended December 31, 2017 and 2016 (our "Audited Financial Statements") and our Annual MD&A for the year ended December 31, 2017.

Our Interim Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Our accounting policies are described in note 2 of our Audited Financial Statements. This MD&A has been prepared as at November 20, 2018.

Certain statements contained in the MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward-looking statements in light of the risks.

OUR BUSINESS

BQE Water Inc. ("BQE Water" or the "Company") is making the mining and metallurgical industry more sustainable and profitable by implementing innovative water management and treatment in this sector. We have unique expertise and intellectual property related to the treatment of mine water and metallurgical bleed streams which helps our clients minimize Life Cycle Costs and risks associated with water.

BQE Water is listed on the TSX Venture Exchange under the symbol BQE.

Additional information may be found on our website www.bqewater.com and also on SEDAR at www.sedar.com.

NON-GAAP MEASURES

We use non-GAAP financial measures to supplement our consolidated financial statements presented in accordance with generally accepted accounting principles, or GAAP, to enhance investors' and observers' overall understanding of the Company's current financial performance. Non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. In addition, non-GAAP financial measures do not have any standardized meaning prescribed by GAAP and are likely to be comparable to similar non-GAAP financial measures presented by other companies. Non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures.

Proportional Results

Due to changes to IFRS in 2012, the revenue and expenses associated with our Chinese joint ventures can no longer be proportionally consolidated into the Company's revenue and expenses as defined by GAAP. Currently, the revenue and

expenses associated with our proportionate share of activities in our joint venture are netted and disclosed as a single line item as 'Share of results of equity accounted joint ventures' on our consolidated statements of loss.

To provide additional insight into our financial results, certain statements in this MD&A disclose the effective portion of results that we would have reported if our joint venture operations had been proportionately integrated into our results and are referred to as BQE Water's proportional share ("Proportional"). All Proportional financial measures disclosed in this MD&A are non-GAAP measures.

Proportional Revenue

The non-GAAP financial measures of Proportional Revenue adds BQE Water's shares of joint venture revenues to our revenue reported under GAAP. Proportional Revenues for the three and nine month periods ended September 30, 2018 and 2017 are as follows:

(in \$'000s)

	3 months ended Sept. 30		9 months ended Sept. 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Reported revenues under GAAP	1,893	1,578	2,960	3,199
Share of reported revenues from joint ventures	1,595	1,569	4,642	4,238
Proportional Revenue for the period	3,488	3,147	7,602	7,437

Adjusted EBITDA

Adjusted EBITDA ("earnings before interest, taxes, depreciation and amortization") for the three and nine month periods ended September 30, 2018 and 2017 is derived as follows:

(in \$'000s, all amounts include BQE Water's proportionate share of joint venture results)

	3 months ended Sept. 30		9 months ended Sept. 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
GAAP: Net income	944	831	405	520
add: interest expense	30	54	92	157
add: income taxes (recovery)	123	(10)	282	95
add: depreciation and amortization	119	156	382	480
EBITDA	1,216	1,031	1,161	1,252
add: stock-based compensation	37	34	101	43
add: net foreign exchange loss	19	23	18	38
Adjusted EBITDA	1,272	1,088	1,280	1,333

Q3 2018 COMMENTARY AND OUTLOOK

The positive Adjusted EBITDA figures of over \$1.2M for both Q3 and year to date, reflect the improvements in the Company's performance achieved over the last four years. Q3 has historically been our strongest financial quarter each year due to the seasonal operations at Raglan Mine and our typically strong operating results from our China joint venture plants. However, the results achieved in Q3 2018 exceeded all previous Q3 results recorded by the Company historically despite lower recurring revenue from water treatment plant operations. This is due to the strong contributions from engineering, pilot testing, and consulting services to the overall revenue in the quarter.

In context of the year-to-date results, this exceptional performance in Q3 2018 largely offsets the relative short fall in revenue recorded during the first half of 2018 compared to 2017, bringing the Company to a strong starting position going into Q4 of 2018. Based on the status of projects we worked on in Q3, we expect the strength in non-recurring revenue from technical services to continue through Q4 2018 and into the first half of 2019. This should help stabilize our revenues during the winter months when recurring revenue from operations is at its minimum. With the strong performance in Q3 2018, we expect to repay both the short-term loan agreements with employees of the Company and with our MWT-BQE joint venture during Q4, while at the same time improving our working capital position prior to the start of 2019. We also expect the Company will have sufficient funds to repay all lenders of the convertible loan due in January 2019 who opted not to convert all or any portion of the loan into common shares of the Company.

Q3 2018 OVERVIEW

Financial Highlights

- Revenues reported under GAAP were \$1.9 compared to \$1.6 million in Q3 2017;
- Proportional revenues were \$3.5 million compared to \$3.1 million in Q3 2017;
- Net income reported under GAAP was \$944,000 compared to \$831,000 in Q3 2017;
- Adjusted EBITDA was \$1.3 million compared to \$1.1 million in Q3 2017;
- Cash reported under GAAP as of September 30, 2018 was \$89,000 compared to \$984,000 at December 31, 2017; and
- Proportional Cash, which includes our share held in joint ventures, as of September 30, 2018 was \$3.2 million compared to \$2.5 million at the end of 2017.

Operating Highlights

Raglan Water Treatment, Quebec

The Company operates three water treatment plants at Raglan Mine, an active nickel mine in northern Quebec owned by Glencore Canada Corporation ("Glencore"). The three plants utilize BQE Waters's ChemSulphide® and Met-IX™ processes, and conventional lime neutralization. The two plants using ChemSulphide® and Met-IX™ not only treat water for environmental discharge but also recover nickel that is blended into the nickel concentrate produced by the mine.

During Q2, we mobilized our operations team to site to commence our 15th operating season at Raglan. However, due to unusually cold weather in May and June, the spring thaw has been delayed and we started treating water approximately one month later compared to previous seasons. Based on the availability of water at the site, we expect that over 1.1 million cubic metres of water will be available for treatment for the 2018 season and preparations are being made to extend the treatment season by one month. Operating results for three plants for the current quarter and the current year are as follows:

<i>(in '000s)</i>	3 months ended Sept. 30		9 months ended Sept. 30	
	2018	2017	2018	2017
Water treated (cubic metres)	862	1,002	862	1,142

Joint venture with Jiangxi Copper Company, China

Our joint venture in China with partner Jiangxi Copper Company ("JCC") continued to operate three plants during Q3 2018. Although most of the treated water is discharged into the environment, some treated water is occasionally recycled. Revenue

is derived from the sale of copper recovered from the wastewater, which is a combination of acid rock drainage and seepage from low-grade stockpiles. The following is summary of operating results for all three plants during Q3 2018.

(in '000s)

	3 months ended Sept. 30		9 months ended Sept. 30	
	2018	2017	2018	2017
Dexing 1				
Water treated (cubic metres)	2,416	2,505	5,983	5,106
Copper produced (pounds)	536	492	1,187	1,237
Dexing 2				
Water treated (cubic metres)	2,766	2,993	7,881	6,894
Copper produced (pounds)	373	368	1,002	904
Yinshan				
Water treated (cubic metres)	1,091	946	3,635	2,502
Copper produced (pounds)	131	196	632	719
Total Joint Venture				
Water treated (cubic metres)	6,273	6,444	17,499	14,502
Copper produced (pounds)	1,040	1,056	2,821	2,860

The volume of water treated and pounds of copper recovered at all three plants will fluctuate depending on precipitation levels and climate conditions at each site. The two plants Dexing 1 and Dexing 2 treat water from the same sources and water may be diverted from one plant to the other to optimize operations. During 2018, all three plants met or exceeded mechanical availability and process performance.

Project Highlights

BQE Water's technical expertise and intellectual property are applicable across broad areas of water management. The highlights of the technical services provided to clients for projects globally during Q3 2018 are summarized below.

Water Treatment Plant at Kemess Mine – First Commercial Selen-IX™ Plant

BQE Water signed an agreement with AuRico Metals in March 2018 for the engineering, procurement, installation assistance and commissioning of a new water treatment plant at the Kemess Mine in Northern BC. The plant combines BQE Water's ChemSulphide® process adapted for the Kemess water and Selen-IX™ technology for selenium control. Issued for construction engineering has been completed and the project is currently in the initial stages of procurement, equipment fabrication and site preparation. Equipment fabricated and procured over the winter will be installed in Q2 2019 with commissioning of the water treatment plant scheduled for the second half of 2019. We have also signed a five year operating services agreement to operate the new water treatment plant, which is expected to treat up to 6,400 m³/day of mine impacted water. The operation of the water treatment plant is expected to start on January 1, 2020.

SART Implementation at Media Luna in Mexico

In May 2018, BQE Water was brought in as the lead technical expert in SART to help with the implementation of this process at Torex's Media Luna project in Mexico. BQE Water was contracted to take charge of all aspects of the SART process commissioning including safety, environmental, automation, operator and supervisor training, and reporting. Commissioning of the plant was completed safely without any incidents and the plant entered stable continuous operation less than 60 days from the beginning of the process start-up. The plant is currently operating around the clock and we continue to provide ongoing technical support to the operation including ongoing plant optimization.

Commissioning of Copper and Zinc Recovery Plant at Shandong Smelter in China

In 2016, BQE Water entered into a joint venture agreement with a Chinese partner, Beijing MWT Water Treatment Project Limited Company (“MWT”), for the design, construction and operation of a treatment plant that would recover copper and zinc from wastewater generated by Zhaoyuan Gold Smelting Co., Ltd (“Zhaoye”). BQE Water provides its technology and plant operating experience in exchange for an ongoing 20% participation of the profit from metals recovered and technical support fees which are built into the operating cost during the first three years of operation. Plant construction began in Q4 2017 and was completed and commissioned in Q3 2018. The plant is now operating around the clock recovering approximately 180,000 pounds of zinc and 8,000 pounds of copper per month. Copper concentrate produced by the plant is sold back to Zhaoye and the zinc concentrate is sold to local metal traders.

Membrane Water Treatment Pilot at BC mine

During Q2 2018, BQE Water was contracted to assess water treatment options at a producing mine in Central BC. The mine owner is concerned about the inventory of impacted water stored at site and wants to reduce this inventory to create room for future operations while at the same time reducing environmental risks. Following our initial assessment of water treatment options, we identified membrane treatment as the most suitable method to achieve the site objectives. Starting in Q3 2018, we carried out a pilot demonstration of the proposed membrane treatment. The on-site pilot was completed over a period of seven weeks and involved the treatment of 1,200 cubic metres of mine water. The final report summarizing the pilot operating results and recommendations for possible implementation of the full-scale treatment system will be submitted in Q4 2018.

Mine Water Management & Treatment Studies

Over the course of Q3, BQE Water’s engineering team completed preliminary engineering designs, laboratory test campaigns and water management reports for various mine sites and smelters around the world. The projects are not only spread geographically but also across commodity sectors including gold, base metals and coal.

FINANCIAL RESULTS

(in \$'000 except for per share amounts)

	3 months ended Sept. 30		9 months ended Sept. 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenues	1,893	1,578	2,960	3,199
less: Operating costs (excluding depreciation)	573	642	1,472	1,716
	1,320	936	1,488	1,483
General and administration	369	383	1,082	1,254
Sales and development	211	263	864	855
Stock-based compensation	37	34	101	43
Depreciation and amortization	4	31	12	98
Share of results of equity accounted joint ventures	(302)	(470)	(1,096)	(1,268)
Income from operations and joint ventures	1,001	695	525	501
Other expenses – net	(57)	(17)	(120)	(134)
Income taxes recovery	-	153	-	153
Net income for the period	944	831	405	520
Translation loss on foreign operations	(318)	(97)	(155)	(140)
Comprehensive income for the period	626	734	250	380
Net income per share (basic and diluted)	0.01	0.01	0.00	0.01
Proportional Revenues ¹	3,488	3,147	7,602	7,437
Adjusted EBITDA ¹	1,272	1,088	1,280	1,333

	at Sept. 30, 2018	at Dec. 31, 2017
Working capital	(1,421)	735
Total assets	8,501	6,866
Total long term liabilities	-	1,498
Shareholders' equity	4,739	4,395

Notes:

1. See Non-GAAP measures

KEY QUARTERLY FINANCIAL INFORMATION

Financial information for the last eight quarters are as follows:

Quarters ended	Sept-18	Jun-18	Mar-18	Dec-17	Sept-17	Jun-17	Mar-17	Dec-16
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenues	1,893	540	527	858	1,578	953	668	1,570
Plant and other operating costs (excluding depreciation)	573	439	460	599	642	656	418	680
	1,320	101	67	259	936	297	250	890
General and administration	369	344	369	410	383	376	495	404
Sales and development	211	328	324	364	263	303	288	181
Stock-based compensation	37	10	55	25	34	15	(7)	-
Depreciation and amortization	4	4	4	116	31	33	33	58
Share of results of equity accounted joint ventures	(302)	(697)	(97)	119	(470)	(764)	(34)	195
Income (loss) from operations and joint ventures	1,001	112	(588)	(775)	695	334	(525)	52
Other expenses	(57)	(51)	(13)	(53)	(78)	(69)	(48)	(36)
Bad debt recovery	-	-	-	-	61	-	-	4
Income tax (expense) recovery	-	-	-	(53)	153	-	-	(1)
Net income (loss)	944	61	(601)	(881)	831	265	(573)	19
Translation (loss) gain	(318)	(157)	320	128	(97)	(51)	9	(94)
Comprehensive income (loss)	626	(96)	(281)	(753)	734	214	(564)	(75)
Non-GAAP Measures:								
Proportional Revenue	3,488	2,832	1,282	1,839	3,147	3,182	1,108	2,295
Adjusted EBITDA	1,272	427	(418)	(559)	1,088	744	(497)	107

Quarterly results can fluctuate based on the number of plants operating in the quarter, variation in the volume and grade of water treated and variation in commodity prices. Seasonality at each operation also impacts the timing of revenue. Operations at Raglan typically run from May to November of each year. Copper production at Dexing increases between April and September of each year and declines during winter months due to fluctuations in precipitation and annual maintenance needs. Revenue from engineering, design and construction services occur based on the timing of customer requirements.

SUMMARY OF Q3 2018 FINANCIAL RESULTS

The following is a summary of selected financial results for the three month period ended September 30, 2018 and 2017.

Revenue

The change in revenue and Proportional Revenue from each revenue source is shown in the table below:

(unaudited, in \$'000s)

Revenue Source	Q3 2018		Q3 2017		Total Revenue
	\$	% of total	\$	% of total	% Change
Water treatment plant operations	912	26%	1,000	32%	(9%)
Technical services	981	28%	578	18%	70%
Total revenue	1,893	54%	1,578	50%	20%
Share of joint venture revenue	1,595	46%	1,569	50%	2%
Total Proportional Revenue	3,488	100%	3,147	100%	11%

Water treatment fee revenues are generated from the Company's seasonal operation of the water treatment plant at the Raglan Mine. During Q3 of 2018, our revenue from water treatment plant operations decreased by \$88,000 compared to Q3 2017. This decrease is attributed to the conventional lime neutralization plant having had one month less of operation due to a late spring thaw which limited the amount of water available for treatment.

The revenue from technical services includes plant design, construction, consulting, commissioning and pilot demonstrations, which are generally one-time in nature and have varying contract values. Revenue from technical services increased \$403,000 from the same period in 2017. The increase is attributable to a greater number of projects carried out during the quarter, particularly from projects relating to our membrane treatment pilot and to the SART plant start-up.

Our share of joint venture revenue is generated from the metals recovered in the operation of water treatment plants from our China joint venture with JCC, which is affected by the amount and price of copper sold. Our share of the total pounds of copper recovered remained the same over the same period in 2017. Our share of revenue from the joint venture increased 2% due to small increases in the average price of copper compared to Q3 2017.

Plant and other operating costs (excluding depreciation)

Total plant and other operating costs (excluding depreciation) in Q3 2018 were \$573,000 compared to \$642,000 in Q3 2017, a decrease of \$69,000. Each individual project will require varying levels of technical expertise and resources depending on the specific mine conditions and treatment requirements.

Our share of total plant and other operating costs (excluding depreciation) in the joint venture in China for Q3 2018 was \$1,040,000 compared to \$811,000 in Q3 2017. The 28% increase is mainly due to the increase of market prices to acquire reagents during Q3 of 2018.

Expenses

In Q3 2018, general and administration expenses were \$369,000 compared to \$383,000 in Q3 2017. The variance in general and administration costs were mainly due to decreases in professional services required during Q3 of 2018.

Sales and development costs in Q3 2018 were \$211,000 compared to \$263,000 in Q3 2017, which is a decrease of \$52,000. The variance is due to a decrease of labour resources allocated to business and technology development projects.

Depreciation and amortization expenses were \$4,000 in Q3 2018 compared to \$31,000 in Q3 2017. The decrease was due to our mobile pilot plant asset being fully depreciated as at December 31, 2017.

Stock-based compensation in Q3 2018 was \$37,000 compared to \$34,000 in Q3 2017. In Q3 2018, stock-based compensation costs consisted of stock options granted to directors and employees during Q4 2017 and a fair value adjustment of deferred and restricted share units resulting from a higher Company share price.

Other expenses

Net finance costs were \$38,000 during Q3 2018 compared to \$55,000 in Q3 2017. The variance is due to the loan accretion of the convertible loan, as the face value of the loan was accreted until January 6, 2018. The 8% interest bearing convertible loan of \$1.5 million contributes to an accrued interest expense of \$30,000 per quarter.

SUMMARY OF YEAR-TO-DATE Q3 2018 FINANCIAL RESULTS

The following is a summary of selected financial results for the nine month periods ended September 30, 2018 and 2017.

Revenue

The change in revenue and Proportional Revenue from each revenue source is shown in the table below:

(unaudited, in \$'000s)

Revenue Source	Year-to-date Q3 2018		Year-to-date Q3 2017		Total Revenue %
	\$	% of total	\$	% of total	Change
Water treatment plant operations	986	13%	1,153	16%	(14%)
Technical services	1,974	26%	2,046	27%	(4%)
Total revenue	2,960	39%	3,199	43%	(7%)
Share of joint venture revenue	4,642	61%	4,238	57%	10%
Total Proportional Revenue	7,602	100%	7,437	100%	2%

The year-to-date revenue from water treatment plant operations decreased slightly compared to 2017. Due to unusually cold weather in May and June, the spring thaw was delayed, resulting in a one month delay in our operations compared to previous seasons. The total volume of water treated in the nine months of 2018 was 25% lower than the same period in 2017.

Revenue from technical services decreased by \$72,000 from the same period in 2017. The variance is attributable to different project activity in 2018 compared to 2017. During 2018, we were engaged in multiple engineering projects, a membrane water treatment pilot project, several extensive laboratory testing projects and SART plant assistance projects.

Total year-to-date revenue from joint venture operations were consistent with a slight increase of \$404,000 from 2017. Despite a slightly lower amount of copper recovered, total revenue increased due to an 11% increase in average copper prices compared to the prior year.

Plant and other operating costs (excluding depreciation)

The year-to-date plant and other operating costs (excluding depreciation) in 2018 saw a decrease of \$244,000 compared to the same period in 2017. The decrease is mainly due to reduced costs to complete project requirements in 2018.

Expenses

The year-to-date general and administration expenses in 2018 decreased by \$172,000 compared to the same period in 2017. This decrease is consistent with Management's strategy to further reduce overhead expenses, such as rental and professional services.

Sales and development costs in year-to-date 2018 were consistent with 2017 with a slight increase of \$9,000.

Stock-based compensation expenses were \$101,000 in the nine months of 2018 compared to \$43,000 in the same period prior year. In 2018, stock-based compensation expenses were higher due to the amortization of stock options granted to directors and employees during Q4 2017.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2018, BQE Water had 93,966,672 common shares issued and outstanding (93,966,672 at December 31, 2017), and 6,200,000 stock options outstanding (7,133,333 at December 31, 2017).

As of November 20, 2018, the number of common shares issued and outstanding remain unchanged from September 30, 2018 and the stock options outstanding also remain unchanged from September 30, 2018.

For the nine months ended September 30, 2018, the Company incurred a net income of \$404,950 (\$520,432 in 2017) and used net cash in operating activities of \$1,075,674 (\$769,084 in 2017). At September 30, 2018, the Company had a working capital deficit of \$1,421,228 (positive working capital of \$734,952 at December 31, 2017).

The Company has commitments of \$568,449 until 2022 under operating leases for office and laboratory premises and for office equipment.

As disclosed in note 2(b) of our Condensed Consolidated Interim Financial Statements for the period ended September 30, 2018 and in the "Q3 2018 COMMENTARY AND OUTLOOK" section of this MD&A, the Company believes that it has sufficient working capital resources to continue current operations for the next 12 months. Beyond this point, we will need to secure new sources of working capital to continue operations. Potential sources of new working capital include new sales projects or non-operational sources such as debt or equity investments.

The continuation of the Company as a going concern is dependent upon its ability to maintain profitable operations. This assumes that the Company is able to successfully obtain financing to fund its working capital needs, continue successful operations at its Raglan and Dexing joint venture operations, maintain or further decrease operating expenses, successfully repatriate annual dividends from its Dexing joint venture, and secure and complete new sales contracts.

Management's current plan is to actively work with the Company's Board to secure sources of funds, including possible equity and debt financing options, while at the same time focus on increasing revenue and exercise careful cost control to sustain operations. If necessary, the Company will further curtail discretionary spending. While the Company has been successful in securing financing in the past, there is uncertainty whether financing will be available in the future on terms acceptable to the Company. Accordingly, there is a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. Our consolidated financial statements do not include adjustment to the recoverability and classification on recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to our consolidated financial statements could be required.

RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties of the Company:

- a) For the three and nine months ended September 30, 2018 and 2017, the compensation awarded to the Company's key management, which includes the Board of Directors and executive management, are as follows:

	3 months ended Sept. 30		9 months ended Sept. 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Salaries, fees and short-term benefits	139,454	172,128	309,076	442,519
Share-based payments	13,961	-	40,685	2,610
	<u>153,415</u>	<u>172,128</u>	<u>349,761</u>	<u>445,129</u>

Included in the trade payables and accrued liabilities as of September 30, 2018 is \$147,379 (\$12,231 at December 31, 2017) of management consulting service fees with companies owned by the Company's management, director fees and termination benefits.

- b) The Company has multiple loan agreements with multiple related parties. These lenders include the Company's joint venture, certain directors, shareholders, management and employees of the Company. Details of the loans with various related parties are described in note 11 of our condensed consolidated interim financial statements.
- c) Included in the trade payables and accrued liabilities as of September 30, 2018 is \$96,400 (\$96,400 at December 31, 2017) of contribution of registered capital payable to the Company's joint venture as described in note 8(b) of our condensed consolidated interim financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about the future events that affect the amounts reported in the condensed consolidated interim financial statements and related notes to the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The judgments, estimates and assumptions applied in these condensed consolidated interim financial statements, including key sources of estimation uncertainty were the same as those applied in the Company's last annual audited consolidated financial statements for the year ended December 31, 2017.