

**Richmond Road Capital Corp.**  
**Financial Statements**

*For the years ended September 30, 2017 and 2016*

## Independent Auditor's Report

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To the Shareholders of Richmond Road Capital Corp.

We have audited the accompanying financial statements of Richmond Road Capital Corp., which comprise the statements of financial position as at September 30, 2017 and 2016, statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Richmond Road Capital Corp. as at September 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Calgary, Alberta  
November 7, 2017

*MNP* LLP  
Chartered Professional Accountants

**Richmond Road Capital Corp.**  
**Statements of Financial Position**  
*As at September 30,*

	2017	2016
<b>Assets</b>		
Current		
Cash (Note 3)	\$ 78,858	\$ 142,706
	<b>\$ 78,858</b>	<b>\$ 142,706</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 27,665	\$ 12,822
<b>Shareholders' Equity</b>		
Share capital (Note 7)	338,364	338,364
Contributed surplus (Note 8)	48,600	48,600
Deficit	(335,771)	(257,080)
	<b>51,193</b>	<b>129,884</b>
	<b>\$ 78,858</b>	<b>\$ 142,706</b>

*Nature of organization and continuance of operations (Note 1)*

*Letter of intent (Note 11)*

**Approved by the Board:**

(signed) "Robb McNaughton"  
 Director

(signed) "Berkley Pennock"  
 Director

**Richmond Road Capital Corp.**  
**Statements of Loss and Comprehensive Loss**  
*For the years ended September 30,*

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	2017		2016
<b>Expenses</b>			
Filing and communication fees	\$ 15,495	\$	13,655
Professional fees	63,196		62,668
<b>Net loss and comprehensive loss</b>	<b>\$ (78,691)</b>	<b>\$</b>	<b>(76,323)</b>
<b>Net loss per share</b>			
Basic and diluted	\$ (0.03)	\$	(0.03)
<b>Weighted average number of shares (Note 7)</b>	<b>3,000,000</b>		3,000,000

**Richmond Road Capital Corp.**  
**Statement of Changes in Shareholders' Equity**  
*For the years ended September 30, 2017 and 2016*

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	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Shareholders' Equity (\$)
<b>Balance, September 30, 2015</b>	338,364	48,600	(180,757)	206,207
Net loss for the year	-	-	(76,323)	(76,323)
<b>Balance, September 30, 2016</b>	<b>338,364</b>	<b>48,600</b>	<b>(257,080)</b>	<b>129,884</b>
Net loss for the year	-	-	(78,691)	(78,691)
<b>Balance, September 30, 2017</b>	<b>338,364</b>	<b>48,600</b>	<b>(335,771)</b>	<b>51,193</b>

**Richmond Road Capital Corp.**  
**Statements of Cash Flows**  
*For the years ended September 30,*

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	2017	2016
<b>Cash flows related to the following activities</b>		
<b>Operating activities</b>		
Net loss for the year	\$ (78,691)	\$ (76,323)
Change in accounts payable and accrued liabilities	14,843	5,945
Cash flows used in operating activities	<b>(63,848)</b>	<b>(70,378)</b>
<b>Decrease in cash</b>	<b>(63,848)</b>	<b>(70,378)</b>
<b>Cash, beginning of year</b>	<b>142,706</b>	<b>213,084</b>
<b>Cash, end of year</b>	<b>\$ 78,858</b>	<b>\$ 142,706</b>

## **1. Nature of organization and continuance of operations**

Richmond Road Capital Corp. (the "Company") was incorporated under the laws of Alberta, Canada on September 19, 2012. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company's principal business activity is to identify and evaluate opportunities for an acquisition of an asset, assets or a business that will meet the definition of a "Qualifying Transaction" as defined in Policy 2.4 of the Exchange. The address of the registered head office is 1200, 700 – 2<sup>nd</sup> Street SW, Calgary, Alberta.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

The Company issued 3,000,000 common shares ("Seed Shares") for an amount of \$150,000, and on November 7, 2012, the Company's prospectus for an Initial Public Offering ("IPO") of the Company's common shares was accepted by the regulatory authorities. The IPO closed on November 16, 2012 and a total of 3,000,000 common shares were issued at a price of \$0.10 per common share.

The Company was not successful in completing a Qualifying Transaction within the time limitation permissible under the policies of the Exchange. As a result, the Company moved its listing to the NEX board of the Exchange ("NEX") and cancelled an aggregate of 1,000,000 Seed Shares. The Company's shares now trade on the NEX and its symbol is RRD.H.

The financial statements of the Company for the year ended September 30, 2017 were authorized for issue in accordance with a resolution of the Board of Directors on November 7, 2017.

## **2. Basis of preparation**

### ***Statement of compliance***

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect on October 1, 2016.

### ***Basis of measurement***

These annual financial statements have been prepared on the historical cost, accrual basis of accounting, except for share based payments. In addition, these financial statements have been prepared on a going concern basis.

### ***Use of estimates and judgments***

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

### ***Functional and presentation currency***

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

### **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### ***Cash***

Cash consists of the proceeds generated on the issuance of common shares, which is being held in trust. The proceeds raised from the issuance of share capital and from the initial public offering 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 of the offering or \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

#### ***Share-based payments***

The Company applies a fair value based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values unless their fair value cannot be determined reliably, in which case the fair value of the options is based on the fair value of the equity instrument. The cost of stock options is presented as share-based payment expense when applicable. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

#### ***Taxes***

Tax expense comprises current and deferred tax. Tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

#### ***Current tax***

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### ***Deferred tax***

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Where an asset has no deductible or depreciable amount for income tax purposes, but has a deductible amount on sale or abandonment for capital gains purposes, the amount is included in the determination of temporary differences. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantially enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each financial position date and adjusted to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has both the right and the intention to settle its current assets and liabilities on a net or simultaneous basis. Any changes in deferred tax assets or liabilities are recognized as part of tax expense or income profit or loss, except where they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

**3. Summary of significant accounting policies** *(continued)*

***Non-derivative financial instruments***

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are carried at amortized cost using the effective interest method. The Company does not have any financial instruments in this category.

***Financial assets at fair value through profit or loss***

An instrument is classified as fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company's financial assets at fair value through profit or loss are comprised of cash.

***Other financial liabilities***

Other financial liabilities are measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company's other financial liabilities are comprised of accounts payable and accrued liabilities.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

***Impairment of financial assets***

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings (loss). If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings (loss).

### **3. Summary of significant accounting policies (continued)**

#### ***Earnings or loss per share***

Basic earnings or loss per share is calculated by dividing net earnings (loss) by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted earnings or loss per share is calculated by adjusting the number of common shares for the effects of dilutive options and other dilutive potential units.

Shares held in escrow that are only released upon contingent events are not included in the calculation of the weighted average number of common shares.

#### ***Future accounting policies***

The following are new IFRS pronouncements that have been issued, although not yet effective and have not been early adopted, and may have an impact on the Company in the future as discussed below.

IFRS 15 "Revenue from Contracts with Customers" - On October 1, 2018, the Company will be required to adopt IFRS 15. IFRS 15 was issued in May 2014 and will replace IAS 11, "Construction Contracts," IAS 18, "Revenue Recognition," IFRIC 13, "Customer Loyalty Programmes," IFRIC 15, "Agreements for the Construction of Real Estate," IFRIC 18, "Transfers of Assets from Customers," and SIC-31, "Revenue – Barter Transactions Involving Advertising Services." IFRS 15 provides a single, principle-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17 and financial instruments and other contractual rights or obligations within the scope of IFRS 9 "Financial Instruments," IFRS 10, "Consolidated Financial Statements" and IFRS 11, "Joint Arrangements." In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. The Company is in the process of assessing the impact of the above newly issued IFRS pronouncement.

IFRS 9 "Financial Instruments" - On October 1, 2018, the Company will be required to adopt IFRS 9, which is the result of the first phase of the International Accounting Standards Board ("IASB") project to replace IAS 39 "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The Company is in the process of assessing the impact of the above newly issued IFRS pronouncement.

IFRS 16 "Leases" - IFRS 16 replaces IAS 17, Leases, and introduces new rules for accounting for leases which will result in substantially all lessee leases being recorded on the consolidated statement of financial position. The standard is effective for annual periods beginning on or after January 1, 2019 with retroactive application and with early adoption permitted

#### ***Recently adopted pronouncements***

The following accounting pronouncements were adopted during the year. The adoption of these pronouncements did not have a significant impact on the financial statements.

IAS 1 Presentation of Financial Statements - The amendments to IAS 1 involve applying professional judgment in determining what information to disclose in the financial statements. Furthermore, the amendments state that professional judgment should be used in determining where and in what order information is presented in the financial disclosures.

**3. Summary of significant accounting policies** *(continued)*

***Recently adopted pronouncements*** *(continued)*

IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" – Provided clarification of the definition of "Acceptable method of Depreciation and Amortization" to exclude a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset.

IFRS 11 "Joint Arrangements" - The amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 and disclose the information required by IFRS 3 and other IFRSs for business combinations.

**4. Significant accounting estimates and assumptions**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

***Estimates***

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

*Fair value of financial instruments*

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

*Taxes*

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

***Judgements***

The key areas of judgment that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

*Taxes*

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

*Financial instruments*

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the financial instrument and to which category is most applicable.

*Stock options*

The Company records stock-based payments based on management's judgement of the expected exercise date of options which is impacted by the timing of completion of the Qualifying Transaction.

## **5. Capital management**

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

1. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
2. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at year end.

## **6. Related party transactions**

Transactions with related parties are incurred in the normal course of business.

During the year ended September 30, 2017 the Company incurred approximately \$52,520 (2016 – \$53,489) in legal fees for services provided by a law firm whose partner is a director of the Company. As at September 30, 2017 \$18,380 (2016 – \$nil) is included in accounts payable and accrued liabilities.

## **7. Share capital**

### **Authorized**

Unlimited number of common voting Common Shares, without nominal or par value

Unlimited number of non-voting Preferred Shares, without nominal or par value

### **Issued and outstanding common shares:**

	<b>Number of Shares</b>	<b>\$</b>
As at September 30, 2015, 2016 and 2017	5,000,000	338,364

### **Escrow**

As at September 30, 2017, the Company has 2,000,000 common shares (2016 – 2,000,000) which are subject to an escrow agreement whereby 10% of the shares will be released upon completion and approval of the Company's Qualifying Transaction. An additional 15% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. These 2,000,000 shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of earnings (loss) per share calculation.

## 8. Share-based payments

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of common shares issuable upon exercise of all options granted under the stock option plan shall not exceed 10% of the common shares at the closing of the Company's initial public offering. Such options will be exercisable up to ten years from the date of grant.

The following table summarizes information about stock options outstanding:

	<b>Number of options (#)</b>	<b>Weighted average exercise price (\$)</b>
As at September 30, 2015, 2016 and 2017	600,000	0.10

As part of the close of the IPO, the Company granted 600,000 options at \$0.10 per share to the directors and officers of the Company which expire November 16, 2022 and are exercisable in accordance with the Exchange CPC provisions.

## 9. Income taxes

The net income tax provision differs from that expected by applying the Canadian federal and provincial corporate rate due to the following:

	<b>2017</b>	<b>2016</b>
Loss for the year before tax	<b>\$ (78,691)</b>	<b>\$ (76,323)</b>
Statutory tax rate	<b>27%</b>	<b>27%</b>
Expected income tax recovery	<b>(21,246)</b>	<b>(20,607)</b>
Permanent differences:		
Tax asset not recognized	<b>21,246</b>	<b>20,607</b>
Income tax expense	<b>\$ -</b>	<b>\$ -</b>

The Company has gross timing differences of the following:

	<b>2017</b>	<b>2016</b>
Share issue costs	<b>\$ -</b>	<b>\$ 19,448</b>
Loss carry-forwards	<b>398,800</b>	<b>300,668</b>
	<b>398,800</b>	<b>320,116</b>

As at September 30, 2017, the Company has a loss carry-forward balance of approximately \$398,800 (2016 – \$300,668) available to reduce future years' income for tax purposes. These losses, if not fully utilized, will expire in the years between 2033 and 2037.

## 10. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

### **Fair value**

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

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.

The fair value of cash is determined based on Level 1 inputs. The carrying amount of the Company's cash and accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

### **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

### **Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company has a cash balance of \$78,858 (2016 – \$142,706) to satisfy liabilities of \$27,665 (2016 – \$12,822). 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.

### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### i. Interest rate risk

The Company does not have any cash invested in interest bearing financial instruments.

#### ii. Foreign currency risk

The Company does not have assets or liabilities in a foreign currency

## **11. Letter of intent**

On June 8, 2017, the Company entered into a letter of intent ("LOI") with North American Lithium Inc. ("NAL") to acquire NAL, with such acquisition to serve as the Company's Qualifying Transaction (the "Transaction"). The proposed Transaction is expected to be structured by way of a three-cornered amalgamation, whereby NAL will amalgamate with a wholly-owned subsidiary of the Company to be formed for purposes of effecting the Transaction.

In connection with the Transaction, on October 19, 2017 NAL completed a financing (the "Financing") that raised aggregate gross proceeds of \$52.5 million through the issuance and sale of (i) subscription receipts (the "Subscription Receipts") at a price per Subscription Receipt of \$2.75 (the "Issue Price") for aggregate gross proceeds of \$26.5 million; (ii) a non-interest bearing convertible note (the "Convertible Note") in the principal amount of \$6 million; and (iii) an offtake sales contract (the "Sales Contract") in the principal amount of \$20 million. Upon the satisfaction of certain escrow release conditions, each Subscription Receipt will be automatically exchanged, with no further consideration or action by the holder, into common shares of NAL on a 1-for-1 basis. The convertible securities of NAL under the Financing will then convert into common shares of NAL at the Issue Price. Thereafter, all common shares of NAL will be exchanged for common shares of the Resulting Issuer on a 1-for-1 basis.

In addition to the Financing, NAL intends to complete an additional non-brokered equity financing for aggregate gross proceeds of \$30 million prior to closing of the Transaction.

It is anticipated that the common shares of the Company will be consolidated on the basis of 18.5:1.00. The completion of the Transaction is subject to various approvals including TSXV, Board of Directors of both the Company and NAL and if applicable the shareholders of the Company and NAL.