



**Management's Discussion and Analysis**

**Nevada Energy Metals Inc.**  
**(formerly Southern Sun Minerals Inc.)**

**For the fiscal year ended 30 June 2017**

**NEVADA ENERGY METALS INC.**  
**(formerly Southern Sun Minerals Inc.)**

Management's Discussion and Analysis of Financial Results  
For the year ended 30 June 2017

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*The following management discussion and analysis (“MD&A”) should be read in conjunction with the audited consolidated financial statements and accompanying notes (“Consolidated Financial Statements”) of Nevada Energy Metals Inc. (formerly Southern Sun Minerals, Inc.) (the “Company”) for the year ended 30 June 2017. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All monetary amounts are reported in Canadian dollars unless otherwise indicated.*

*For further information on the Company reference should be made to the Company’s public filings which are available on SEDAR.*

*This MD&A contains forward-looking information. See “Forward-Looking Information” and “Risks and Uncertainties” for a discussion of the risks, uncertainties and assumptions relating to such information.*

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**Introduction**

The following discussion of performance and financial condition should be read in conjunction with the condensed consolidated financial statements of Nevada Energy Metals Inc. (formerly Southern Sun Minerals Inc.) (the "Company" or "BFF") for the year ended 30 June 2017. The Company's consolidated financial statements are 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"). The Company's reporting currency is Canadian dollars unless otherwise stated. This Management's Discussion and Analysis ("MD&A") is dated 24 October 2017.

**Description of Business**

The Company was incorporated under the laws of the province of British Columbia on 2 June 2011.

The Company is a reporting issuer in British Columbia and Alberta. The Company has been listed on the TSX Venture Exchange since 28 October 2013 under the trading symbol "BFF".

On 18 March 2016, the Company split its share capital on a one and one half (1.5) new common share without par value for every one existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share split.

The head office and principal address is located at Suite 1220, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

The Company's business consists of the acquisition, exploration and development of brine based lithium exploration targets and mineral resource properties in Nevada, USA.

**Project Overview**

**TEELS MARSH WEST**

Nevada Energy Metals has acquired, by staking, 100 placer claims covering 2000 acres (809 hectares) at Teels Marsh, Nevada. The property, called Teels Marsh West is highly prospective for Lithium brines and is located approximately 48 miles northwest of Clayton Valley and the Rockwood Lithium Mine, North America's only producing brine based Lithium mine supporting lithium production since 1967. Access to Teels Marsh is via dirt road, west of Highway 95 and northwest of Highway 360.

Teels Marsh West is a highly prospective Lithium exploration project, 100% owned without any royalties, located on the western part of a large evaporation pond, or playa (also known as a salar). Structural analysis reveals that Teels Marsh is bounded by faults and is tectonically active. Tectonic activities supply additional local permeability that could be provided by the faults that bound the graben and sub-basins.

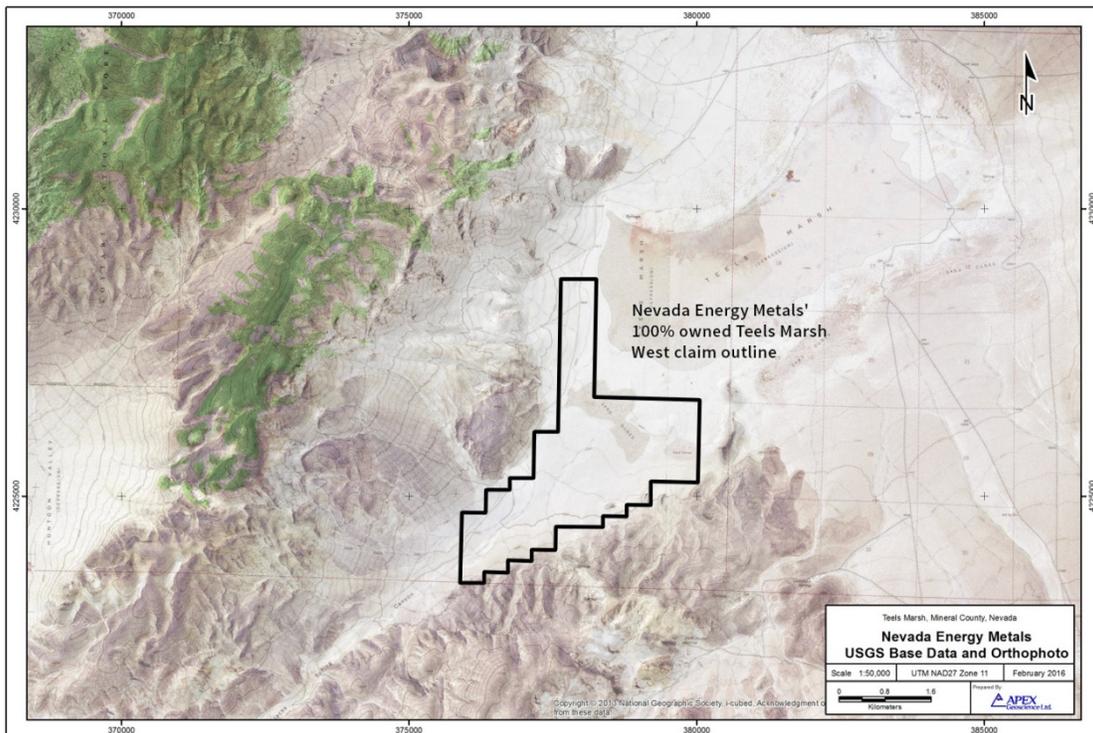
Shallow auger holes and drill-holes (<60 m) show that unconsolidated basin fill deposits include clays, clastic rocks silts and sands), evaporate deposits, and volcanic ash. With the exception of clays, these

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rocks represent potential sources of permeability. Volcanic ash beds could host significant zones of permeability, due to the relative proximity of Teels Marsh to young volcanic centers at Mono Craters (near Mono Lake) and Long Valley, California, both located approximately 70 km to the southwest. These ash layers have proven to be the most productive brine sources in Clayton Valley (an active geothermal area). The Bishop Tuff, which is believed to represent an important zone of permeability at Clayton Valley, (site of active lithium production 80 km to the SE) is likely present in the subsurface at Teels Marsh.

Direct evidence of an active geothermal system in the Teels Marsh area has recently been gathered by researchers at the Nevada Bureau of Mines and Geology, University of Nevada, Reno and the Desert Research Institute. This evidence comes from mapping anomalously high temperatures at a depth of only 2 meters below the basin surface: these temperatures are as high at 35C compared to background temperatures of approximately 16-18C. The temperature anomalies occur in two separate zones, both of which are adjacent to a Quaternary fault on the western margin of Teels Marsh basin. The two temperature anomalies have a combined strike length parallel to the fault of almost 4 km. A USGS geochemical survey conducted in 1976 reported lithium values as high as 850 ppm from samples taken from springs marginal to these fault structures.



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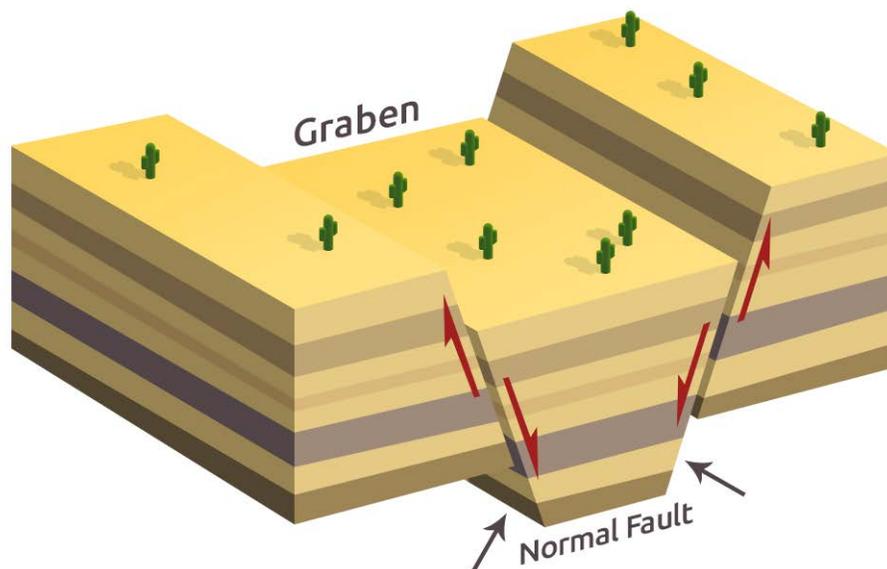
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**CLAYTON VALLEY BFF-1 PROJECT**

The Clayton Valley BFF-1 Lithium Project southern boundary lies 250 meters from Albemarle Corporation's Silver Peak lithium mine and brine processing operations. The mine has been in operation since 1967 and remains the only brine based lithium producer in North America. It is also the location of Pure Energy Minerals' 816,000 metric tonnes Lithium Carbonate Equivalent (LCE) Inferred Resource NI 43-101 announced in July 2015. Clayton Valley's centralized location between Nevada and Reno and its highways, access to power, water and labor provide excellent infrastructure for mineral exploration and development. The Clayton Valley BFF-1 Lithium Project is approximately 3.5 hours away from Tesla's Gigafactory, which has a planned annual lithium-ion battery production capacity of 35 gigawatt-hours per year by 2020.

Clayton Valley is one of the few locations globally known to contain commercial-grade lithium-enriched brine. The Valley is an internally drained closed-basin and is surrounded by mountains, hills and ridges on all sides. It contains an underground unconsolidated water bearing system (or aquifer system) which is host to lithium-enriched brines and is contained by the surrounding rock.

The claims cover an area of playa, including the Goat Island graben (inferred from gravity inversion; Quantec, 2008; Petrick, 2008), that encompasses a portion of a deep-circulation geothermal system beneath basin-fill sediments locally blanketed with travertine in north-western Clayton Valley. The Goat Island graben segments Clayton Valley into a northerly-trending, 1-2 km-wide sub-basin with a distinct escarpment on each side. Geological modeling and assessment of historical drilling results by J.B. Hulen, PG, (31 July 2008 report) concluded that both shallow thermal-gradient and lithium-exploration drilling demonstrates that the northern portion of Clayton Valley contains the valley's highest subsurface temperatures and that these temperatures may be localized in the Goat Island graben and its structural projections to the northeast and south.



**A graben is a depressed block of land bordered by parallel faults**

Significantly, within the graben and within the boundary of the claim block, a drill hole by Western Geothermal Partners 2007 logged as WGP#2 reported as follows: ' From 280 – to 305 ft., fine grained

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green sand and silt logged as volcanic ash was encountered. This unit may be correlative to the Main Ash Aquifer, which is a marker bed in other areas of the Clayton Valley Basin." J.B. Hulen, PG, (31 July 2008.)

Nevada Energy Metals is planning a detailed summer/fall exploration program on the BFF-1 project. The property was acquired for cost of staking with no overriding royalties.

On 17 May 2016 the Company has agreed to grant 1074654 Nevada Ltd. an Option to acquire a seventy (70%) percent interest in the BFF-1 Clayton Valley Property by making certain Cash Payments, issuing Shares upon completion of a "Going Public Transaction", and completing Exploration Expenditures on its property at Silver Peak, Clayton Valley, Nevada.

**SAN EMIDIO LI PROJECT**

The San Emidio Li Project consists of 151 placer claims (approximately 3,100 acres/1255 hectares) in the San Emidio Desert, Washoe County, Nevada, 95 km northeast of Reno, the home of Tesla Corporation's new lithium-ion battery Gigafactory.

The San Emidio Desert basin is an alkali playa environment underlain by unconsolidated sediments and clays being fed by lithium bearing geothermal fluids (US. Geothermal analyses) reported in bounding faults, and/or faults along the east side of the basin. Since mid-Tertiary, the rocks on the eastern edge of the San Emidio Desert have undergone extensive hydrothermal alteration and the presence of near-surface thermal fluids, suggest that the thermal fluids represent deep circulation of meteoric water (Moore, J.N., 1997).

The property adjoins the Empire geothermal power plant with production of 4.6 MW of electricity from a 155°C resource thereby providing a substantial heat source for the circulation of meteoric groundwater believed important in the formation of lithium brine deposits as found at Clayton Valley, Nevada host to North Americas preeminent lithium brine production. US Geothermal has reported anomalous lithium values in the trace element analysis of their geothermal brines at Empire (USGS-Report 87-4062). Previous work by other operators exploring the playa have reported lithium value in sediments up to 312 ppm and the average of sampling being in the order of 250 ppm.

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### **DIXIE VALLEY PROJECT**

The six Dixie Valley claim blocks cover the majority of the Humboldt Salt Marsh playa located in Dixie Valley, Churchill County, Nevada. There are 710 placer claims in total, covering about 5,764 hectares (22 square miles) of playa and alluvial fan. Hot Springs and other active geothermal features are found along a 30 km long fault system on the west side of Dixie Valley. Numerous geologic studies have been conducted on the geothermal system during production drilling and as a test case for geothermal exploration methods. Of seven characteristics of Lithium Brine deposits outlined in the USGS deposit model, all seven are found in Dixie Valley; however very little exploration work has been directed at lithium in this area. The lithium target model for Dixie Valley is a Clayton Valley style playa brine type deposit.

#### **Geology:**

Dixie Valley is located in west central Nevada, about 160 km east northeast of Reno. The entire basin is about 98 km long and up to 16 km wide. Humboldt Salt Marsh, the central playa is about 10 km northeast – southwest and 6 km east – west. The basin is bounded on the west by Stillwater range on the east by the Clan Alpine Range.

The Stillwater and Clan Alpine Ranges are composed of thrust sheets of Triassic and Jurassic age marine sedimentary rocks and Jurassic intrusive complexes that were accreted to the North American continent during the Cretaceous. These rocks have in turn been intruded by Cretaceous and Tertiary stocks and dikes and covered by their volcanic equivalents. In the southern Stillwater Range, an entire Tertiary caldera complex, including the sub-volcanic intrusive body is exposed. At the end of the last ice age,

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water filled the central part of Dixie Valley to a depth of about 70 meters. Radiocarbon dating of tufa in Dixie Valley and adjacent valleys indicate high water stands at about 12,000 to 14,000 and 45,000 to 50,000 years ago. Hydrogen and oxygen isotope data indicates the vast majority of the water in Dixie Valley is ice age in origin indicating very little modern input into the basin.

These ranges are fault bounded, with the most movement along Stillwater Range (west) side of the valley. Vertical displacement along this fault complex is at least 3,000 meters as evidenced by volcanic rocks exposed near the top of range also being found under 1,500 to 2,000 meters of post-volcanic valley fill. These faults are still very active with earthquakes greater than magnitude 6 occurring in 1915 and 1954.

In the area of the Humboldt Salt Marsh Playa, the valley appears to be about 2,000 meters deep, primarily filled with poorly sorted coarse conglomerate, gravel, sand and silt with volcanic rocks, and tuff beds, and finer sediments in the lower third of the section (Blackwell et al, 2014). Multiple governmental, academic and industrial geophysical studies have been conducted in the valley to help guide geothermal exploration in other basins. However, many of the conclusions of these studies were shown to be incorrect by production drilling so studies continue to find surface exploration methods that hold up better to drill testing.

Dixie Valley is home to a large and long-lived geothermal system that is still active. The Caithness Dixie Valley geothermal plant, about 18 km northeast of the center of the playa, is currently producing about 66 megawatts of power. The active geothermal system extends about 30 km roughly north – south along the range front fault. The heat source appears to be simple very deep circulation into the crust; it is not related to igneous activity.

Target Model:

Geothermal production wells and re-injection wells provide some subsurface data but the majority of these have targeted the range bounding structures on the western side of the valley that host the hottest water; not the more static and cooler central valley which hosts the lithium target. At this point the lithium target in this basin is highly conceptual. Although several workers have studied the geology of Dixie Valley in some detail, the lithium potential has not been specifically addressed.

The target model is a lithium brine model based on Clayton Valley, Nevada and several basins in South America. US Geological Survey Open File Report 2013-1006 lays out seven characteristics of Lithium Brine deposits (Bradley et al 2013). The characteristics are:

1. Arid Climate
2. Closed Basin containing a playa or salar
3. Tectonically driven subsidence
4. Associated igneous or geothermal activity
5. Suitable lithium source rocks
6. One or more adequate aquifers
7. Sufficient time to concentrate brine

The Dixie Valley Project is known to have all seven of these characteristics. How closely this project fits the model for a lithium brine deposit is not necessarily a warranty that an economic deposit will be found here but it is useful as a screening tool to guide exploration efforts.

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Dixie Valley is arid; the State of Nevada Division of Water Resources website ([www.water.nv.gov/mapping/et/et\\_general.cfm](http://www.water.nv.gov/mapping/et/et_general.cfm)) shows a 1.3 meter (4.3 ft.) Net Irrigation Water Requirement (NIWR – the net of evapotranspiration minus effective precipitation) for shallow open water and about 1 meter for low managed pasture grass. Isotopic studies (Blackwell et al 2014) indicate the majority of the water in the basin is of ice-age origin that what little modern precipitation that reaches the valley does not contribute significantly to the ground water. Dixie Valley is a closed fault-bounded basin with the lowest elevation point (1031 m, 3383 ft.) in the Northern Great Basin on the Humboldt Salt Marsh Playa. Age dating and other work at the Dixie Comstock Mine indicate gold mineralization occurred about 500, 000 to 350,000 years ago along a range bounding structure that has been offset at least 100 meters since that time (Vikre, 1995). Faulting dated at about 11.1 to 15 million years before present resulted in at least an ancestral Dixie Valley existing from that time until the present. The basin is tectonically active with visible fault scarps formed during earthquakes in 1915 (Mw ~ 7.2) and 1954 (Mw ~ 6.9). With up to 6 meters of dip-slip offset along some of these scarps, it is clear that Dixie Valley is still subsiding. Given the valley has been a closed basin for at least 500,000 years and probably much, much longer, plenty of time has elapsed for evaporative concentration of lithium bearing geothermal and surface water.

Specific lithium-rich source rocks have not been clearly identified in this basin but Miocene age felsic ashflows are found in the ranges on all sides along with shallow intrusive bodies of similar composition. Geothermal water in the basin contains up to 4.89 ppm Li and stream sediment samples from the Stillwater range show values to 80 ppm li. Geologically recent volcanic ash from the Long Valley Caldera (Bishop Tuff) and Mono craters are expected to be found within catchment area of the basin and within the basin fill sediments. One major productive horizon in the Clayton Valley brine field is thought to be Bishop Tuff deposited and preserved in the basin (Zampirro, 2004).

The conceptual model is as the basin went through multiple wet and dry periods; lithium dissolved by deep circulating geothermal fluids or leached from local rock units by surface and near surface water is concentrated by evaporation beneath the playa. Heavier brines sink into the deeper levels of the basin or flow downward along tilted permeable beds, potentially forming subsurface pools of lithium rich fluids. The process can be likened to an inverted oil field, with the target material being descending fluids caught in gravity traps instead of ascending fluids caught in the tops of structures. This model is somewhat akin to placer gold deposits wherein large areas of very low grade sources are concentrated into economic grades.

**Conclusions:**

The Dixie Valley lithium project is a speculative, conceptual exploration play based on solid geologic information and comparison to productive playas in Nevada and South America. Essentially no exploration work for lithium has been done in this valley. A substantial body of geophysical work has been done related to the active geothermal systems that will serve as a base to build more detailed work on. Gravity surveys have proven to be the most useful method in defining subsurface topography and sufficient drilling data exists to calibrate three dimensional modeling of the data. The majority of the drilling has been directed at the basin bounding faults which host the geothermal fluids. The target for lithium exploration will be more towards the center of the basin where evaporative concentration of geothermal and meteoric water into brines and subsequent sinking of the denser brines into gravity traps may produce economic concentrations. Understanding (largely through geo-physical surveys) of the subsurface topography and stratigraphy will be critical to identifying trapping features and drill targets.

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Initial work will also include auger or push rod type mud sampling to prove lithium has concentrated in evaporite minerals and interstitial fluids within the playa sediments.

On 8 September 2016, the Company entered into an Option Agreement with LiCo Energy Metals Inc. to acquire a 100% interest, subject to a 3% net smelter return, in 348 mineral claims located in Dixie Valley, Churchill County, Nevada. The Option Agreement is "non arms length", so constitutes a related party transaction due to the fact that Richard Wilson is a director of the Company and of Nevada Energy. The TSX Venture Exchange approved the transaction on 10 August 2016. Pursuant to the terms of the Option Agreement, the Company has 36 months within which to exercise the option as follows:

- USD\$20,000 non-refundable deposit on signing of the Option Agreement (received)
- USD\$180,000 payable and 2,000,000 common shares issuable upon Exchange approval (received);
- 2,000,000 common shares issuable on the first anniversary date of the Option Agreement (received);
- 2,000,000 common shares issuable on the second anniversary date; and
- USD\$1,250,000 in eligible exploration expenditures on or before the third anniversary date of the Option Agreement.

**BLACK ROCK DESERT PROJECT**

A surface sampling program designed to test for lithium (Li) values in playa evaporates has returned significant geochemical results at the Company's 100% owned Black Rock Desert Project in Nevada. Geochemical sample points were arranged on a grid pattern of 11 lines spaced 400 meters apart with stations every 200 meters along the lines. One hundred and seventy (170) soil samples were collected. Results ranged from 82.8 to 520 parts per million (ppm) lithium with a median value of 182 ppm. Twelve samples carried over 300 ppm Li.

The Black Rock Desert results are comparable to those obtained at Teels Marsh, Nevada by Dajin Resources Corp. (55 -460 ppm Li) and in clay separates at Clayton Valley, Nevada (300 – 1,100 ppm Li). It is not known what relationship if any exists between lithium values in clay concentrates and those in bulk soil samples.

These results show that dissolved lithium has been transported into this portion of the Black Rock Desert and is available for potential concentration by evaporative brines. The exploration model for the Black Rock Project is a Clayton Valley evaporative brine deposit as described in USGS Open File Report 2013-1006.

Samples were collected by a contract crew and transported to the ALS sample preparation lab in Elko, Nevada. Samples were screened to -80 mesh at the ALS prep lab in Reno, Nevada and analyzed by Aqua Regia leach mass spectrometry at the ALS laboratory in North Vancouver, B.C. Canada. QA/QC standards were inserted into the sample stream with one in twenty samples being a standard. All standards were within 3% of their accepted value of 750 ppm.

On 10 November 2016, the Company entered into an Option Agreement (the "Agreement") with LiCo Energy Metals Inc. ("LiCo") whereby LiCo can acquire an undivided 70% interest, subject to a 3% Net Smelter Royalty, in the Black Rock Desert Lithium Project. The property consists of 199 placer claims (3,980 acres/1,610 hectares) located in southwest Black Rock Desert, Washoe County, Nevada. Reno, a

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major population center lies 177 kilometers to the southwest. The Agreement is “non-arms’ length” and so constitutes a related party transaction, as the “Company’s” President and CEO is also the President and CEO of LiCo.

In order to earn a 70% interest in the Black Rock Desert Property, LiCo is required to issue shares, make payments and incur exploration expenditures as follows:

	Payments	Shares (Note 5)	Exploration Expenditures
Cash Payment upon execution (received)	USD\$20,000	-	-
Cash Payment upon Exchange approval (received)	USD\$150,000	1,500,000	-
On or before 10 November 2017	-	1,500,000	-
On or before 10 November 2018	-	1,500,000	-
On or before 10 November 2019	-	-	USD\$1,200,000
	USD\$170,000	4,500,000	USD\$1,200,000

**BIG SMOKEY VALLEY (BSV) LITHIUM PROJECT**

Big Smokey Valley is situated in central Nevada. It begins at a point 12 miles east of the town of Austin and extends approximately 100 miles in a southwesterly direction to reach a southern terminus near Clayton Valley to the west of Tonopah. Hydrologically and topographically the valley is divided into northern and southern sections by a physiographic high near the mining community of Round Mountain. The northern section, where the claims area is located contains three geothermal resources; the Darrough, the McLeod and the Spencer hot springs.

Geologically the region is complex with a lithologic history extending from the pre-Cambrian to the Holocene. Rocks comprising the Toiyabe Range which forms the valley’s western boundary within the study area include Pre-Cambrian and Paleozoic siliceous, argillaceous and calcareous sediments and metasediments, Paleozoic lavas, Mesozoic intermediate to acidic intrusives, Tertiary lavas, tuffs and sediments. Geothermal evaluation studies carried out in the 1980’s included geological reconnaissance, gravity surveys, aerial photography, fluid sampling and analysis, temperature probe surveys, shallow electrical resistivity measurements and temperature gradient drilling. Quaternary to recent alluvial, fluvial, lacustrine and playa deposits form the valley floor. (Assessment of the Geothermal Resources of Carson Eagle Valleys and Big Smokey Valley, Nevada 1980).

2016 Activities:

The Big Smokey Valley property was acquired by staking in spring of 2016. The soil sampling took place in August, analytical results were received on 19 September 2016. Samples were collected at 200 meter intervals on lines spaced 400 meters apart. Samples on alternate lines were offset by 100 meters on to help detect anomalies cross cutting the lines. The goal of the program was to determine if lithium was present in the surface sediments and evaporites on the northern Big Smokey Valley playa. Lithium values ranged from 53 to 146 ppm. These values are on the lower range of those obtained at the Black Rock (82.8 to 520 parts per million with a median value of 182 ppm). These values do indicate that lithium is present in the ground water, is being concentrated in the evaporites, and may provide feed material for gravity concentration of brines at depth.

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**ALKALI LAKE PROJECT**

On 28 December 2015, the Company entered into an agreement with Dajin Resources Corp. through its wholly owned subsidiary Dajin Resources (US) Corp., ("Dajin") a Nevada Corporation, to earn up to a 60% interest in certain mineral property claims located in Esmeralda County, Nevada (the "Alkali Lake Project").

In order to earn its 60% interest in the Alkali Lake Project, the Company is required to issue shares, make payments and incur exploration expenditures as follows:

	Payments	Shares (Notes 7 and 14)	Exploration Expenditures
Upon signing (paid and issued)	USD\$28,000	375,000	-
On or before 28 December 2016	USD\$28,000	-	USD\$200,000
On or before 28 December 2017	USD\$28,000	-	USD\$250,000
On or before 28 December 2018	-	-	USD\$500,000
	USD\$84,000	375,000	USD\$950,000

On 11 November 2016, the Company terminated its option with Dajin, to earn up to a 60% interest in in the Alkali Lake Project.

**Qualified Person Statement**

"Project Overview" and "Subsequent Event" sections of this report have been reviewed and approved for technical content by Alan Morris, P. Geo, member of the advisory board of the Company and a Qualified Person under the provisions of NI 43-101.

**SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION**

**Selected Annual Information**

The following selected financial information is derived from the audited consolidated financial statements of the Company. The figures have been prepared in accordance with IFRS.

	Years Ended 30 June (audited)		
	2017	2016	2015
Total revenues	\$ -	\$ -	\$ -
General and administrative expenses	829,640	1,549,348	184,998
Mineral property cash costs incurred	676,857	483,803	14,578
Mineral property cash recoveries received	607,742	-	-
Net income (loss)	(630,044)	(4,369,797)	(420,304)
Net Loss per share – Basic & fully diluted	(0.007)	(0.092)	(0.048)
Totals assets	1,050,446	1,444,419	26,333
Total long term liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

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**Selected Quarterly Information**

The following selected financial information is derived from the unaudited consolidated financial statements of the Company. The figures have been prepared in accordance with IFRS.

	For the Quarters Ended (unaudited)							
	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep
	2017	2017	2016	2016	2016	2016	2015	2015
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss)	7,563	(190,348)	(191,719)	(255,540)	(3,519,694)	(751,584)	(98,519)	(13,555)
Net loss per share	0.000	(0.002)	(0.002)	(0.003)	(0.041)	(0.012)	(0.006)	(0.001)
Total assets	1,050,446	865,013	1,025,252	1,237,545	1,444,419	1,002,830	179,497	18,090

**RESULTS OF OPERATIONS**

**For the year ended 30 June 2017 compared to year ended 30 June 2016.**

Comprehensive loss for the year ended 30 June 2017 was \$590,044 as compared to \$4,369,797 for the same period in 2016. Being at the exploration stage, the Company did not generate any revenue from operations. The decrease in comprehensive loss of \$3,779,753 was mainly attributable to the net effect of:

- Increase of \$2,137 in Bank charges and interest, from \$1,854 in 2016 to \$3,991 in 2017.
- Increase of \$75,565 in Consulting fees, from \$181,405 in 2016 to \$256,970 in 2017.
- Decrease of \$30,000 in Management fees, from \$30,000 in 2016 to \$Nil in 2017.
- Increase of \$75,093 in Marketing & communications, from \$158,937 in 2016 to \$234,030 in 2017.
- Increase of \$9,451 in Office and miscellaneous, from \$38,046 in 2016 to \$47,497 in 2017.
- Increase of \$9,675 in Professional fees, from \$37,989 in 2016 to \$47,664 in 2017.
- Increase of \$2,883 in Rent, from \$32,731 in 2016 to \$35,614 in 2017.
- Decrease of \$789,175 in Share-based payments, from \$931,568 in 2016 to \$142,393 in 2017.
- Decrease of \$55,092 in Transfer agent fees, from \$96,823 in 2016 to \$41,731 in 2017.
- Decrease of \$20,245 in Travel, lodging and food, from \$39,995 in 2016 to \$19,750 in 2017.
- Foreign exchange loss of \$14,949 in 2016 to gain \$3,668 in 2017.
- Loss on sale of short term investments, from \$Nil in 2016 to \$32,640 in 2017.
- Decrease of \$2,805,500 in Loss on issuance on units, from \$2,805,500 in 2016 to \$Nil in 2017.
- Impairment on exploration and evaluation properties, from \$Nil in 2016 to \$159,396 in 2017.
- Recovery of exploration and evaluation properties, from \$Nil in 2016 to \$387,935 in 2017.

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**Selected Financial Information**

To date, the Company has not commenced commercial operations.

**Liquidity and Capital Resources**

As at 30 June 2017, the Company had working capital of \$525,792 (2016: \$752,765).

As at 30 June 2017, the Shareholders' equity of \$1,024,249 (2016: \$1,397,068) consisted of share capital of \$2,671,615 (2016: \$2,578,593), reserves of \$4,158,648 (2016: \$3,994,446) and deficit of \$5,806,014 (2016: \$5,175,970).

**Outstanding Share Data**

- a) Authorized Share Capital: unlimited common shares without par value.
- b) Issued and Outstanding as at 30 June 2017: 93,584,171 common shares (2016: 92,591,747).

The Company has adopted a "fixed" stock option plan (the "Plan"), pursuant to which a maximum of 18,696,946 common shares, being 20% of the issued and outstanding Common Shares of the Company at the time an option is granted, less any outstanding stock options previously granted, will be reserved for issuance as options and will be granted at the discretion of the Corporation's Board of Directors to eligible optionees (the "Optionees") under the Plan.

During the years ended 30 June 2017 and 2016, the Company issued common shares as follows:

**Common shares issuances**

- **Private Placements**
  - On 13 January 2016, the Company issued 27,000,000 units at \$0.033 per unit for gross proceeds of \$900,000. The Company issued 2,700,000 units valued at \$90,000 as finder's fee. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.07 per share for a period of 2 years. The Company recorded a loss of \$244,500 related to the issuance of the units.
  - On 28 October 2015, the Company issued 22,500,000 units at \$0.010 per unit for gross proceeds of \$225,000. The Company issued 1,950,000 units valued at \$19,500 and paid cash of \$3,000 as finder's fee. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.03 per share for a period of 2 years. The Company recorded a loss of \$2,561,000 related to the issuance of the units.
- **Other**
  - On 19 December 2016, the Company issued 99,440 common shares valued at \$9,944 for marketing services.
  - On 26 September 2016, the Company issued 152,984 common shares valued at \$19,888 for marketing services.

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- On 22 July 2016, the Company issued 200,000 common shares valued at \$24,000 as finder's fee in relation to the acquisition of Dixie Valley Project.
  - On 7 June 2016, the Company issued 200,000 common shares valued at \$28,000 as finder's fee in relation to the acquisition of Black Rock Desert Project and 200,000 common shares valued at \$28,000 as finder's fee in relation to the acquisition of Big Smokey Valley Project.
  - On 17 May 2016, the Company issued 400,000 common shares valued at \$64,000 as finder's fee in relation to the acquisition of the Clayton Valley BFF-1 Property.
  - On 1 April 2016, the Company issued 58,494 common shares valued at \$9,944 for marketing services.
  - On 8 January 2016, the Company issued 375,000 common shares valued at \$37,500, pursuant to an option agreement to acquire 60% interest in the Alkali Lake Project.
  - On 28 October 2015, the Company issued 150,000 common shares valued at \$3,000, pursuant to an option agreement to acquire 100% interest in the Galleon Property.
- **Exercise of Warrants**
- On 16 September 2016, the Company issued 90,000 common shares related to the exercise of 90,000 warrants at an exercise price of \$0.067 per share.
  - On 1 September 2016, the Company issued 450,000 common shares related to the exercise of 450,000 warrants at an exercise price of \$0.033 per share.
  - On 16 June 2016, 150,000 warrants were exercised at an exercise price of \$0.067 per share.
  - On 16 May 2016, 375,000 warrants were exercised at an exercise price of \$0.067 per share.
  - On 28 April 2016, 1,560,000 warrants were exercised at an exercise price of \$0.067 per share.
  - On 25 April 2016, 750,000 warrants were exercised at an exercise price of \$0.033 per share.
  - On 25 April 2016, 150,000 warrants were exercised at an exercise price of \$0.067 per share.
  - On 21 April 2016, 1,650,000 warrants were exercised at an exercise price of \$0.033 per share.
  - On 19 April 2016, 9,000,000 warrants were exercised at an exercise price of \$0.033 per share.
  - On 31 March 2016, 150,000 warrants were exercised at an exercise price of \$0.033 per share.
  - On 22 March 2016, 1,950,000 warrants were exercised at an exercise price of \$0.033 per share.
  - On 21 January 2016, 300,000 warrants were exercised at an exercise price of \$0.033 per share.
- **Exercise of Options**
- On 17 May 2016, 225,000 stock options were exercised at an exercise price of \$0.067 per share.
  - On 5 May 2016, 600,000 stock options were exercised at an exercise price of \$0.033 per share.
  - On 5 May 2016, 225,000 stock options were exercised at an exercise price of \$0.067 per share.
  - On 14 April 2016, 600,000 stock options were exercised at an exercise price of \$0.033 per share.
  - On 11 April 2016, 1,950,000 stock options were exercised at an exercise price of \$0.033 per share.

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- On 8 March 2016, 300,000 stock options were exercised at an exercise price of \$0.033 per share.
- On 8 March 2016, 90,000 stock options were exercised at an exercise price of \$0.080 per share.
- On 3 February 2016, 97,500 stock options were exercised at an exercise price of \$0.080 per share.

**Financial and Other Instruments**

The Company's financial assets and liabilities consist of cash and cash equivalents, trade payables and related party loans. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

**Critical Accounting Estimates**

The preparation of consolidated financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the consolidated financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

**Adoption of New and Revised Standards and Interpretations**

The IASB issued a number of new and revised IAS, IFRS, amendments and related IFRIC, which are effective for the Company financial year beginning on 1 July 2016. The Company has adopted all the following new standards relevant to the Company for the year ended 30 June 2017.

- IAS 1 '*Presentation of Financial Statements*' is an amendment to clarify certain aspects focused on the areas of clarification of concept of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of loss and comprehensive loss, and providing of additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendment is applicable to annual periods beginning on or after 1 January 2016.
- IFRS 7 '*Financial Instruments: disclosures*', clarifies the definition for continuing involvement in a transferred financial asset. The amendments are effective for annual periods beginning on or after 1 January 2016.
- IFRS 10 '*Consolidated financial statements*', clarifies the conditions for a parent to present consolidated financial statements and for investment entities, and treatment for loss of control of a subsidiary that does not contain a business. The amendments are effective for annual periods beginning on or after 1 January 2016.

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- IFRS 11 '*Joint Arrangements*' is an amendment to clarify accounting for acquisition of interest in a joint operation. The amendment is applicable to annual periods beginning on or after 1 January 2016.

At the date of authorization of these consolidated financial statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective during the period ended 30 June 2017:

- IFRS 9, '*Financial Instruments*': The IASB has undertaken a three-phase project to replace IAS 39 '*Financial Instruments: Recognition and Measurement*' with IFRS 9 '*Financial Instruments*'. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. In July 2014, the IASB issued the final elements of IFRS 9. IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:
  - Financial assets meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
  - Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss
  - All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss
  - The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the "business model" test and "cash flow characteristics" test.
  - The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2017.

- IAS 7 '*Statement of Cash Flows*' is an amendment to clarify and improve information provided to users of financial statements about an entity's financing activities. The amendment is applicable for annual periods beginning on or after 1 January 2017.
- IAS 12 '*Income Taxes*' is an amendment to clarify criteria used to assess whether future taxable profits can be utilized against deductible temporary differences. The amendment is applicable to annual periods beginning on or after 1 January 2017.
- IFRS 2 '*Share-Based Payment*' issued in June 2016, is amended to provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a "net settlement" for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The effect date for IFRS 2 is for annual periods beginning on or after 1 January 2018.

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The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

**Off-Balance Sheet Arrangements**

The Company did not enter into any off-balance sheet arrangements during the period.

**Management's Responsibility for Consolidated Financial Statements**

The information provided in this report, including the consolidated financial statements, is the responsibility of Management. In the preparation of these statements estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Consolidated Financial Statements.

**Risks**

The Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development.

There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell the common shares.

**Controls and Procedures**

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

**Outlook**

Although current management has demonstrated its ability to raise funds in the past, with the current financial market conditions and global economic uncertainty, there can be no assurance they will be able to do so in the future. The financial results and discussion do not include the adjustments that would be

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necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

**Caution Regarding Forward Looking Statements**

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially, from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

**Other Information**

Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Subsequent Events**

- Subsequent to the year end 30 June 2017, the Company dropped all the claims of San Emidio Li.
- Subsequent to the year ended 30 June 2017, Dixie Valley claims were reduced to 90 placer claims and the agreement was amended.
- Subsequent to the year ended 30 June 2017, Black Rock Desert claims were reduced to 130 placer claims and the agreement was amended.
- On 1 August 2017, the Company's option agreement with 1074654 Nevada Ltd., relating to the Clayton Valley BFF-1 Property, expired without being exercised by 1074654 Nevada Ltd. As a result, the Company retains 100% ownership of the property.
- On 30 August 2017, the Company amended the terms of the Option Agreement dated 14 July 2016 between the Company and LiCo Energy Metals Inc. where LiCo can acquire up to a 100% interest in the Dixie Valley Project located in Dixie Valley, Churchill County, Nevada.

Pursuant to the terms of the amended agreement, LiCo will:

- Issue 2,000,000 common shares to the Company on the signing of the Amending Agreement
- Incur USD\$250,000 in eligible exploration expenditures on or before the third anniversary of the agreement
- Be responsible for paying 100% of the annual property sustaining fees

All other terms remain unchanged.

- On 30 August 2017, the Company amended the terms of the Option Agreement dated 10 November 2016 between the Company and LiCo Energy Metals Inc. where LiCo can acquire up to a 70% interest in the Black Rock Desert Property in Washoe County, Nevada.

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Pursuant to the terms of the amended agreement, LiCo will:

- Be able to acquire up to a 100% interest in the Black Rock Desert Property
- Issue 3,000,000 common shares to the Company on the signing of the Amending Agreement
- Incur USD\$250,000 in eligible exploration expenditures on or before the third anniversary of the agreement
- Be responsible for paying 100% of the annual property sustaining fees

All other terms remain unchanged.