

**KNOL RESOURCES CORP.  
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**

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**Background**

This Management Discussion and Analysis – Quarterly Highlights (“Quarterly Highlights”) of financial position and results of operation for Knol Resources Corp. (the “Corporation” or “Knol”) is prepared as at November 16, 2017. This MD&A should be read in conjunction with the Corporation’s unaudited condensed interim financial statements as at and for the nine months ended September 30, 2017 and with the Corporation’s audited financial statements as at and for the year ended December 31, 2016.

Except as otherwise disclosed, all dollar figures included in the audited consolidated financial statements and in the following MD&A are quoted in Canadian dollars, and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Additional information relevant to the Corporation’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Forward-Looking Statements**

Certain statements contained in the following Quarterly Highlights constitute forward-looking statements. Such forward-looking statements may include, but are not limited to Corporation’s expected future financial position, financial and operational results, the execution of the Company’s business strategy, access to capital, and the outcomes of uncertain events. When used in these Quarterly Highlights, words such as “believe,” “anticipate,” “project,” “intend,” “expect,” “may,” “will,” “plan,” “attempts,” “seeks,” and similar expressions are intended to identify these forward-looking statements.

Significant forward-looking statements made in these Quarterly Highlights include, but are not limited to expectations for the timing, nature and structure of new operating activities; expected payments required for environmental reclamation; and expected payments paid or received on the disposition of assets and liabilities held for sale.

The Corporation’s actual results are dependent on factors such as the availability of oil and gas assets or investment opportunities on terms acceptable to the Corporation and general financing market conditions. As such, actual performance or achievements could differ materially from those expressed in, or implied by these forward-looking statements, and accordingly, no assurance can be given that any events, situations or outcomes indicated in these forward-looking statements will transpire or what benefits or liabilities to the Corporation will arise from these outcomes. Accordingly, readers of these Quarterly Highlights are cautioned against placing undue reliance on forward-looking statements.

**Corporation Overview and Outlook**

Historically, the Corporation has held producing and exploration oil and gas wells in Western Canada. Between 2010 and 2012, the Corporation disposed of the majority of its oil and gas assets and following these dispositions, it has sought to redeploy its capital in new ventures or assets which could avail of its tax losses. Without any commercial activity, the Corporation is in the process of reclaiming or disposing its remaining oil and gas interests.

## Analysis of the Corporation's Financial Performance and Condition

<i>(\$ thousands, except as indicated)</i>	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
<b>Revenues</b>								
Interest income	13	11	12	12	15	14	16	15
<b>Expenses</b>								
General and administrative costs	86	79	124	103	207	77	39	90
Environmental reclamation	-	100	-	50	-	154	-	3
Other (gains) losses	-	-	-	-	-	(12)	-	-
Net loss and comprehensive loss	(73)	(168)	(112)	(141)	(192)	(205)	(23)	(78)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Working capital surplus	3,671	3,728	3,897	3,939	4,080	4,273	4,477	4,500

### *General expense structure*

Without any producing oil and gas assets, the Corporation's net loss is typically a result of general and administrative costs required as a public company, which includes accounting and office costs, transfer agent and listing expenses, as well as management consulting costs. These costs are typically incurred consistently from quarter-to-quarter, although additional expenses in connection with the Corporation's annual audit and AGM are typically incurred in the fourth and first quarters. Non-routine expenses such as legal fees incurred with investigating a potential transactions or share-based compensation expense may result in further general and administrative costs.

In addition to general and administrative expenses, the Corporation does recognize environmental reclamation expenses incurred in connection with a wellsite for which it is the sole leaseholder. The Corporation has established a provision for the expected cost of this work, but additional costs may be incurred based should the eventual scope of work required differ from that assumed for the provision.

### *Three months ended September 30, 2017*

The Corporation reported a \$73,093 net loss for the three months ended September 30, 2017 (2016 - \$194,413). The net loss for the three months ended September 30, 2016 was \$119,320 greater than that for 2017 primarily owing to \$139,526 in additional legal, investor relations and exchange filing fees incurred in connection with a proposed business acquisition of KEWA Financial Inc. ("KEWA"), which was ultimately terminated in October 2016.

The net loss for the three months ended September 30, 2017 was a result of \$46,020 for management, land and administrative consulting fees, which was consistent with the expense recorded for the same period in 2016. Additionally, the Corporation incurred a \$15,105 share-based compensation charge for the grant of 275,000 fully-vested stock options to a director in the three months ended September 30, 2017 for which no equivalent charge was reported in 2016.

Other costs incurred for the three months ended September 30, 2017 include those for on-going exchange listing and filing fees, investor relations services, insurance and other administrative charges. These charges were incurred at levels consistent with prior periods.

### *Nine months ended September 30, 2017*

The Corporation reported a \$353,878 net loss for the nine months ended September 30, 2017 (2016 - \$419,936). The decreased net loss incurred in the current period was largely owing to a \$138,212 reduction in legal and exchange filing fees that were incurred in 2016 in connection with the terminated acquisition of KEWA. Additionally, the Corporation incurred a \$153,631 charge in the nine months ended September 30, 2016 for the environmental reclamation of a surface lease following initial discussions with the landowner. Further discussions with the landowner resulted in an additional expense

being recorded for the nine months ended September 30, 2017, but which was \$53,631 lower than that incurred in 2016.

Partially offsetting the decreases in expenses for legal fees, exchange filing fees and environmental reclamation was a share-based compensation expense of \$85,468 share-based compensation expense for the nine months ended September 30, 2017 for the grant of 1,300,000 fully-vested stock options during the period. No such expense was incurred in the nine months ended September 30, 2016. Additionally, consulting fees for the nine months ended September 30, 2017, were \$22,340 higher than the same period of 2016 as a result of an increase in the monthly fees for management, office and administrative services paid to a related party.

#### *Financial position as at September 30, 2017*

As at September 30, 2017, the Corporation had cash and cash equivalents of \$4,080,658, a decrease of \$198,324 from December 31, 2016. The decrease is partially owing to expenditures for on-going operations during the period, but is also the result of payments for legal and audit services which were accrued as at December 31, 2016.

The Corporation had \$16,399 in accounts payable and accrued liabilities as at September 30, 2017 (December 31, 2016 - \$45,462). The September 30, 2017 amount includes accruals for the amounts owing for management services. Total liabilities, which includes liabilities associated with assets held for sale and an asset retirement obligation in addition to accounts payable and accrued liabilities increased from \$345,462 as at December 31, 2016 to \$416,399 as at September 30, 2017 as a result of the additional \$100,000 provision for environmental reclamation recorded in the nine months ended September 30, 2017, less the \$29,063 net payment of accounts payable and accrued liabilities during the period.

#### **Related Party Transactions**

Consulting fees for the nine months ended September 30, 2017 includes \$22,500 (2016 - \$22,500) for consulting services provided by Michael Atkinson, the Corporation's President and Chief Executive Officer. The fees were incurred for management and business development services provided in the normal course of business, and have been measured at an exchange amount.

Consulting fees for the nine months ended September 30, 2017 includes \$72,000 (2016 - \$54,000) for consulting services performed by Earlston Management Corp. ("Earlston"), an entity related by virtue of providing key management services to the Corporation. As at September 30, 2017, \$16,000 (December 31, 2016 - \$6,000) is included in accounts payable and accrued liabilities for amounts owing to Earlston.

#### **Stock Options and Warrants**

On March 22, 2017, the Corporation granted 1,025,000 stock options to directors, officers and certain employees of Earlston, and on September 13, 2017 and additional 275,000 stock options were granted to a new director. All options granted in 2017 have an exercise price of \$0.08, expire five years following their grant, and were fully vested on grant. The Corporation recognized a combined share-based compensation expense of \$85,468 for the nine months ended September 30, 2017, but as the options are fully-vested, no additional charges related to these options will be recognized in future periods. Additionally, 800,000 stock options with an exercise price of \$0.10 expired in the nine months ended September 30, 2017 following the resignations of two directors.

As at September 30, 2017, the Corporation has 2,000,000 stock options outstanding with exercise prices ranging from \$0.08 to \$0.10 and which expire between May 21, 2019 and September 13, 2022. Additionally, the Corporation has 50,000,000 warrants outstanding with an exercise price of \$0.20 and which expire on April 11, 2019 unless the market closing price and the volume-weighted average price of

the Corporation's shares are both greater than \$0.40 for a period of 10 consecutive trading days, in which case an accelerated expiration may be triggered.

### **Change in Directors**

On March 22, 2017, Mark Vanry was appointed as a director following the resignations of Bryce Rhodes and Daryl Clark on the same day and on September 13, 2017, Scott McLean was appointed as a director. Notwithstanding these events, the Corporation has not made any changes to its corporate governance or its disclosure controls and procedures during or subsequent to the nine months ended September 30, 2017.