

KNOL RESOURCES CORP.
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

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 26, 2018. 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, 2018 and with the Corporation’s audited financial statements as at and for the year ended December 31, 2017.

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.

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 Corporation’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. Accordingly, readers of these Quarterly Highlights are cautioned against placing undue reliance on forward-looking statements.

Corporation Overview and Update

The Corporation currently has no commercial operations and is seeking a strategic business or asset acquisition that would benefit from the Corporation’s balance of cash and cash equivalents, its status as a publicly-listed entity and its historical tax losses.

Sale of assets and related liabilities

To facilitate a transition to new operations, subsequent to September 30, 2018, the Corporation completed the sales and assignments of its remaining oil and gas interests related to its historical business operations in the oil and gas sector. As a result of these disposals, the Corporation has also discharged all legacy obligations for environmental reclamation. As at September 30, 2018, the Corporation accrued a liability of \$395,050 to reflect the final payments made for the disposal of these assets and liabilities and an expense of \$7,614 was incurred during the three and nine months ended September 30, 2018 to reflect additional disposal costs that had not previously been accrued.

Following the disposal of these assets, the Corporation’s future operating costs will be reduced because the Company will no longer incur costs for insurance, land leases or land consultants that were required as an operator of oil and gas assets.

Terminated potential transaction

On October 3, 2018, the Corporation entered into a letter of intent (the “LOI”) for the reverse takeover of the Corporation by Pivot Pharmaceuticals Inc. (“Pivot”). The LOI was subsequently terminated and the proposed transaction will not proceed. It is anticipated that all costs incurred by the Corporation in connection with the LOI and proposed transaction will be reimbursed by Pivot.

Analysis of the Corporation's Financial Performance and Condition

<i>(\$ thousands, except as indicated)</i>	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Revenues								
Interest income	14	15	13	12	13	11	12	12
Expenses								
General and administrative costs	72	63	63	94	86	79	124	103
Environmental reclamation	-	-	-	-	-	100	-	50
Other losses (gains)	8	-	-	-	-	-	-	-
Net loss and comprehensive loss	(66)	(49)	(50)	(82)	(73)	(168)	(113)	(141)
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	3,451	3,490	3,539	3,589	3,671	3,729	3,897	3,939

General expense structure

Interest income for the reported quarters was earned on term deposits held by the Corporation. Interest income for each quarter fluctuates with the principal balance invested and market interest rates.

General and administrative costs comprise audit and legal services, share-based compensation, consulting fees for land, accounting and management services and exchange listing and other costs incurred as a public company. Generally, these costs are consistent from quarter to quarter, but there were significant increases in the fourth quarter of 2016 for legal and consulting fees incurred in connection with an unsuccessful corporate transaction. Additionally, share-based compensation expenses of \$70 thousand and \$15 thousand were recorded in the first and third quarters of 2017, respectively, following the grant of stock options. Finally, the Corporation accrued for year-end audit fees in the fourth quarters of 2017 and 2016, which resulted in increased general and administrative costs in these periods.

In the fourth quarter of 2016, the Corporation increased its reclamation provision related to its remaining oil and gas interests by \$50 thousand to reflect a contingency component of a work estimate received from a potential reclamation contractor and an additional \$100 thousand was recorded in the second quarter of 2017 as the reclamation scope was finalized. In the third quarter of 2018, the Corporation incurred an additional expense of \$8 thousand to reflect the final costs to dispose of these interests and reclamation obligations, which occurred subsequent to September 30, 2018, rather than completing the reclamation itself.

Three months ended September 30, 2018

The Corporation reported a \$65,975 net loss for the three months ended September 30, 2018 (2017 - \$73,093). The decreased net loss was largely owing to a \$15,105 non-cash expense recognized in 2017 for fully-vested stock options granted in the period; no options were granted in 2018. Partly offsetting this expense reduction was a \$7,614 expense incurred in the three months ended September 30, 2018 to reflect the final costs incurred on the disposal of the Corporation's remaining oil and gas interests. Other costs incurred for the three months ended September 30, 2018 include on-going land and administrative consulting fees, legal and administration, investor relations, exchange listing and filing fees, and other administrative charges. These charges were incurred at levels consistent with prior periods.

Nine months ended September 30, 2018

The Corporation reported a \$164,801 net loss for the nine months ended September 30, 2018 (2017 - \$353,878). In addition to the same cost reductions discussed for the three months ended September 30, 2018, the decreased net loss in 2018 partly resulted from a \$70,363 share-based compensation expense in the first six months of 2017 related to the grant of stock options. These options were fully-vested on grant and no equivalent expense was recognized in 2018. Also, the Corporation recognized a \$100,000 expense in the nine months ended September 30, 2017 for a change in the expected costs for the asset retirement obligations of its remaining properties based on a final scoping of

the work required. Subsequent to September 30, 2018, these obligations were discharged by way of the sale and assignment of the related assets.

As at September 30, 2018, the Corporation had cash and cash equivalents of \$3,497,802, a decrease of \$183,153 from December 31, 2017 as a result of operating expenditures during the period. The Corporation had \$8,018 in accounts payable and accrued liabilities as at September 30, 2018 (December 31, 2017 - \$31,640). Total liabilities, which includes liabilities associated with assets held for sale in addition to accounts payable and accrued liabilities was \$403,068 as at September 30, 2018 compared with \$431,640 as at December 31, 2017 with the primary change being the payment of accounts payable and accrued liabilities during the nine months ended September 30, 2018.

Related Party Transactions

Consulting fees for the nine months ended September 30, 2018 includes \$22,500 (2017 - \$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, 2018 includes \$72,000 (2017 - \$72,000) for management and administrative services performed by Earlston Management Corp. ("Earlston"), an entity related by virtue of providing key management services to the Corporation. Additionally, Earlston charged the Corporation \$15,000 for services provided in connection with the sales of the Corporation's remaining oil and gas properties, which is included in the expense for the revaluation of liabilities associated with assets held for sale for the nine months ended September 30, 2018 (2017 - \$nil). As at September 30, 2018, \$8,000 (December 31, 2017 - \$8,000) is included in accounts payable and accrued liabilities and \$15,000 (December 31, 2017 - \$nil) is included in liabilities associated with assets held for sale for amounts owing to Earlston.