CRYSTAL PEAK MINERALS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

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This Management Discussion and Analysis ("MD&A") of Crystal Peak Minerals Inc. together with its subsidiary (collectively "CPM" or the "Company"), is dated April 26, 2019 and provides an analysis of the Company's performance and financial condition for the year ended December 31, 2018. CPM is listed on the TSX Venture Exchange and its common shares trade under the symbol "CPM". The Company's common shares also trade on the OTCQX International under the ticker symbol "CPMMF".

This MD&A should be read in conjunction with the Company's consolidated financial statements (the "Financial Statements") for the year ended December 31, 2018 and December 31, 2017, including the related note disclosures.

The Company's Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Financial Statements have been prepared under the historical cost convention, except in the case of fair values of certain items, and unless specifically indicated otherwise, are presented in United States dollars. The Financial Statements, along with Certifications of Annual and Interim Filings and press releases, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Qualified Persons

Each of the qualified persons shown below has reviewed and approved the scientific and technical disclosures contained in their respective report sections, and is independent of the Company. Qualified persons have reviewed or verified all data including sampling, analytical, and test results underlying the information or opinions contained herein.

The qualified persons are:

- Mr. J. Brebner P. Eng., QP, (Novopro) is the qualified person responsible for the infrastructure, market studies and contracts, capital cost, environmental studies, permitting, social/community impact, and the overall preparation of the report.
- Mr. A. Lefaivre P. Eng., QP, (Novopro) is the qualified person responsible for the mineral processing and metallurgical testing and recovery methods.
- Mr. D. Bairos P. Eng., QP, (Novopro) is the qualified person responsible for the capital cost and operating cost estimates, and risk analysis portions of the report.
- Mr. C. Laxer P. Eng., QP, (Novopro) is the qualified person responsible for the economic analysis portions of the report.
- Mr. L. Henchel, P. Geo., (Stantec) is the qualified person responsible for the history, geology, exploration, drilling, sample preparation, analyses and security, data verification, and mineral resource estimate portions of the report.
- Mr. R. Reinke, P. Geo., (Stantec) is the qualified person responsible for the mineral reserve estimate, groundwater modelling, and mining methods portion of the report.

The content of this MD&A has been read and approved by Dean Pekeski, P. Geo, Vice President- Project Development of the Company, a Qualified Person as defined by NI 43-101.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements related to activities, events or developments that the Company expects or anticipates will or may occur in the future, including, without limitation: statements related to the release of a feasibility study; the economic analysis of the Sevier Playa Project in southwestern Utah (the "Sevier Playa Project"); mineral reserve and resource estimates; the permitting process; environmental assessments; business strategy; objectives and goals; and development of the Sevier Playa Project. Forward-looking statements are provided to allow readers the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating the Company.

Forward-looking information is often identified by the use of words such as "plans", "planning", "planned", "expects" or "looking forward", "does not expect", "continues", "scheduled", "estimates", "forecasts", "intends", "potential", "anticipates", "does not anticipate", or "belief", or describes a "goal", or variation of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is based on a number of factors and assumptions made by management and considered reasonable at the time such information is provided. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements to be materially different from those expressed or implied by the forward-looking information.

This MD&A contains information taken from a technical report titled "NI 43-101 Technical Report Preliminary Feasibility Study of the Sevier Lake Playa Sulphate of Potash Project Millard County, Utah", filed on November 18, 2013 and dated effective October 25, 2013 (the "PFS"), as well as a technical report titled "NI 43-101 Technical Report Feasibility Study of the Sevier Lake Playa Sulphate of Potash Project Millard County, Utah" filed on February 21, 2018 and dated effective January 11, 2018 (the "FS"). Both the PFS and FS are preliminary in nature and should be considered speculative. They are based upon process flow sheets that may change, which would impact all costs and estimates. Operating costs for the Sevier Playa Project were based upon assumptions including future energy costs, natural gas costs, water costs, labor, and other variables that are likely to change. Capital costs were based upon a list of equipment thought to be necessary for production and are likely to change. Sulfate of potash ("SOP") price forecasts were based upon third-party estimates and management assumptions that may change due to market dynamics. The mineral reserve and resource estimates were based upon assumptions outlined in the "Brine Resource" section of the FS. Some figures were calculated using a factor to convert short tons to metric tonnes. Changes in estimated costs to acquire, construct, install, or operate the equipment, or changes in projected pricing, may adversely impact project economics.

Among other factors, the Company's inability to obtain sufficient playa recharge; the inability to anticipate changes in brine volume or grade due to recharge or other factors; changes to the economic analysis; the failure to obtain necessary permits to develop the Sevier Playa Project; environmental issues or delays; the inability to successfully complete additional drilling and other field testing at the Sevier Playa Project; the inability to secure project financing; factors disclosed in the Company's current MD&A; and information contained in other public disclosure documents available on SEDAR at www.sedar.com, may adversely impact the Sevier Playa Project. Although CPM has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. There can be no assurance that forward-looking information will prove to be accurate. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's plans, objectives, and goals and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. CPM does not undertake to update forward-looking information, except in accordance with applicable securities laws.

OVERALL PERFORMANCE

Principal Business and Corporate History

On May 26, 2011, EPM Mining Ventures Inc. ("EPM"), 44907 Yukon Inc. ("44907 Yukon" – a wholly-owned subsidiary of EPM incorporated to effect a business amalgamation), and 44170 Yukon Inc. ("44170 Yukon"), completed a triangular amalgamation (the "Amalgamation") whereby investors exchanged their 44170 Yukon voting and non-voting common shares for voting and non-voting common shares of EPM on a one-for-one basis. Pursuant to the terms of the Amalgamation, 44170 Yukon and 44907 Yukon amalgamated to form Peak Minerals Canada Limited ("Peak Minerals Canada"). Peak Minerals Canada became a wholly owned subsidiary of EPM. The Amalgamation was accounted for as a purchase of net assets and assumption of liabilities of 44170 Yukon. On June 25, 2015, the Company changed its name from "EPM Mining Ventures Inc." to "Crystal Peak Minerals Inc."

Pursuant to the Amalgamation, which resulted in the Company's acquisition of a significant mineral property, the Company operates as an exploration stage entity focused on the development, construction and operation of a large-scale SOP project on the Sevier Playa in southwestern Utah. The Company is currently engaged in engineering, permitting, and financing activities on the Sevier Playa Project.

Effective October 1, 2017, the Company completed an amalgamation (the "Peak Minerals Canada Amalgamation") of its wholly-owned subsidiary Peak Minerals Canada to reduce internal administration costs and financial reporting costs. Peak Minerals Canada did not have any outstanding liabilities or obligations at the time of the Peak Minerals Canada Amalgamation and it will not have any significant effect on the business and operations of the Company.

As a result of the Peak Minerals Canada Amalgamation, Peak Minerals Inc., which was previously a wholly-owned subsidiary of Peak Minerals Canada, became a direct, wholly-owned subsidiary of the Company.

Sevier Playa Project Overview

CPM, through its wholly-owned subsidiary, Peak Minerals Inc. ("Peak Minerals"), has direct control over mineral leases on approximately 95,800 acres of land leased from the Bureau of Land Management ("BLM"); agreements on about 6,400 acres of Utah School and Institutional Trust Land Administration ("SITLA") lands leased to Emerald Peak Minerals, LLC ("Emerald Peak"); and agreements that provide for the development and operational control, subject to approval of final unitization agreements, on about 22,000 acres of BLM land leased to LUMA Minerals, LLC ("LUMA"). The combined total of these leases constitutes the approximate 124,200-acre land package for the Sevier Playa Project.

The Sevier Playa has been explored intermittently by various entities over the last several decades. Consequently, it is considered a likely source of SOP, as well as bitterns such as magnesium chloride ("$MgCl_2$") and magnesium sulfate ("$MgSO_4$"); halite ("NaCl"); salt cake ("Na_2SO_4"); and possibly other ancillary minerals, such as bromine ("Br"), all derived from the harvesting and processing of salts precipitated from brines found in the Sevier Playa sediments.

Commencing in August 2011, the Company began its own drilling and exploration program on the Sevier Playa to confirm the existence and extent of potash-containing brines in accordance with NI 43-101 standards. CH2M HILL provided overall engineering support and Norwest handled well-site logging, sampling, and analytical assistance. The drilling program produced brine samples for independent chemical assay and analysis as well as materials necessary to define the stratigraphy of the sediments in the Sevier

Playa and included geotechnical studies, hydrological work, geological interpretations, core logging, and other studies.

On May 31, 2012, the results of the drilling program were filed in a NI 43-101 technical report entitled "Technical Report, Mineral Brine Resources of Sevier Lake Playa, Millard County, Utah" (the "Resource Report").

In conjunction with the PFS, the Company undertook an expansion of the drilling program, during February and March 2013, with additional hydrology drilling around the perimeter of the Sevier Playa as well as an expansion of the exploration drilling into the LUMA lease area and other areas throughout the playa. The Company completed the PFS in late 2013 and published the results of the PFS on November 18, 2013.

Feasibility Study

Upon receipt of funding from EMR Capital Resources Fund 1, LP ("EMR") on May 29, 2015, work began to complete the FS, the results of which were published on February 21, 2018. Novopro Projects Inc. ("NovoPro") served as lead engineering consultant for the FS.

The FS includes significant changes implemented by Novopro in the coupling of the solar evaporation ponds and the process plant, resulting in a major increase in the utilization of natural evaporation and the elimination of an energy-intensive forced evaporation circuit. Improvements to the processing circuit were also introduced that transformed waste sulfate into SOP through the addition of muriate of potash (MOP) resulting in a significant contribution to plant output and positively impacting project economics. The FS forecasts average annual SOP production over the 30-year life of the Project of approximately 328,000 tons. Other key project metrics are represented in the table below.

Economic Indicators	
NPV (pretax, 8%)	$ 900 M
NPV (after tax, 8%)	$ 730 M
IRR (pretax)	23%
IRR (after tax)	21%
Mine Life	30 years
Initial Direct Capital Costs	$ 288 M
Initial Indirect Capital Costs	$ 70 M
Contingency (@P50)	$ 32 M
Risk (@P50)	$8 M
Inflation	$14 M
Total Capital Costs	$412 M
Deferred Capital Costs	$9 M
Sustaining Capital Costs (LoM)	$248 M
Average Operating Cost (over LoM)	$205/ton
SOP Price @ Rail Loadout Facility	$575/ton
Production Royalties (% of gross revenues)	5.61%
After- tax Payback Period (from initial production)	4.5 years
Proven & Probable K_2SO_4 Produced Reserves	6.802 M tons

The economic analysis in the FS is based upon the following assumptions:

- 100% equity financing
- Construction beginning 2019 and completed 2022
- SOP production ramp-up over three years, from first production of 30,300 tons in 2022 to full capacity of at least 372,000 tons in 2025
- Effective tax rate of approximately 15.6%, which includes changes related to the Tax Cuts and Jobs Act
- Annual production royalties estimated at 5.61% of gross revenue, less allowable reagent costs
- Post-performance tax credit from the State of Utah of approximately $112.5 million

Reserve Estimate

Mineral reserve and resource estimates demonstrated by the FS work program are as shown in Tables 1, 2, and 3 below. Column totals may not be exact as a result of rounding.

Table 1: Available Potassium and K_2SO_4 Reserves

Aquifer	Proven		Probable		Total	
	K^+	Equivalent K_2SO_4[1]	K^+	Equivalent K_2SO_4[1]	K^+	Equivalent K_2SO_4[1]
	Tons '000	Tons '000	Tons '000	Tons '000	Tons '000	Tons '000
Fat Clay	0	0	333	742	333	742
Marl Clay	475	1,059	2,061	4,594	2,536	5,654
Siliceous Clay	43	97	912	2,033	955	2,130
Total	518	1,156	3,306	7,369	3,824	8,526

[1] K^+ to K_2SO_4 production based on ratio of 2.2285 (rounded) based on atomic weights. Any variances in the table are due to rounding.

Table 2: Available and Produced Reserves of K_2SO_4

Category	Proven	Probable	Total
	Tons '000	Tons '000	Tons '000
Available Reserves	1,156	7,369	8,525
Produced Reserves[1]	923	5,880	6,802

[1] Produced reserves include losses due to evaporation pond and processing factors and are based on overall recovery factor of 79.79%

Table 3: Remaining In-Place Potassium and K_2SO_4 Resource

Aquifer	Measured Plus Indicated		Inferred		Total	
	K^+	Equivalent K_2SO_4[1]	K^+	Equivalent K_2SO_4[1]	K^+	Equivalent K_2SO_4[1]
	Tons '000	Tons '000	Tons '000	Tons '000	Tons '000	Tons '000
Fat Clay	2,956	6,589	157	349	3,113	6,938
Marl Clay	1,635	3,644	240	535	1,875	4,179
Siliceous Clay	8,675	19,332	416	926	9,091	20,258
Total	**13,266**	**29,565**	**813**	**1,810**	**14,079**	**31,375**

[1] K^+ to K_2SO_4 production based on ratio of 2.2285 (rounded) based on atomic weights.

The full FS technical document can be found on SEDAR (www.sedar.com) as well as on the Company's website (www.crystalpeakminerals.com).

Permitting

In addition to the Company's engineering activities, its permitting efforts continue as follows:

Mining Plan – The draft BLM Mining Plan, ("Mining Plan") was updated with the FS information in October 2017. The Mining Plan was updated in August 2018 based on the FS design published in January 2018, and was used as the basis for the Draft Environmental Impact Statement ("DEIS") analysis. The Mining Plan is a working document and will require revisions before it is approved by BLM. In October 2018, the Mining Plan was updated to incorporate Utah Division of Oil, Gas, and Mining ("DOGM") large mine permit requirements to create a combined mine plan.

BLM Plan of Development ("POD") – Preliminary POD reports were submitted to the BLM in September 2013 for the off-playa right-of-way elements. The draft POD reports were combined into one draft POD document and resubmitted to BLM in July 2015. The draft POD was updated with FS information in October 2017. The POD was updated in August 2018 with additional information provided in the FS. This version of the POD was used as the basis for the DEIS analysis. The draft POD report is a working document and will require revisions before it is considered complete by BLM.

EIS –An EIS public scoping open house was held in Delta, Utah on August 5, 2015. The purpose of the public scoping process was to determine relevant issues that will influence the scope of the environmental analysis, including alternatives, and guide the process for developing the EIS. The open house gave local residents and the public the opportunity to learn about the project, ask questions and submit comments on the project. The public scoping period ended September 5, 2015 with minimal public comment.

The DEIS was published in the Federal Register on November 30, 2018, initiating a 45-day period for the public to review the DEIS and provide comments to the BLM. The public comment period ended on January 14, 2019. The BLM will address the comments received in the Final EIS (FEIS) document, after which it will issue a Record of Decision (ROD) indicating approval of the FEIS.

Air Permit – The minor source permit application was approved by the Utah Division of Air Quality ("UDAQ") on May 9, 2014 to allow construction of on-playa structures such as ponds and trenches. In 2016, UDAQ required that the minor source permit be updated and resubmitted for approval, due to updates to regulations and lapse in time from approval and when the on-playa construction is scheduled to begin. A minor source permit application was not submitted in 2016. In 2017, the Company presented the updated Mining Plan to UDAQ. Due to the changes to the Mining Plan, UDAQ requires that a new minor source permit application be submitted for construction and operations activities. The new minor source permit application was filed in third quarter 2018. A major source permit is no longer required for the project.

Interest in Mineral Property

The interest in mineral properties balance consists of exploration and evaluation assets relating to expenditures incurred in connection with the exploration and evaluation of mineral resources of the Company's Sevier Playa Project:

	Acquisition costs	Planning and design	Field operations and expenses	Legal costs and environmental obligations	Engineering, permitting & technical Reports	Total
As at January 1, 2017						
Cost	$ 23,324,278	$ 658,801	$ 11,113,317	$ 1,298,783	$ 17,421,168	$ 53,816,347
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**23,324,278**	**658,801**	**11,113,317**	**1,298,783**	**17,421,168**	**53,816,347**
Year ended December 31, 2017						
Opening net book amount	23,324,278	658,801	11,113,317	1,298,783	17,421,168	53,816,347
Additions	326,869	2,113	838,309	92,050	7,053,360	8,312,701
Closing net book amount	**23,651,147**	**660,914**	**11,951,626**	**1,390,833**	**24,474,528**	**62,129,048**
As at December 31, 2017						
Cost	23,651,147	660,914	11,951,626	1,390,833	24,474,528	62,129,048
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**$ 23,651,147**	**$ 660,914**	**$ 11,951,626**	**$ 1,390,833**	**$ 24,474,528**	**$ 62,129,048**
As at January 1, 2018						
Cost	$ 23,651,147	$ 660,914	$ 11,951,626	$ 1,390,833	$ 24,474,528	$ 62,129,048
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**23,651,147**	**660,914**	**11,951,626**	**1,390,833**	**24,474,528**	**62,129,048**
Year ended December 31, 2018						
Opening net book amount	23,651,147	660,914	11,951,626	1,390,833	24,474,528	62,129,048
Additions	2,795,311	1,759	530,261	206,032	7,347,763	10,881,126
Closing net book amount	**26,446,458**	**662,673**	**12,481,887**	**1,596,865**	**31,822,291**	**73,010,174**
As at December 31, 2018						
Cost	26,446,458	662,673	12,481,887	1,596,865	31,822,291	73,010,174
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**$ 26,446,458**	**$ 662,673**	**$ 12,481,887**	**$ 1,596,865**	**$ 31,822,291**	**$ 73,010,174**

SELECTED QUARTERLY INFORMATION

The following table sets out financial performance highlights for the previous twelve quarters.

Quarter ended	Revenues	Expenses	Other Items	Net loss total	Net loss per share	Working Capital	Non-Current Assets
December 31, 2018	$ -	$ (1,349,210)	(976,456)	(2,325,666)	$ (0.01)	$ (10,794,226)	79,366,107
September 30, 2018	-	(1,182,821)	(656,785)	(1,839,606)	(0.01)	(11,761,748)	76,961,161
June 30, 2018	-	(747,049)	(457,252)	(1,204,301)	nil	(11,222,062)	72,016,703
March 31, 2018	-	(2,674,747)	(504,071)	(3,178,818)	nil	(8,099,369)	69,991,079
December 31, 2017	-	(1,129,592)	(518,019)	(1,647,611)	nil	(6,470,512)	68,374,068
September 30, 2017	-	(642,682)	(305,104)	(947,786)	nil	8,552,252	76,291,577
June 30, 2017	-	(594,780)	(86,987)	(681,767)	nil	12,348,485	63,365,906
March 31, 2017	-	(386,273)	(88,505)	(474,778)	nil	2,258,214	62,041,461
December 31, 2016	-	(590,815)	12,676	(578,139)	nil	4,570,753	60,080,017
September 30, 2016	-	(435,284)	(103,609)	(538,893)	nil	7,876,543	57,258,221
June 30, 2016	-	(447,386)	55,109	(392,277)	nil	10,689,020	54,852,330
March 31, 2016	-	(408,375)	71,169	(337,206)	nil	(3,346,285)	54,351,792
December 31, 2015	-	(477,261)	(264,606)	(741,867)	(0.02)	(1,712,158)	53,176,018

Working capital generally consists of cash, net of accounts payable and other current liabilities, while non-current assets are primarily made up of the Company's investment in the Sevier Playa Project and the Company's investment in Emerald Peak. The major variances in working capital and non-current assets are mainly attributable to equity placements and the funding of the Company's exploration and evaluation activities on the Sevier Playa Project, as well as administrative expenses. Other items are generally related to financing expenses. As the Company is in the exploration stage, it does not generate operating revenue.

RESULTS OF OPERATIONS

Year Ended December 31, 2018

During the year ended December 31, 2018, the Company's total operating expenses were $5,953,827 compared to $2,753,327 for the year ended December 31, 2017, an increase of $3,200,500. A categorical breakdown of the significant components and changes has been provided below.

General and Administrative Expenses

General and administrative expenses during the year ended December 31, 2018 were $2,005,114 compared to $1,054,296, for the year ended December 31, 2017, an increase of $950,818. The primary components of the Company's general and administrative expenses are as follows:

- *Salaries and benefits* for the year ended December 31, 2018 were $1,247,665, compared to $824,592 for the year ended December 31, 2017, an increase of $423,073 resulting primarily from new staff and separation payments due to parting employees. Salaries and benefits is includes salaries, employee benefits, severance, accrued bonuses, accrued vacation, payroll taxes, and insurance. During the year ended December 31, 2018, the Company capitalized project-related salaries and benefits of $384,405, compared to $467,263 for the year ended December 31, 2017, a decrease of $82,858 primarily related to the retirement of an employee.
- *Office-related expenses and rent* for the year ended December 31, 2018 were $167,268, compared to $128,041 for the year ended December 31, 2017, an increase of $39,227. This increase is primarily related to increased lease payments for office space.

- *Director fees* for the year ended December 31, 2018 were $340,000 compared to $31,650 for the year ended December 31, 2017. This was related to a director compensation plan approved in 2018.
- *Other expenses* for the year ended December 31, 2018 were $250,181, compared to $70,014 for the year ended December 31, 2017, an increase of 180,167. This increase was primarily related to costs incurred to obtain financing for the Company's ongoing business activities.

Depreciation

The Company recognized depreciation expense of $5,213 for the year ended December 31, 2018, compared to $4,352 for the year ended December 31, 2017, an increase of $861. During the year ended December 31, 2018, the Company capitalized depreciation expense of $15,221 for project-related vehicles and equipment, compared to $27,043 for the year ended December 31, 2017, a decrease of $11,822.

Investor Relations Expenses

Investor relations expenses during the year ended December 31, 2018 were $320,255, compared to $323,514 for the year ended December 31, 2017, a decrease of $3,259.

Professional Fees

Professional fees, which primarily include legal, accounting, lobbying, marketing, and business development expenses, were $1,024,370 during the year ended December 31, 2018, compared to $780,012 for the year ended December 31, 2017, an increase of $244,358. This increase was primarily due to an increased marketing and business development effort, additional legal fees associated with the publication of the feasibility study, and executive recruiting fees.

Restricted Share Unit Compensation

Restricted share unit compensation for the year ended December 31, 2018 was $2,504,620, compared to $518,705 for the year ended December 31, 2017. This increase was related to the expanded use of the Restricted Share Unit Plan ("RSU Plan") adopted in 2017 and related RSU grants to employees and directors of the Company.

Share-based Compensation

Share-based compensation expense during the year ended December 31, 2018 was $94,255, compared to $72,447 for the year ended December 31, 2017, an increase of $21,808 related to the grant of additional share options to employees and directors of the Company. During the year ended December 31, 2018, the Company capitalized project-related share-based compensation of $45,072, compared to $25,464 for the year ended December 31, 2017, an increase of 19,608 related to the grant of additional share options to employees of the Company.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

During the year ended December 31, 2018, the Company's cash used in operating activities was $3,394,182 compared to $2,362,133 for year ended December 31, 2017, an increase in cash outflows of $1,032,049. The increase was primarily related to the Company's net loss for the year, compensation related to restricted share units, the change in fair value of the derivative liability, finance expenses, and the timing of trade accounts payable and receivable.

Investing Activities

During the year ended December 31, 2018, the Company's cash used in investing activities was $9,314,652, compared to $8,872,242 for the year ended December 31, 2017, an increase in cash outflows of $442,410. The increase in cash used in investing activities was primarily a result of increased spending on the Company's Sevier Playa Project as the Company completed the FS engineering, permitting, and related work. The Company invested $9,195,429 in its Sevier Playa Project during the year ended December 31, 2018, compared to $8,870,101 for the year ended December 31, 2017.

Financing Activities

During the year ended December 31, 2018, the Company's cash provided by financing activities was $10,263,718, compared to $12,093,276 for the year ended December 31, 2017.

In January 2018, 823,816 share options were exercised at a price of $0.32 (C$0.40) per share for gross proceeds of $263,718 (C$329,526).

On June 29, 2017, CPM entered into a convertible loan agreement (the "Loan Agreement") with EMR, its largest shareholder, pursuant to which EMR lent CPM $12,000,000 (the "Loan"). The Loan matures 18 months from the date of issuance, and bears interest at the rate of 12%, compounded quarterly. The principal amount of the Loan, in whole or in part, is convertible into common shares of the Company at EMR's option, at a price per common share of C$0.55. In addition, interest on the Loan is payable in common shares at the market price of the Company's shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange.

The conversion feature of the Loan meets the definition of a derivative liability instrument because the conversion feature is denominated in a currency other than the Company's U.S. dollar functional currency, thus making the number of shares in a conversion scenario variable. Accordingly, the conversion feature does not meet the "fixed-for-fixed" criteria outlined in IAS 32. As a result, the conversion feature of the Loan is required to be recorded as a derivative liability recorded at fair value and marked to its market value each period, with the changes in fair value each period being reflected on the Consolidated Statement of Loss.

The Loan was separated into a convertible debt component and a derivative liability, both of which were initially recorded at fair value. The convertible debt is classified as other financial liabilities and measured at amortized cost using the effective interest method.

Debt issuance costs in the amount of $79,367 were expensed at closing. These costs were made up of attorney and regulatory filing fees.

The fair value of the derivative liability was estimated based on the Black Scholes pricing model using the following assumptions:

Black-Scholes option pricing model assumptions	**Loan inception June 30, 2017**
Market price	C$0.45
Conversion price per common share	C$0.55
Risk-free interest rate	1.09%
Expected volatility	25.95%
Expected dividend yield	0%
Expected life (years)	1.50

The following table discloses the components associated with this transaction on the closing date:

Face value of convertible debt	$	12,000,000
Less derivative component		(590,569)
Value assigned to convertible debt	**$**	**11,409,431**

The changes in the convertible debt are as follows:

Convertible debt balance as at December 31, 2017	$	11,602,985
Accretion		397,015
Convertible debt balance as at December 31, 2018	**$**	**12,000,000**

The changes in the derivative liability are as follows:

Balance as at December 31, 2017	$	378,739
Change in fair value of derivative liability		(378,739)
Balance as at December 31, 2018	**$**	**-**

On July 19, 2018 the Company entered into a convertible loan agreement with EMR, pursuant to which EMR agreed to lend the Company up to $10,000,000 in two tranches (the "2018 Loan"). In addition, the closing of the first tranche of the 2018 Loan was completed in the amount of $5,000,000. The 2018 Loan matures 18 months from the date of issuance, and bears interest at the rate of 12%, compounded quarterly. The principal amount of the 2018 Loan, in whole or in part, is convertible into common shares of the Company at EMR's option, at a price per common share of C$0.50. In addition, interest on the 2018 Loan is payable in common shares at the market price of the Company's shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange.

When estimating the initial fair value of the first tranche of the debt host and embedded derivative liability components of the EMR convertible debt, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, which resulted in an implied volatility of 25.5% using a Black Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	**Tranche 1 inception July 19, 2018**	**December 31, 2018**
Market price	C$0.31	C$0.17
Conversion price per common share	C$0.50	C$0.50
Risk-free interest rate	1.92%	1.86%
Expected volatility	25.50%	25.84%
Expected dividend yield	0%	0%
Expected life (years)	1.50	1.083

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	$	5,000,000
Less derivative component		(40,432)
Value assigned to convertible debt	**$**	**4,959,568**

The changes in the convertible debt are as follows:

Opening balance	$	-
Value assigned to convertible debt		4,959,568
Accretion		13,441
Convertible debt balance as at December 31 2018	**$**	**4,973,009**

The changes in the derivative liability are as follows:

Opening balance	$	-
Fair value assigned at loan inception		40,432
Change in fair value of derivative liability		(40,432)
Balance as at December 31, 2018	**$**	**-**

On October 29, 2018 the Company closed the second tranche of the 2018 Loan from EMR in the amount of $5,000,000.

When estimating the initial fair value of the second tranche of the debt host and embedded derivative liability components of the 2018 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, which resulted in an implied volatility of 40.5% using a Black Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	**Tranche 2 inception October 29, 2018**	**December 31, 2018**
Market price	C$0.225	C$0.17
Conversion price per common share	C$0.50	C$0.50
Risk-free interest rate	2.25%	1.86%
Expected volatility	40.50%	40.71%
Expected dividend yield	0%	0%
Expected life (years)	1.30	1.083

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	$	5,000,000
Less derivative component		(29,722)
Value assigned to convertible debt	**$**	**4,970,278**

The changes in the convertible debt are as follows:

Opening balance	$	-
Value assigned to convertible debt		4,970,278
Accretion		13,441
Convertible debt balance as at December 31 2018	**$**	**4,983,719**

The changes in the derivative liability are as follows:

Opening balance	$	-
Fair value assigned at loan inception		29,722
Change in fair value of derivative liability		(2,415)
Balance as at December 31, 2018	**$**	**27,307**

Liquidity

At December 31, 2018, the Company had working capital of ($10,794,226), compared to ($6,470,512) at December 31, 2017, with cash of $4,314,583 as at December 31, 2018, compared to $6,759,699 as at December 31, 2017.

The Company intends to use its cash for funding its fieldwork, engineering, project permitting activities, corporate operations, and ongoing fundraising.

The Company's future is dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its ongoing operations, permitting and technical work, and ultimate project development and construction. The Company's ability to raise such financing in the future will depend on the prevailing market conditions, as well as the Company's business performance. There are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern given its history of losses, accumulated deficit, limited operating history in the fertilizer sector, and dependence upon future financing As there can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company, there is substantial doubt about the Company's ability to continue as a going concern. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities to develop this project or any new projects, or to otherwise respond to competitive pressures. See "Risk Factors."

Outstanding Share Data

As at December 31, 2018, the Company's fully diluted share capital is as follows:

	Number of shares
Voting and non-voting common shares outstanding as at December 31, 2018	211,557,877
Restricted share units (average remaining life of of 9 years)	5,183,314
Share purchase warrants (weighted average exercise price of C$0.36 and average remaining life of .33 years).	750,000
Share purchase options (weighted average exercise price of C$0.43 and average remaining life of 2.27 years).	5,175,000
Total common shares outstanding, assuming exercise of all restricted share units, share purchase warrants and share purchase options - as at December 31, 2018	**222,666,191**

As at April 23, 2019, the Company's fully diluted share capital is as follows:

	Number of shares
Voting and non-voting common shares outstanding as at April 23, 2019	253,433,526
Restricted share units (average remaining life of of 8.73 years)	4,543,102
Share purchase warrants (weighted average exercise price of C$0.36 and average remaining life of .06 years).	750,000
Share purchase options (weighted average exercise price of C$0.43 and average remaining life of 2.38 years).	5,050,000
Total common shares outstanding, assuming exercise of all restricted share units, share purchase warrants and share purchase options - as at April 23, 2019	**263,776,628**

Details of share capital can be found in Note 11 to the Company's Annual Financial Statements.

OTHER INFORMATION

Significant Accounting Policies

As described in Note 2 to the Annual Financial Statements, the Company's Consolidated Annual Financial Statements were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The Company did not adopt any new or revised accounting standards during the year ended December 31, 2018.

The future accounting standards and pronouncements currently under consideration by the Company are disclosed in Note 2 to Company's Consolidated Financial Statements for the year ended December 31, 2018.

The Company's critical accounting estimates and judgments are described in Note 3 to the Consolidated Financial Statements.

Off Balance Sheet Transactions

The Company has not entered into any off-balance-sheet arrangements.

Proposed Transactions

There are no proposed transactions at this time.

Investment in Associate

In connection with the May 26, 2011 Amalgamation, the Company acquired the net assets and liabilities of a private company, which assets included an investment in Emerald Peak, a related party. The investment was recorded using the equity method. Effective October 2018, the State of Utah introduced an annual royalty of the greater of 5% of production revenues allocated to the state leases and a $25,000 minimum annual royalty. Peak Minerals agreed to pay Emerald Peak Minerals the $25,000 for the 2018 minimum annual royalty. For the year ended December 31, 2018, the Company paid $65,000 ($40,000 for the year ended December 31, 2017) to Emerald Peak in conjunction with the Emerald Peak Agreement. Details of the Emerald Peak Agreement can be found in Note 7 to the Company's Consolidated Annual Financial Statements. No accounts payable or receivable between the parties existed as at December 31, 2018 or December 31, 2017.

Effective December 31, 2018, Peak Minerals Inc. made a commitment to purchase all of the membership interests of Emerald Peak held by both the Estate of Jeff Gentry, and Lance D'Ambrosio for $349,452. Peak Minerals also received an assignment of membership interests and that portion of the capital account attributable to the purchased interests, but did not receive the rights to their combined 4.5% future overriding royalties. The transactions were closed in the first quarter 2019.

Related Party Transactions

The Company's related party transactions are disclosed in Note 16 to the Company's Consolidated Annual Financial Statements and include:

- the Company's investment in Emerald Peak;
- compensation paid or payable to the Company's senior officers and directors; and
- Convertible note agreements with EMR.

Commitments and Contingencies

The Company's commitments and contingencies are disclosed in Note 17 to the Company's Consolidated Annual Financial Statements and include details concerning:

- the Company's commitments under its agreement with LUMA; and
- the Company's office lease commitments.

Risk Factors and Uncertainties

Until the Company's amalgamation on May 26, 2011, it had no operations. The Company's intention is to focus its near-term efforts on its Sevier Playa Project in Utah. A number of factors should be considered carefully when considering risk related to the Company's proposed business and include the following:

Risk Factors Related to the Company's Activities

The Company is dependent on the Sevier Playa Project.

At present, the Company's only property interest is the Sevier Playa Project. As a result, any adverse developments affecting the Sevier Playa Project could have a material adverse effect on the Company and would materially and adversely affect the Company's potential mineral resource production, profitability, financial performance, and results of operations. While the Company may seek to acquire additional mineral properties that expand or complement the Sevier Playa Project and are consistent with the Company's business objectives, it cannot assure that it will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties on acceptable terms.

If production commences, the Company's primary business will be the production and marketing of SOP. As a result of its product focus and domestic geographic focus, the Company would likely be impacted more acutely by factors affecting the SOP industry or the regions in which the Company sells its products than if the business were more diversified. A decrease in the demand for SOP could have a material adverse effect on financial condition and results of operations. Similarly, a large increase in SOP supply could also materially impact financial condition more than more diversified competitors.

Mineral reserve and resource estimates may prove inaccurate.

The mineral reserve and resource figures referred to herein or in documents filed by the Company from time to time in Canada and available on SEDAR at www.sedar.com are estimates only, and the Company cannot assure that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized, or that mineral reserves and resources could be mined or processed profitably. There are numerous uncertainties inherent in estimating mineral reserves and resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any resource or reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Lower market prices, increased production costs, reduced recovery rates, and other factors may render the Company's mineral reserves and resources uneconomic to exploit. Reserve and resource data are not indicative of future results of operations. If the Company's actual mineral reserves and resources are less than current estimates or if the Company fails to develop its mineral reserve resource base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected. The Company will evaluate mineral resources from time to time and may change its estimates depending on further hydrogeological interpretation, drilling results, and mineral prices. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Until mineral resources are actually mined and processed, the quantity of mineral resource grades must be considered as estimates only.

The grade of brine that is recovered may vary from projections due to the complex geology and hydrogeology of mineral resources, which could adversely affect SOP production and financial results.

SOP production, if commenced, will be affected by the brine grade, or potassium content of the brine. The Company's projections of brine grade may vary from time to time, and the amount of SOP that is actually produced may vary substantially from projections. There are numerous uncertainties inherent in estimating brine grade, including many factors beyond the Company's control. The Sevier Playa Project sediments have complex hydrogeology. An unexpected reduction in the grade of the brine resources could decrease SOP production because the Company would need to process more brine to produce the same amount of saleable-grade product. As a result, the Company's expected future cash flows could be materially and adversely affected.

Projections contained in the FS may not be achieved.

There are many risks and unknowns inherent in resource projects, and the economic feasibility of the Sevier Playa Project is based on many factors. The Sevier Playa Project has no operating history upon which to base estimates of future cash flow. The capital expenditures and time required to develop any new project are considerable, and changes in capital, operating costs, and construction schedules can affect project economics. It is possible that actual capital and operating costs may increase significantly and economic returns may differ materially from the Company's estimates; that prices of SOP may decrease significantly; that the Company could fail to obtain the satisfactory governmental approvals necessary for operations; or the Company cannot obtain project financing on acceptable terms and conditions or at all. In such case, the Sevier Playa Project may not proceed either on its original timing or at all. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated. The Company cannot assume that the principal favorable preliminary conclusions reached in the FS will be confirmed or will not be substantially qualified, conditioned, or restricted.

The Company may be unable to raise sufficient capital to construct the Sevier Playa Project.

If the Company decides to commence production, it will require significant amounts of capital, and the Company's ability to obtain the necessary funding will depend on a number of factors, including the status of the national and worldwide economy and the price of SOP. Fluctuations in production costs, material changes in the mineral estimates and grades of mineralization, or changes in the political conditions or regulations in the United States may make placing the Sevier Playa Project into production uneconomic.

Resource exploration and development are capital-intensive. The Company will need to make significant capital expenditures in connection with the development of the Sevier Playa Project. The Company's feasibility study has concluded that the project is economically viable. However, additional funds, probably on the order of magnitude of several hundreds of millions of dollars, will be required for the development of an economic mineral body and to place it in commercial production. The Company may not have the equity base, financial and operational credibility, or expertise to obtain the required capital and may need to seek joint venture partners or sell all or a portion of its interest in the project, which could reduce or eliminate the Company's retained interest. The Company cannot assure that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause the Company to reduce or terminate its proposed operations.

The conclusions of the feasibility study depend on estimates of future SOP market prices, SOP availability from competitors, and agricultural economics as well as customer application rates.

The feasibility and economic viability of the Sevier Playa Project depend on the anticipated world market for SOP and other products. The Company is unable to accurately predict future market conditions. Crop growers, which are the principal users of SOP products for fertilizer, are continually seeking to maximize their economic returns, which may impact the application rates for SOP products. Growers' decisions regarding the application rate for SOP, including whether to forgo application altogether, may vary based upon many factors, including crop and SOP prices and nutrient levels in the soil.

Resource exploration and development operations are subject to a variety of risks and hazards.

The process of resource exploration and development involves risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, or acts of nature. These risks and hazards could lead to events or circumstances that could result in the complete loss of a project; damage, impairment, or destruction of mineral properties and future production facilities; environmental damage; delays in exploration and development; and personal injury or death.

The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the Company's control. These factors include market fluctuations; the proximity and capacity of natural resource markets and processing equipment; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Although the Company evaluates risks and carries insurance policies to mitigate the risk of loss when economically feasible, not all of these risks are reasonably insurable, and insurance coverage may contain limits, deductibles, exclusions, and endorsements. The Company cannot assure that its coverage will be sufficient to meet its needs. Uninsured losses may have a material adverse effect on the Company.

Resource exploration and development depend on obtaining and maintaining the required permits and approvals from governmental authorities.

Minerals exploration and development requires numerous governmental, environmental, mining, and other permits, leases, and approvals authorizing operations. A decision by a governmental agency to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could prevent or limit the ability to continue exploration and development at the affected project and have a material adverse effect on the Company's proposed business, financial condition, and exploration results. In addition, the federal government will require an environmental impact statement as a condition of approving the ultimate development and construction of a recovery facility at the Sevier Playa Project. A decision by a government agency to deny or delay issuing a new or renewed permit, lease, or approval, or to revise or substantially modify an existing permit or approval, could prevent or limit the ability to continue exploration and development activities at the Sevier Playa Project and have a material adverse effect on the Company's business.

The Company may be unable to satisfy lease terms.

The exploration, development, and future mining operations will take place on land that is leased from federal and state governmental authorities. Existing leases comprising the Sevier Playa Project generally require the Company to commence mining operations by a specified time and to diligently develop and continue minerals recovery in order to retain the lease. The loss of a lease could adversely affect the ability to mine the associated deposit. Also, existing leases require the Company to pay royalties based on the revenue generated by SOP produced from the leased land. The royalty rates are subject to change with future lease renewals, which could lead to significant future increases in royalty rates that would reduce profit margins and, if such increases were significant, would adversely affect operating results.

Seasonal conditions may have an adverse effect on exploration, development, and future operating results.

The fertilizer business is seasonal, with operating results that vary from quarter to quarter as a result of crop growing and harvesting seasons and weather conditions, as well as other factors. If it commences commercial SOP production, the Company anticipates that future quarterly financial results could vary significantly from one year to the next due to weather-related shifts in planting schedules and purchasing patterns. In the future, if seasonal demand is less than expected, the Company will be left with excess inventory and higher working capital and liquidity requirements.

The Company's future operating results will be dependent in part upon conditions in the agriculture markets. The agricultural products business can be affected by a number of factors, the most important of which, for United States markets, are weather patterns, soil conditions (particularly during periods of traditionally high crop nutrients application), and quantities of crop nutrients imported to and exported from North America.

Prices of natural gas and other important materials and energy that will be used in the business are volatile. Changes in the prices of such materials or energy, or disruptions to supply, could adversely impact the Company's results of operations or cash flow.

Natural gas, electricity, and other consumables, such as chemicals and fuel, are key materials used in the exploration, development, and production of mineral resources. Future results of operations may be impacted by the price and availability of these materials and other energy costs. A significant increase in the price of natural gas, electricity, and fuel that is not recovered through an increase in the Company's funded exploration budget or, if production commences, in the price of SOP, or an extended interruption in the supply of natural gas, electricity, water, or fuel to production facilities, could materially and adversely affect the Company's business, financial condition, or operating results.

A portion of the Company's future fertilizer business is expected to be dependent upon international sales.

The Company will face intense global competition from both SOP and MOP producers, and new competitors may enter the Company's markets. Changes in SOP competitors' production or marketing focus could have a material impact on the Company's future business. An abundance of either type of potash product in the domestic or worldwide markets could unfavorably impact the sales prices the Company can charge for specialty SOP fertilizer.

The Company's business is dependent upon highly skilled personnel, and the loss of key personnel may have a material adverse effect on its results of operations.

The success of the Company's business is dependent on its ability to attract and retain highly skilled executives, technical employees, consultants, and other personnel. The Company cannot assure that it will be able to attract and retain the personnel necessary for the efficient operation of its business. The loss of the services of key personnel or the failure to attract additional personnel as required could have a material adverse effect on the results of operations and could lead to higher labor costs or the use of less-qualified personnel. The Company does not currently maintain "key person" life insurance on any of its key employees.

Environmental laws and regulation may subject the Company to significant costs and liability and require it to incur additional costs in the future.

The Company is subject to numerous business, environmental, health, and safety laws and regulations in the United States, including laws and regulations relating to land reclamation, remediation of hazardous substance releases, and discharges to soil, air, and water, with which it must comply to effectively operate its business. Current environmental laws and regulations may become more stringent and require material expenditures for continued compliance. Environmental remediation laws such as the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), impose liability, without regard to fault or to the legality of a party's conduct, on certain categories of persons (known as "potentially responsible parties") who are considered to have contributed to the release of hazardous substances into the environment. In the future the Company may incur material liabilities under CERCLA and other environmental cleanup laws regarding its facilities. Under CERCLA or Utah analogues, a party such as the Company may, under some circumstances, be required to bear more than its proportional share of cleanup costs at a site where it has liability if payments cannot be obtained from other responsible parties, such as the previous company, now no longer in existence, that conducted operations in the Sevier Playa Project area. Liability under these laws involves inherent uncertainties. Violations of environmental, health, and safety laws are subject to civil and, in some cases, criminal sanctions.

Climate change legislation and the physical effects of climate change may have a negative effect on the Company's business and operations.

Continued government and public emphasis on environmental issues, including climate change, can be expected to result in increased future investments for environmental controls at the Company's proposed operations, which would be an initial capital expenditure and a later charge against income from future operations. The potential physical effects of climate change on future customers, and subsequently on business and operations, are highly uncertain and will be particular to the circumstances developing in various geographical regions where the Company's facilities and customers are located. These effects may include changes in weather patterns (including drought and rainfall levels), water availability, storm patterns and intensities, and temperature levels.

Any decline in United States agricultural production or limitations on the use of the Company's products for agricultural purposes could materially and adversely affect the market for the Company's products.

Conditions in the United States agricultural industry can significantly impact the Company's future operating results. The United States agricultural industry can be affected by a number of factors, including weather patterns and field conditions, current and projected grain inventories and prices, the domestic and international demand for United States agricultural products, and United States and foreign policies regarding trade in agricultural products.

State and federal governmental policies, including farm and ethanol subsidies and commodity support programs, may also directly or indirectly influence the number of acres planted, the mix of crops planted, and the use of fertilizers for particular agricultural applications. In addition, there are various city, county, and state initiatives to regulate the use and application of fertilizers due to various environmental concerns.

Some of the Company's competitors have greater capital and human resources than it has, which may place the Company at a competitive disadvantage and adversely affect its sales and profitability.

If production commences, the Company will compete with a number of potassium and potassium product producers in North America and throughout the world. Some of these competitors may have greater total resources than the Company. Competition in product lines is based on a number of considerations, including transportation costs, brand reputation, price, and quality of client service and support. To become competitive, the Company needs to invest continuously in production infrastructure, marketing, and customer relationships. The Company may be required to adjust the prices of some of its products to stay competitive. It may also need to borrow funds and become more highly leveraged. The Company may not have sufficient resources to continue to make such investments or maintain its competitive position relative to some of its competitors with greater capital and human resources. To the extent other SOP producers enjoy competitive advantages, the price of the Company's future products and its sales volumes and profits could be materially and adversely affected.

The Company may be subject, from time to time, to litigation and may be involved in disputes with other parties in the future, which may result in litigation.

Claims to-date have not resulted in material adverse consequences however the Company cannot accurately predict the outcome of any litigation. If the Company cannot resolve disputes favourably, the Company's activities, financial condition, results of operations, future prospects and share price may be materially adversely affected.

Market upheavals due to global pandemics, military actions, terrorist attacks, and any global and domestic economic repercussions from those events could reduce sales and revenues.

Global pandemics, actual or threatened armed conflicts, future terrorist attacks, or military or trade disruptions affecting areas where the Company's competitors or the Company does business may disrupt the global market for SOP and adversely affect the feasibility of commercial production at the Sevier Playa Project. As a result of such widespread disruptions, competitors may increase their sales efforts in the Company's geographic markets, and pricing of SOP may suffer. If this occurs, the Company may lose sales to its competitors or be forced to lower prices, which would reduce revenues. In addition, due to concerns related to terrorism or the potential use of certain fertilizers as explosives, local, state, and federal governments could implement new regulations impacting the production, transportation, sale, or use of SOP.

Risk Factors Related to the Company and its Common Shares

The use of going concern principles in the Company's financial statements may ultimately be inappropriate.

The Company's financial statements are prepared using IFRS applicable to a going concern, which assumes the Company will continue to operate for the foreseeable future, realize its assets, and settle its liabilities in the normal course of operations. The use of these principles may ultimately be inappropriate since there is substantial doubt about the Company's ability to continue as a going concern because the Company has a history of losses and will require additional capital in order to develop the Sevier Playa Project or to pursue any new opportunities. The Company's future is currently dependent upon its ability to obtain sufficient cash from external financing and related parties in order to pay its liabilities, including the EMR loan, as they become due. Management is seeking financing alternatives in connection with the opportunities it reviews. Although management's financing efforts have been successful in the past, the Company cannot assure that the steps management is taking will be successful in the future.

The common shares are currently listed on the TSXV and trade on the OTCQX, and the Company cannot assure that the shares will be listed or traded on any other exchange.

The common shares are currently listed on the TSXV and trade on the OTCQX and not on any other stock exchange, and the Company cannot assure that its shares will be listed or traded on any other exchange. The holding of common shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Persons who cannot afford the possibility of the loss of their entire investment should not hold common shares. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Certain of the Company's directors and officers are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies.

Certain of the Company's directors and officers are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies, and as a result of these and other activities, such directors and officers may become subject to conflicts of interest. In the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter respecting such contract or agreement. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the Company's governing statutes, but the Company cannot assure that such conflicts will be, in all cases, resolved in its best interests.

The Company has no recent history of earnings or of a return on investment, and the Company cannot assure that the Sevier Playa Project or any other property or business will generate a return.

The Company has no recent history of earnings or of a return on investment, and the Company cannot assure that the Sevier Playa Project or any other property or business that the Company may acquire or undertake will generate earnings, operate profitably, or provide a return on investment in the future. The Company has no plans to pay dividends in the future. The Company's Board of Directors will determine the Company's future dividend policy.

The Company has no operating history and no operating revenues.

The Company has no operating history and no operating revenues and does not expect to generate revenues in the next several years. The Company's Sevier Playa Project has no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from the Company's estimates. The Company cannot assure that the underlying assumed levels of expenses for the Sevier Playa Project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. The Company cannot assure that its Sevier Playa Project will move beyond the exploration stage into production or achieve commercial production or that it will produce revenue, operate profitably, or provide a return on investment in the future.

The market price of the common shares and the Company's financial results may be significantly and adversely affected by a decline in the price of SOP and other mineral commodities.

The market price of the Company's common shares and its financial results may be significantly and adversely affected by a decline in the price of SOP and other mineral commodities. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of mineral commodities, global and regional consumption patterns, speculative trading activities, the value of the United States dollar, and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, political systems, and political and economic developments. The price of mineral commodities has fluctuated widely in recent years, and future serious price declines could cause potential commercial production to be uneconomic. A severe decline in the price of SOP would have a material adverse effect on the Company.

SUBSEQUENT EVENTS

Convertible Debt Agreement

On January 2, 2019, the Company issued 7,758,401 common shares at a deemed value of $0.16 (C$0.21) per common share to settle an interest payment, and 29,201,455 common shares at a deemed value of $0.41 (C$0.55) per common share to settle the Loan in full, pursuant to the Loan Agreement. The Company remitted $212,748 (C$285,722) in non-resident Canadian withholding tax to the Canadian Revenue Agency ("CRA") related to the interest payment, pursuant to the Loan Agreement.

On March 29, 2019, the Company issued 4,275,581 common shares at a deemed value of $0.14 (C$0.185) per common share to settle an interest payment, The Company remitted C$139,608 in non-resident Canadian withholding tax to the Canadian Revenue Agency ("CRA") related to the interest payment, pursuant to the Loan Agreement.

Share Release

On March 27, 2019, RSU vesting requirements were met and 640,212 common shares were released to certain directors.

Acquisition of Remaining Interests in Associate

In January 2019 and March 2019, the Company acquired the remaining membership interests in Emerald Peak Minerals LLC for $349,452 (Note 7 of Annual Financial Statements).

Subscription Agreement

Effective April 24, 2019, the Company entered into a subscription agreement with EMR, pursuant to which the Company will issue EMR 39,215,686 units at a price of C$0.17 per unit for gross proceeds of C$6,666,666 (U$5,000,000). Each unit will be composed of one common share, and one-half of one common share purchase warrant for an aggregate of 39,215,686 common shares and 19,607,846 warrants. Each warrant will entitle EMR to subscribe for one common share at a price of C$0.21 per share for a period of 18 months following closing, subject to the approval of the TSX Venture Exchange.