

FORM 51-102F1

**MANAGEMENT'S DISCUSSION & ANALYSIS
PURE ENERGY MINERALS LIMITED
(THE "COMPANY" OR "PURE ENERGY")**

November 29, 2018

The following management's discussion & analysis ("MD&A") provides a review of activities, results of operations and financial condition of the Company for the three months ended September 30, 2018, in comparison with the three months ended September 30, 2017. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The following discussion and analysis should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2018 (the "Financial Statements") and the annual MD&A for the year ended June 30, 2018. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. The reader will note several references cited in the text, the details of which are provided at the end of the document.

Forward-Looking Statements

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar terms, or statements that certain events or conditions "might", "may", "could" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and is subject to a variety of risks, uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain qualified personnel, competition for drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risk Factors", as well as in our public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations, except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

BUSINESS OVERVIEW

Pure Energy is a public company incorporated under the laws of British Columbia. The Company is a reporting issuer in British Columbia and Alberta, and its common shares are listed and posted for trading on the TSX Venture Exchange (the “TSX.V”) under the trading symbol "PE". In addition, the Company trades on the OTCQB trading platform in the United States under the trading symbol “PEMIF” and on the Börse Frankfurt (Stock Exchange) under the trading symbol “AHG1”. On October 18, 2012, the name of the Company was changed from Harmony Gold Corp. to Pure Energy Minerals Limited. The Company’s offices are located at 1400 – 1111 West Georgia Street, Vancouver, B.C. V6E 3M3.

Pure Energy is a mineral resource company engaged in the exploration and development of mineral properties, with a specialized focus on lithium brines and related processing of brines into lithium compounds. Its primary material project is the Clayton Valley Lithium Brine Project (the “CV Project”), located in Clayton Valley, Esmeralda County, Nevada. The CV Project is still at the exploration stage, but has advanced through various preliminary engineering and processing studies. The Company has focused its business plan on producing high value lithium compounds such as Lithium Hydroxide Monohydrate (LiOH•H₂O) and Lithium Carbonate (Li₂CO₃), which are primarily used in the growing Lithium Ion Battery market.

The Company’s primary objective is to advance the CV Project toward production. An amended and restated preliminary economic assessment (“PEA”) technical report on the CV Project was filed on SEDAR on April 5, 2018. The next critical step of project development is to work with the Company’s key engineering providers to permit, construct and operate a pilot plant to scale up previous mini-pilot plant test work, confirm the innovative lithium extraction process (the “Tenova Process”) in continuous operation and at a larger scale, develop design and engineering criteria for a future feasibility study, and produce samples of high purity lithium hydroxide for testing by potential customers. The pilot plant is expected to cost up to US\$25 million to build and operate, and this step will be a major focus of Company management for the next 12-15 months. Further details on the CV Project and the revised PEA technical report are discussed below.

On March 9, 2017, the Company announced that it had acquired a purchase option on a second lithium brine project at Pocitos Salar in the Salta Province of Argentina. The Company executed a definitive agreement concerning the new property (designated the “Terra Cotta Project”) during the first calendar quarter of 2017. The Company did some initial exploration during the fiscal year, including surface geophysics, near-surface brine sampling, and deep drilling with brine sampling, but has limited further activity on the project in the current economic environment. The Pocitos Salar lies in the heart of the Lithium Triangle amidst several productive lithium salars. It also benefits from excellent infrastructure, accessible by an all-season provincial highway and lying immediately adjacent to a natural gas pipeline and an operating rail line.

Based on drill results, during the year ended June 30, 2018, management decided to write the cost accumulated on the Terra Cotta Project down to \$50,000 as an asset impairment. While management still believes that the project is of merit and warrants continued development, lack of project activity and budget, due to market conditions, warranted a write-down under IFRS accounting guidelines. As such, the Company recorded an impairment loss of \$3,916,344 on the Terra Cotta Project for the year ended June 30, 2018.

The Company is in the process of exploring and developing its principal mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's

interest in the underlying mineral claims, receipt of all applicable operating permits in the relevant jurisdictions, the ability of the Company to obtain necessary financing to complete development and future profitable production or proceeds from the disposition thereof.

The Company currently has a very low cash balance and a substantial net working capital deficit. The team is working diligently to seek financing to meet its cash needs, and discussions regarding equity and debt arrangements are active with multiple interested parties. The Company has limited financial resources compared to its proposed expenditures, no source of operating income and no assurance that additional funding will be available to it for current or future projects, however, the Company has been successful in the past in financing its activities through the sale of equity securities.

MARKET CONTEXT AND OUTLOOK

Pure Energy has focused its business plan on producing high value lithium compounds such as Lithium Hydroxide Monohydrate ($\text{LiOH}\cdot\text{H}_2\text{O}$) (“lithium hydroxide”), which is primarily used in the growing Lithium Ion Battery market. Because of that focus, the Company tries to monitor closely the salient trends, developments and conditions of the lithium market.

Although lithium demand has grown steadily from its lows in 2009, the worldwide market for lithium is still relatively small compared to other metallic commodities, and its pricing is opaque, with most sales of lithium products under private contracts. Lithium and lithium compounds are not currently quoted on any recognized exchanges, although the London Metal Exchange is reported to be planning to introduce a lithium contract by the end of 2019.¹ Lithium supply and demand statistics are often reported in terms of lithium carbonate equivalent (LCE), because lithium carbonate has been the most common form of lithium delivered into the battery market. In June 2018, Benchmark Mineral Intelligence (“Benchmark”) estimated that global demand for lithium would grow from around 200,000 tonnes on an LCE basis in 2017 to approximately 724,000 tonnes in 2025, an annual growth rate of more than 17%.² Most experts agree that the lithium-ion battery sector will be the primary driver of this rapid growth.

Lithium batteries are now the norm in almost all consumer electronics, and they have made significant inroads in power tool applications. However, electric vehicles (“EVs”) are most likely to lead the accelerating demand for lithium in the near to medium term. The mass of lithium in the larger battery packs that power EVs is a big part of their impact. EVs use tens of kilograms of LCE per unit as opposed to grams per unit in mobile phone batteries.

A recent presentation by Benchmark showed more than 40 lithium-ion battery gigafactories (i.e., factories capable of producing batteries with more than 1 gigawatt-hour of electrical storage capacity) slated for expansion and new development over the coming years.³ These plants would expand global production capacity for lithium-ion batteries from an estimated 135 GWh in 2017 to approximately 564 GWh over the next several years.⁴ This rapid pace of development is understandable, given hundreds of billions of dollars of investment in electrification of the worldwide vehicle fleet announced by auto and truck manufacturers. Announcements by battery makers constitute a cumulative tens of billions of dollars of potential additional investment in the lithium supply chain for expansion and construction of new battery plants.

Portable electronics and EVs are not the only drivers of lithium demand. Large format grid storage batteries are under consideration by utilities and their customers around the world. These batteries can be used to store energy from intermittent power sources, such as wind and solar plants, and stabilize the distribution of that power into the grid. Grid storage batteries are also seeing increased use by businesses and residential customers. Green Tech Media estimates that annual energy storage capacity in the US reached almost 330 megawatts in 2017, and it forecasts that number will exceed 2.5 gigawatts in 2022.⁵

These energy storage batteries are another potentially large consumer of lithium, although there are a variety of other battery compositions being researched for these applications where battery weight is not a significant consideration.

The past several years have seen significant changes in the historical structure of global lithium production due to a variety of factors. Lithium demand growth from the proliferation of battery-powered electronics, power tools and electrification of transportation triggered a rapid rise in lithium prices, but the “Big 3” lithium producers historically (Albemarle, FMC and SQM) were slow to add significant new production. Although now all of the major lithium producers have announced significant expansions or new project developments to be built over the next several years, it has been reported that existing lithium producers had struggled somewhat to keep up with rising demand.⁶

In the meantime, to fill the needs for additional supply, two major Chinese companies and several junior mining companies have achieved production status or are well along the development path. Orocobre Limited brought onstream in 2015 the only new lithium brine mine developed in the last twenty-plus years at Salar de Olaroz in Argentina and has been gradually expanding production since.⁷ Tianqi Lithium acquired Talison Lithium and its Greenbushes hard-rock lithium mine in Western Australia in 2013 and subsequently sold a 49% stake in Greenbushes to Albemarle. Jiangxi Ganfeng Lithium (“Ganfeng”) acquired a 43% stake in the restarted Mt. Marion spodumene mine in Western Australia and has made several investments into other junior mining companies to promote project development including NeoMetals Ltd., Pilbara Minerals Ltd., Lithium Americas Corp. and International Lithium Corp. (Ganfeng’s other partners in the Mt. Marion mine operation are Mineral Resources Corp. and NeoMetals Ltd.). Galaxy Resources Ltd. restarted the Mt. Cattlin hard rock lithium mine in 2016 through an operating and purchase option agreement with General Mining Corporation. Pilbara Minerals shipped its first spodumene concentrate from the Pilgangoora mine in Western Australia in 2018, and Altura Mining is reported to be readying the first concentrate shipment from its new Pilgangoora spodumene mine.⁸ Lithium Americas’ Cauchari-Olaroz lithium brine project is under construction in Argentina, and Nemaska Lithium Inc. recently completed a financing package of Can\$1.1 billion to develop its Whabouchi mine and Shawinigan processing plant to produce lithium chemicals in Quebec. Although the traditional “Big 3” lithium producers were slow to respond, the significant rise in lithium prices over the past several years has clearly triggered a much broader supply side response.

The increasing number of lithium supply sources, particularly for spodumene concentrate which is typically converted into salable lithium chemicals in China, appears to be having an impact on lithium spot pricing in China. Reported Chinese spot prices for lithium carbonate have declined 38%, since the beginning of 2018.⁹ However, there are rumored to be significant stocks of spodumene concentrate in China that have not yet found available conversion capacity, and overall, lithium prices outside China have remained strong. Albemarle (the world’s #1 producer), SQM (world #2) and FMC Corp. (world #4) have all publicly reported significant year-over-year lithium price increases and rising margins in their lithium business segments and have announced positive prospects for the remainder of the year, although SQM believes that second half 2018 prices may soften somewhat. For the calendar year 2017, the USGS reported an average battery grade lithium carbonate price of US\$13,900 per tonne, up 61% from the 2016 average,¹⁰ and Benchmark estimated an average 2017 lithium hydroxide price (FOB North America) of US\$15,594 per tonne, up from US\$12,683 per tonne in 2016.¹¹

Despite the current strong industry fundamentals, there has been a dramatic shift in capital market sentiment toward the lithium sector since early in 2018. In January 2018, SQM and the Chilean government reached a solution in a long-running dispute over SQM’s desire to expand its Chilean lithium production. SQM was given a higher production quota, but at much higher royalty rates (sliding scale), up to 40% on incremental production, when lithium carbonate prices are above \$10,000 per tonne, as they are currently. This settlement was followed in quick succession by Morgan Stanley and Wood Mackenzie

reports forecasting significant oversupply in lithium by 2019-20.¹² The combined impact of these factors has caused share prices to plunge from (mostly) January peak prices an average of 68% for a broad sample of 17 North American lithium juniors, 58% for a representative sample of 14 Australian and London traded juniors and more than 30% for the “Big 3” producers (through October 24, 2018).

THE CLAYTON VALLEY PROJECT

The Company’s primary objective is to advance the CV Project toward production. A Preliminary Economic Assessment (“PEA”) technical report on the CV Project was filed on SEDAR on August 10, 2017. A revised PEA technical report was filed on SEDAR on April 5, 2018 in response to comments received from the British Columbia Securities Commission. The next critical step of project development is to work with the Company’s key engineering providers to permit, design, construct and operate a pilot plant to scale up previous mini-pilot plant test work, confirm the innovative lithium extraction process (the “Tenova Process”) in continuous operation and at a larger scale, develop design and engineering criteria for a future feasibility study, and produce samples of high-purity lithium hydroxide for testing by potential customers. The pilot plant is expected to cost up to US\$25 million to build and operate, and this step will be a major focus of Company management for the next 12-15 months. Further details on the Project and the revised PEA technical report are discussed below.

The Company is in the process of exploring and developing its principal mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon (1) the discovery of economically recoverable reserves, (2) confirmation of the Company's interest in the underlying mineral claims, (3) receipt of all applicable operating permits in the relevant jurisdictions, (4) the ability of the Company to obtain necessary financing to complete development, and (5) future profitable production or proceeds from the disposition thereof.

The PEA is preliminary in nature, and it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

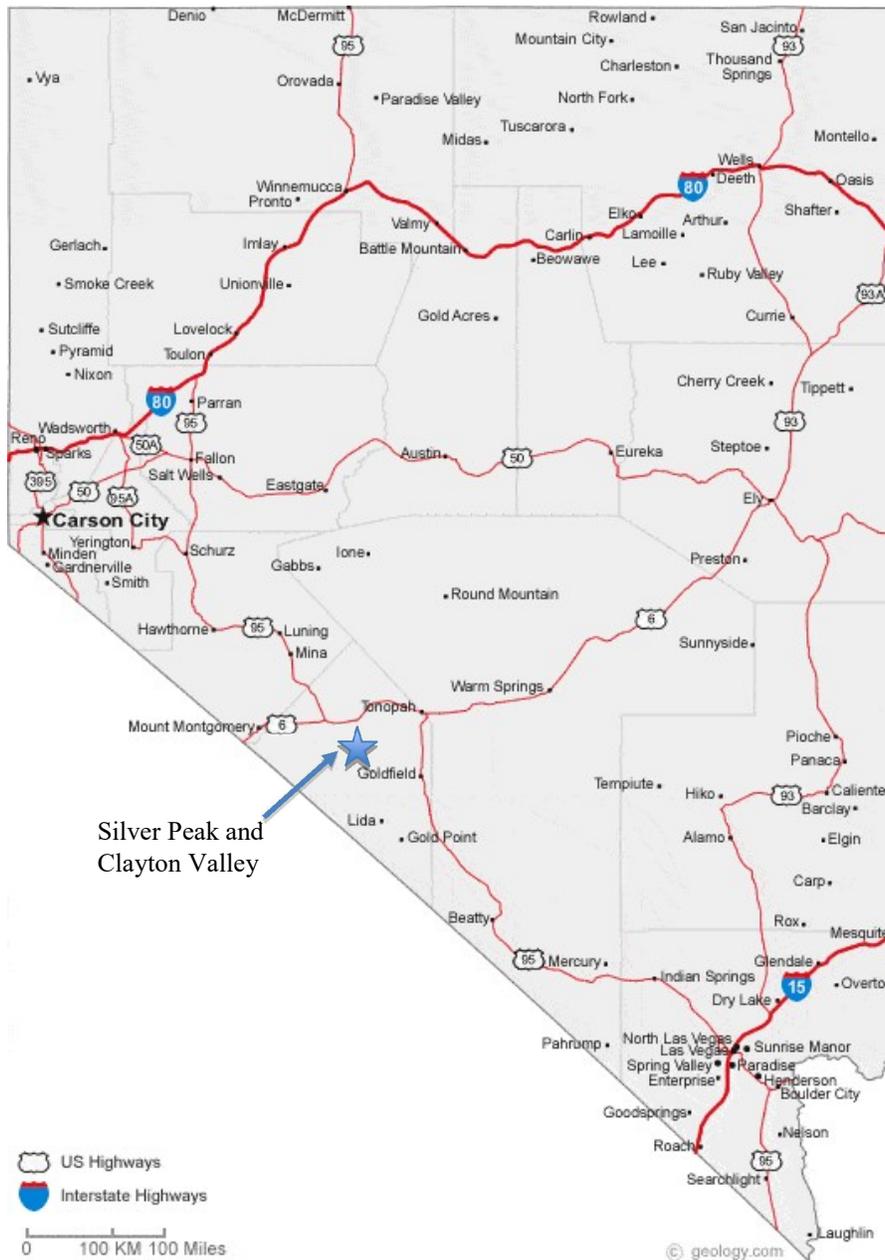
Clayton Valley Lithium Project Preliminary Economic Assessment, Esmeralda County, Nevada

Unless otherwise stated, the information that follows relating to the CV Project is derived from, and in some instances is an extract from, the Revised Technical Report entitled “Clayton Valley Lithium Project Preliminary Economic Assessment, Esmeralda County, Nevada” dated March 23, 2018 (the “Technical Report”) prepared by Ron Molnar, P.Eng of MetNetH₂O; Daniel S. Weber, P.G. of Montgomery & Associates; Ernie Burga, P.Eng. of Andeburg Consulting Services; Valerie Sawyer, P.E. of SRK Consulting; Raymond P. Spanjers; and Jeffrey A. Jaacks, CPG of Geochemical Applications International Inc. The authors of the Technical Report are “Qualified Persons” as such term is defined in NI 43-101 and are independent of the Company within the meaning of NI 43-101. Certain information below is based on assumptions, qualifications and procedures that are set out only in the Technical Report, and reference should be made to the full text of the Technical Report. We filed the Technical Report under our profile at www.sedar.com and on the Company’s website on April 5, 2018.

Property Description, Location and Access

As shown in the figure below, the CV Project is located in central Esmeralda County, Nevada, approximately halfway between Las Vegas and Reno.

Clayton Valley Project Location Map



Access to and across the site from Silver Peak is via a series of gravel/dirt roads. The main gravel roads that run south and southeast from Silver Peak into the project area are well maintained and easily accessible with a normal two-wheel drive (WD) vehicle. The minor gravel/dirt roads that crisscross the property are typically not maintained and can require four-WD vehicles to navigate safely, particularly after high winds have caused drifting sand to form on the roads.

Clayton Valley lies in a complex zone of disrupted geologic structure between the northwest trending Sierra Nevada Mountain Range to the west, and the north-south trending Basin and Range province to the north and east. The valley has a total watershed area of 1,437 km² (555 mi²), and the floor of the valley lies at an elevation of approximately 1,320 metres (4,320 feet) above sea level (ASL).

There is no permanent surface water in the Clayton Valley watershed, with the exception of the man-made evaporation ponds operated by Albemarle Corp. All watercourses are ephemeral and only active during periods of intense precipitation.

Clayton Valley has a generally arid to semi-arid climate, characterised by hot dry summers and cold winters. Precipitation is scattered throughout the year, with slightly more precipitation in late winter/early spring. The average potential evaporation rate for Esmeralda County exceeds the average annual precipitation, and on an annual basis, as much as 95 percent of the total precipitation is lost through evaporation and transpiration.

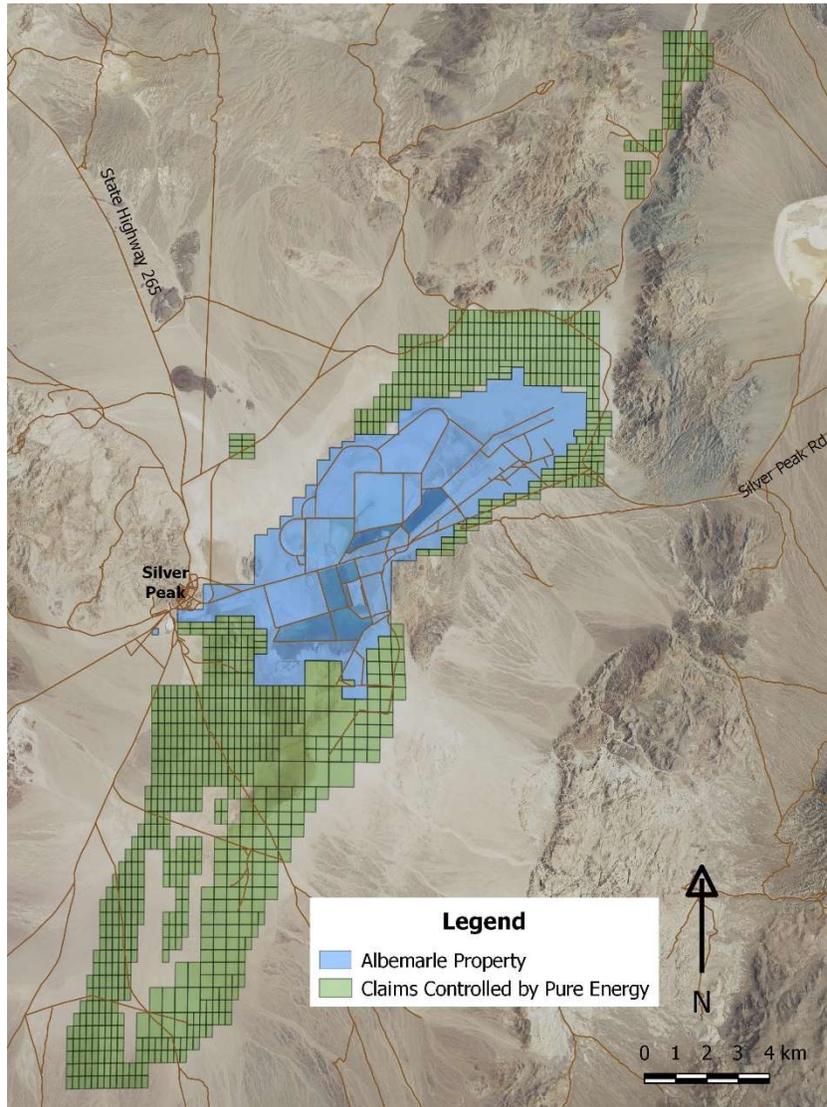
Mineral Tenure and Surface Rights

As described in the PEA technical report, the property consisted of 1,085 lithium placer claims covering about 10,600 ha in Clayton Valley. On August 24, 2017, the Company terminated its option to explore and develop potential claystone resources on a set of claims controlled by Cypress Development Corporation. In November 2017, the Company acquired 74 lithium placer claims covering 599 ha from Advantage Lithium and Nevada Sunrise. With these transactions, the property consisted of 1,083 lithium placer claims in Clayton Valley as of June 30, 2018.

In August 2018 the Company released 135 claims to better refine its land position. As a result, the Company controls 948 placer claims located in blocks to the south, east and north of Albemarle's existing lithium brine operation. In their entirety, the claims controlled by Pure Energy as of September 1, 2018 occupy approximately 94 km² (9,400 ha or 23,300 ac).

All 948 claims are located on unencumbered public land managed by the federal Bureau of Land Management (BLM), and shown in the claim map below. Of these, 541 claims representing about 4,400 ha are owned by the Company or its subsidiaries as the claimant, and 407 claims representing about 5,000 ha are leased through option agreements.

Figure 2. Clayton Valley Project Map



Climate and General Geology

Clayton Valley has a generally arid to semi-arid climate, characterized by hot dry summers and cold winters. Precipitation is scattered throughout the year, with slightly more precipitation in late winter/early spring. The average potential evaporation rate for Esmeralda County exceeds the average annual precipitation, and on an annual basis as much as 95 percent of the total precipitation is lost through evaporation and transpiration.

Clayton Valley is in the Basin and Range Province in southern Nevada and is an internally drained, fault-bounded and closed basin. Basin-filling strata, asymmetrically thicker to the east, compose the aquifer system that hosts and produces the lithium-rich brine. Multiple wetting and drying periods during the Pleistocene resulted in the formation of lacustrine deposits, salt beds, and lithium-rich brines in the basin.

Except for the freshwater aquifers occurring in alluvial fans composed of coarse-grained sediments on the higher elevation flanks of mountain fronts, the primary aquifer system within the Clayton Valley basin is composed of layered sequences of unconsolidated to semi-consolidated Quaternary playa (ephemeral lake) sediments and volcanic ash units. These lake sediments and volcanic ash units are host to Company's lithium brine Resource Estimate. The playa deposits are predominantly fine-grained, clastic sediments with some salt deposits and localized sand and gravel facies. Below these deposits is a basal conglomerate sequence, predominantly matrix supported pebble conglomerate, overlying bedrock composed of brecciated meta-siltstones and sandstones with partially silicified carbonates. Steeply dipping, normal faults largely control the basin geometry. Fault scarps on the east side of the valley expose tuffaceous and lacustrine sediments (claystones and siltstones). Exposed bedding of older sedimentary units in this area dips gently toward the basin center.

The lithium resource is hosted as a solute in a predominantly sodium chloride brine. Dissolved constituents in the brine, such as lithium, originate from multiple processes of mineral dissolution and precipitation, remobilization, geothermal circulation, and evaporation occurring in the basin aquifer.

Exploration

The United States Geological Survey (USGS) drilled 5 exploration holes in Clayton Valley in 1997 on what is now the Silver Peak operations patented property, all north of the original Pure Energy claims. Albemarle and others have stated that several hundred exploration and production wells, which ranged in depth from 70 metres to 355 metres (230 feet to 1160 feet), were drilled in the valley by the Silver Peak operation between 1964 and 2004. The drilled area encompassed some of the southern portion of Clayton Valley, including part of the Pure Energy claims.

Rodinia Lithium Inc. ("Rodinia") completed nine Dual Wall Reverse Circulation (DWRC) boreholes during 2010 around the perimeter of the existing Albemarle operation. Two of these boreholes, SPD-8 and SPD-9, located near the southeast portion of the Albemarle patented claims and within the current CV Project claims, penetrated zones of anomalous Li content. Locations of SPD-8 and SPD-9 are shown in the figure below.

Pure Energy commenced exploration drilling at the CV Project in 2014 and 2015 at exploration wells CV-1 and CV-2. Drilling continued at exploration wells CV-3 through CV-8 in 2016 and 2017. Drilling methods included DWRC, conventional mud rotary, and diamond-drill coring. Downhole geophysics and depth-specific sampling activities were conducted at all wells. Pure Energy staff and its consultants performed pumping tests to evaluate aquifer properties at CV-3, CV-7, and CV-8. Locations of exploration wells CV-1 through CV-8 are shown in the figure below.

The total work program completed at the CV Project to date has included:

- surface geophysics (gravity, seismic, and HSAMT) for bedrock control, stratigraphic information, basin boundary conditions, and fluid salinity;
- drilling and sampling exploration boreholes (SPD-8 and SPD-9) for lithology and hydrochemistry;
- drilling, constructing, and sampling wells (CV-1 through CV-8) for lithology, hydrochemistry, and aquifer parameters;
- borehole geophysical logging (natural gamma, temperature, fluid conductivity, induction resistivity, sonic, caliper, deviation, NMR, well video) for lithologic features, hydrostratigraphy, and aquifer characteristics;
- multi-day pumping tests (CV-3, CV-7, and CV-8) for aquifer parameters and brine chemistry;

- brine sampling for determining spatial variability of brine chemistry and brine process test work;
- laboratory (RBRC) and borehole geophysics (NMR) measurements for estimating drainable porosity; and
- water level monitoring for determining direction of groundwater movement, hydraulic gradient, and aquifer characteristics.
- Drilling and sampling of exploration boreholes performed by Nevada Sunrise in late 2016 and early 2017 on claims purchased by the Company in November 2017. These data were not available for inclusion in the PEA technical report.

Results indicate the aquifer penetrated by the Clayton Valley exploration wells is a single, multi-layer, unconfined aquifer system. The hydrostratigraphy has proven to be highly variable with poor correlation of units between most well locations, meaning neither clay confining units nor permeable sand units have extensive continuity.

Typically, at brine well locations, a shallow, fresher groundwater zone is first encountered, which is underlain by a transitional interface with increasing salt concentrations leading to consistent brine concentrations at depth. Historical results from SPD-8 and SPD-9 yielded the highest lithium content at SPD-9 and lower values at SPD-8. This relationship is consistent with results of newer logging and sampling conducted in the vicinity of these boreholes at exploration wells CV-1, CV-3, and CV-7. At those exploration wells, below the depth of the brine interface, lithium concentrations of discrete samples tend to increase with depth and in the northeast of the original Pure Energy claim block. Pump testing and larger volume samples have demonstrated consistent lithium grades over multi-day pumping periods.

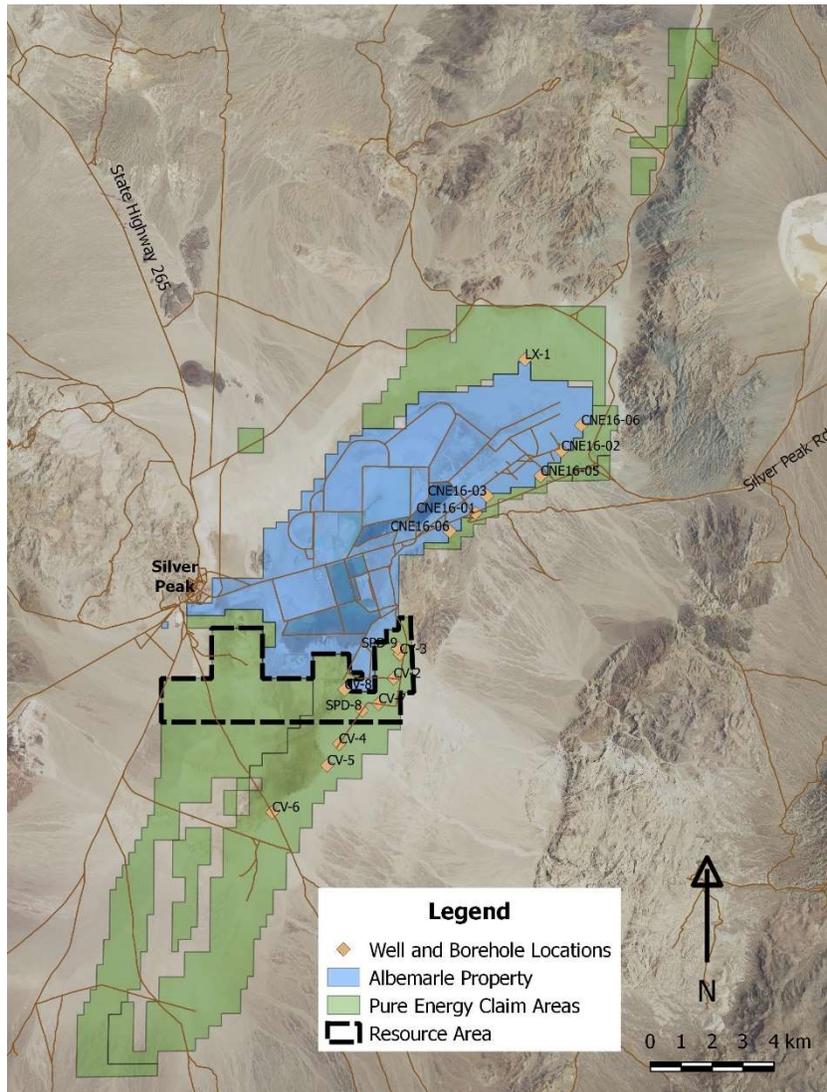
Data from the Clayton NE exploration boreholes collected in late 2016 and early 2017 show similar patterns of lithium grades increasing with depth in brine beneath the claims to the east of Albemarle's existing Silver Peak operation. No pumping tests have been performed at locations within the claim blocks acquired in 2017 from Nevada Sunrise and Advantage Lithium.

Sample Preparation, Analyses and Data Verification

The characterization of the lithium brine resource and quantification of the resource estimate requires collection and laboratory analysis of representative lithologic samples and brine samples. The lithologic samples provide information on the hydrostratigraphy of the brine aquifer as well as drainable porosity parameters. Brine samples provide an indication of the concentration or grade of lithium and other ions.

Independent qualified persons (“QPs”) verified the hydrochemical sample results for the PEA as well as the chain of custody documentation and quality assurance protocols employed by the Company. As documented in the PEA technical report, Pure Energy made use of accredited laboratories for brine analyses, and the chain of custody was simplified due to the use of in-state laboratories. The Company's project team carefully verified the original laboratory assay certificates before uploading and further processing the data in a database management system. The electronic database matches with original assay certificates and accurately reflects the data used in the resource estimate. These verifications confirm that the analytical results delivered by the participating laboratories and the exploration data are sufficiently reliable for the purpose of the resource estimate.

Clayton Valley Well and Borehole Location Map



Mineral Resource Estimate

The Resource Estimate at an Inferred mineral resource category for lithium is based on the total amount of lithium that is theoretically drainable from the aquifer system. The volumes within the resource area where lithium concentration is inferred to be less than the cutoff grade of 22 mg/L are not included in the resource calculations. In some areas, there are volumes of brine included in the Resource Estimate even where they extend beyond data points from wells. These zones (usually at depth below known data points or extending laterally from known data points) are included in the Resource Estimate based on the substantial amount of geophysical information obtained that justifies extrapolating the resource to its logical boundary conditions (such as lateral property or geological boundaries, lithological characteristics, or basin depth constraints imposed by the deepest project data point in well CV-8). The Resource Estimate does not include brine aquifer volumes at depths greater than the bedrock contact at CV-8 (below elevations of approximately 361 meters or 1,184 ft amsl). In some cases, deep brine aquifer volumes remain open for further exploration and characterization.

The lithium concentration volumes are used to calculate the drainable brine volume of the aquifer for the Resource Estimate using an estimated specific yield of 6 percent. The table below summarizes the Resource Estimate expressed as elemental lithium (Li), LiOH·H₂O and LCE at the Inferred category.

Inferred Resource Estimate for Lithium

	Average Lithium Concentration in Brine Volume (mg/L)	Brine Volume (m ³) x 10 ³	Specific Yield	Drainable Brine Volume (m ³) x 10 ³	Lithium (kTonnes)	LiOH·H ₂ O (kTonnes)	LCE (kTonnes)
Resource Volumes by Average Lithium Concentration	22	550,600	0.06	33,040	0.7	4.39	3.87
	65	2,424,000	0.06	145,400	9.5	57.16	50.32
	132	579,200	0.06	34,750	4.6	27.73	24.41
	221	1,971,000	0.06	118,200	26.1	158.00	139.09
Total	123	5,524,000	0.06	331,500	40.9	247.3	217.7

Notes:

- 1) The concentration and mass estimates represent the Inferred Resource of elemental lithium prior to pumping. To obtain the resource tonnage expressed as LiOH·H₂O and LCE, the estimated mass of elemental lithium was multiplied by a factor that is based on the atomic weights of each element in lithium hydroxide monohydrate and lithium carbonate to obtain the final compound weight. The conversion factor from lithium to LCE is 5.322785. The conversion factor from lithium to LiOH·H₂O is 6.046398.
- 2) The average lithium concentration is based on the final calculated lithium mass and drainable volume. Brine with estimated lithium concentrations below the cutoff grade of 22 mg/L was not included in the resource calculation.
- 3) The Resource Estimate is for claims controlled by PEM based on an effective date of June 15, 2017
- 4) Comparisons of values in the table may differ due to rounding and averaging methods.
- 5) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- 6) The preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

The Resource Estimate totals 40,900 tonnes (45,085 tons) of elemental lithium. This can also be represented as 217,700 tonnes (240,000 tons) on an LCE basis or 247,300 tonnes (272,600 tons) as LiOH·H₂O. The average lithium concentration is 123 mg/L based on the calculated lithium mass and the theoretical drainable volume of the host brine aquifer. A substantial part of the brine volume falls between concentrations of 65 mg/L and 221 mg/L lithium.

No Mineral Reserves have been declared at present, pending further exploration work expected to be completed during the upcoming feasibility study.

Lithium Brine Process Testing

As discussed above, with conventional techniques, most lithium is extracted from brines through the use of evaporation ponds and subsequent processing of a lithium brine concentrate. The efficacy of evaporation-based processing technology is dependent on evaporation rate, precipitation, and brine chemistry. Even in ideal climates, concentration by evaporation typically requires months. The climate at Clayton Valley, Nevada is less suited for evaporation processing than the Chilean Atacama Desert or the Argentinean Puna. Nevada has lower evaporation rates, due in large part to the higher precipitation rate.

Hence, it is reasonable to expect longer lead times to lithium production and higher in-process inventory and associated costs, if operating such ponds in the Nevada climate.

The Company also believes that large evaporation ponds pose other challenges due to their potentially significant environmental impacts. In addition to the visual and physical effect on the landscape of large evaporation ponds, the process of extracting and evaporating the brines may have an effect on the groundwater resources of the host basin. Lithium production by evaporation includes harvesting salts that precipitate on the bottom of the ponds, thus accumulating significant piles of waste salts.

These are some of the reasons Pure Energy is proposing to apply a non-evaporation based lithium recovery technology to the potential future production from the CV Project. To that end, the Company has conducted bench-scale and mini-pilot testing of its brine for lithium recovery by an innovative approach. Given the favourable chemistry of the CV Project brine, in particular, the low magnesium and calcium contents, the Company's engineering team is optimistic about the applicability of some new technologies in the overall flowsheet.

Tenova Advanced Technologies ("TAT"), a subsidiary of the Techint Group, formerly known as Tenova Bateman Technologies, has a positive track record in applying solvent extraction for metals recovery in the mining industry. Its technology is well known in the uranium, copper, and nickel industries. TAT has developed several technologies that have promise for cost-effective recovery of lithium without the need for evaporation ponds.

The process developed at TAT (the "Tenova Process") would extract lithium from the extracted brine and convert it to $\text{LiOH}\cdot\text{H}_2\text{O}$ using unit operations related to technologies already in use in industrial practice. The Tenova circuit design is such that lithium in the brines can be extracted and converted to $\text{LiOH}\cdot\text{H}_2\text{O}$ without having to produce lithium carbonate as an intermediate step. The application of these unit operations in this sequence and for the recovery of lithium are what would make the Clayton Valley Project the first of its kind. Preliminary indications are that the operating costs for this direct production of lithium hydroxide monohydrate could be very low, potentially resulting in a lower economic cutoff grade. This is especially important for Clayton Valley because it could enable lithium recovery from relatively low grade feed brines, as compared with the typically higher-grade South American brines.

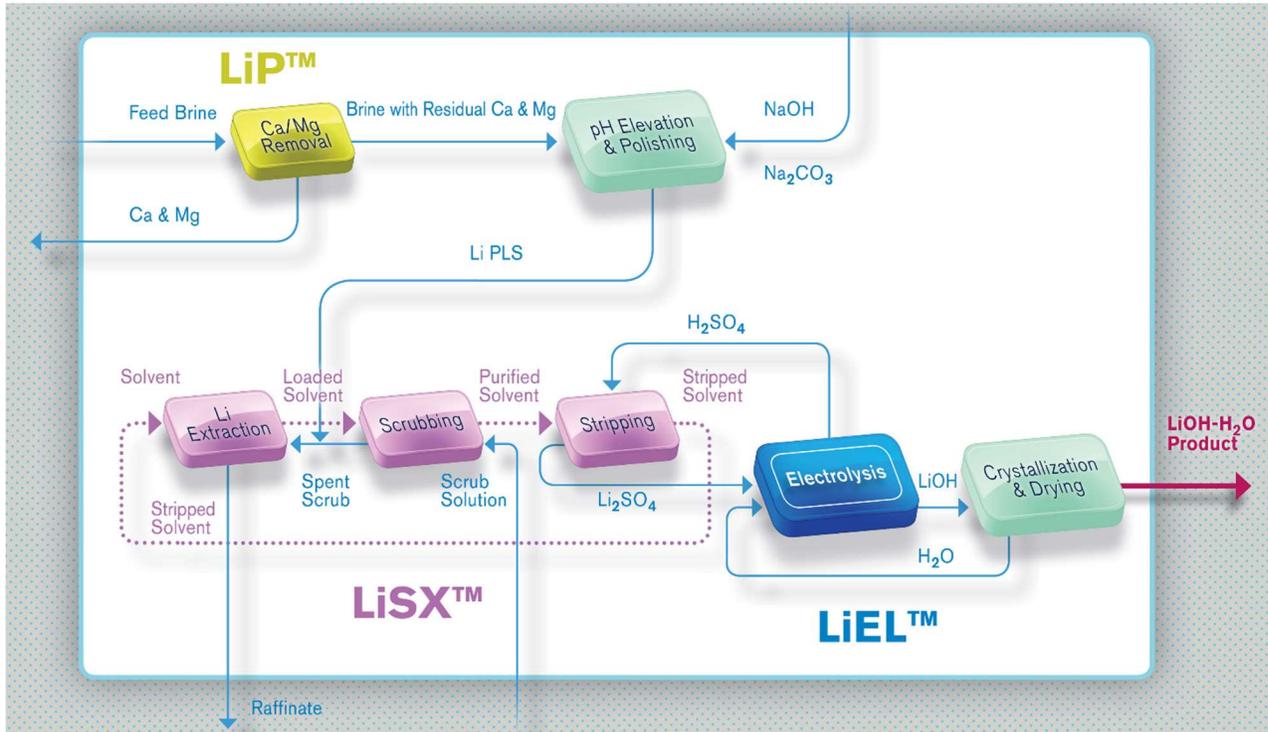
The relatively low concentrations of calcium and magnesium (and other potentially deleterious elements) in the Clayton Valley brine is another favorable indicator of its processing characteristics. Since the deleterious elements are lower in the Clayton Valley brine than many other lithium brines, the costs of operating the membranes in the (LiP^{TM}) pre-treatment part of the Tenova Process may be lower.

The overall process is illustrated in the figure below. The process would consist of the following steps:

1. Brine Reception
2. Pre-Treatment - LiP^{TM} process
3. pH elevation and Polishing
4. Solvent Extraction - LiSX^{TM} process
5. Electrolysis - LiEL^{TM} process
6. Evaporation and Crystallization
7. Product Drying, Handling and Shipping

The basin brines would be collected and pumped to the brine reception area. The pre-treatment stage (LiP^{TM}) would efficiently remove the alkaline earth metal ions while maximizing the recovery of lithium ions. Elevating the pH of the permeate would precipitate any remaining calcium and magnesium ions. These calcium and magnesium precipitates would be removed using a clarification and/or filtration stage.

Tenova Process Block Diagram



The solvent extraction step would incorporate Tenova Pulsed Columns in each of the extraction, scrubbing and stripping stages. The LiSX™ step is anticipated to increase the lithium concentration by a factor of approximately 38 with negligible loss of lithium. The design allows for the installation of an ion exchange, post-SX solution polishing stage to remove any deleterious ions that may have been co-extracted with lithium and concentrated in the solvent extraction step.

Through a process of electrolysis, LiEL™, the lithium sulphate recovered in the previous solvent extraction step would be transformed into a lithium hydroxide solution. The lithium hydroxide solution would be converted to solid LiOH·H₂O by driving off the free water through evaporative crystallization. The crystallized lithium hydroxide monohydrate would be dried and bagged for shipment. Based on the results of the mini-pilot plant, the overall lithium recovery of the plant is expected to be about 92 percent. This is an exceptionally high recovery compared with conventional solar evaporation-based plants that typically struggle to achieve up to 60 percent recovery, even in cases of significantly higher lithium grades in the brines.

If successfully applied at a commercial scale for lithium extraction and processing, an industrial process based around TAT's LiSX™ technology would not require large-scale evaporation ponds. A solvent extraction lithium plant would draw its feed from a brine well field, just as evaporation based operations do, but the spent brine would be re-injected or infiltrated back into the basin once the lithium was extracted. Much lower net water usage is only one potential major advantage of this novel technology. This approach could also avoid some of the other drawbacks associated with evaporation lithium processing. For instance, a solvent extraction lithium plant would not be affected by precipitation or other weather phenomena. The processing time to extract lithium from brines through a continuous solvent extraction plant could be a matter of hours not months to years. Although considerable optimization work remains to be done over time, the capital and operating costs associated with this technology appear to be very competitive, based on the results of the PEA.

Based on the positive outcome from the PEA, the Company has decided that work on a larger scale pilot plant for the CV Project is merited. Such a pilot plant would operate continuously on brine from the CV Project. The pilot plant will be a major component of a feasibility study and constitutes the next major step toward the full development of the CV Project. During the current quarter, the Company did not advance work on the pilot plant due to financial constraints.

Environment, Permitting, Compliance Activities and Social License

There are currently no known environmental conditions associated with the CV Project. Cultural resources are generally minimal on the playas, and the probability of the presence of threatened and endangered faunal or floral species is considered low. Limited liabilities remain from the reclamation obligations associated with the current exploration program.

From a permitting perspective, the hydrographic basin of the Clayton Valley was designated as in need of additional administration in early 2016 by the Nevada State Engineer. Whether this designation will have material impacts on Pure Energy's ability to obtain the necessary water rights to develop the resource into a reserve, and ultimately, produce lithium, is unknown at this time. Because lithium, a locatable mineral under the U.S. General Mining Act of 1872, is dissolved in non-potable water beneath the ground surface, different and competing technical and legal opinions exist regarding the extent to and manner in which state water law applies to or limits Pure Energy's ability to explore for lithium, obtain water rights associated therewith, or develop its federal mining claims. Administrative, judicial, and appellate proceedings are pending with the Nevada Division of Water Resources and in Nevada District Court and Supreme Court regarding these matters and the outcome of such is uncertain. For further discussion of possible risks associated with these matters, please refer to material contained in "Risk Factors" under "Changes to Governmental Laws and Regulations".

The CV Project is located primarily on unpatented federal mineral claims within Esmeralda County, Nevada. The federal claims encompass public lands administered by the BLM and the processing facilities would be located on private land in the unincorporated town of Silver Peak. The CV Project, therefore, falls under the jurisdiction and permitting requirements of Esmeralda County, the State of Nevada (primarily the Nevada Division of Environmental Protection (NDEP) and the Nevada Division of Water Resources (NDWR), also known as the State Engineer's office), and the BLM. The table below summarizes the permits that may be required to bring the CV Project into commercial production.

The Nevada State Engineer's administration of water rights and waivers for exploration has been delayed by the protests and lobbying activities of competing mining companies. These actions have delayed issuance to Pure Energy of water rights permits and waivers to drill wells and divert water therefrom. The recent passage of Nevada Assembly Bill 52 holds promise to streamline the process of exploration for lithium brine, but the impacts of these various issues on permitting and construction of a lithium mine are uncertain.

The CV Project workforce (including shorter-term construction contractors) would most likely reside in the towns of Silver Peak and Tonopah and the surrounding communities in Esmeralda and Nye counties, respectively. The construction work force is estimated to peak at 400 employees for about 12 months, and the operations work force is expected to be about 72 full-time employees.

The Company plans to coordinate closely with local governments and businesses to ensure that the needs of both the community and the workforce are being met, since most of the workers would necessarily originate from outside of Esmeralda County, which is sparsely populated, rural, and has no large urban centers. According to the Nevada State Demographer, the population of Esmeralda County was only 926

in 2014, with no cities and only two unincorporated towns: Goldfield (population 272) and Silver Peak (population 128). Nye County is considerably larger, with an estimated population of 45,456 in 2014, 2,578 of whom reside in Tonopah.

No formal presentations have yet been made to the Esmeralda Board of County Commissioners, although discussions have been held with representatives of the Esmeralda County Public Works Department. Engagement of potential stakeholders in Silver Peak and Clayton Valley is in its early stages. No community agreements are yet in place.

Market Studies and Contracts

At its steady-state production rate, the CV Project conceived in the PEA is designed to produce approximately 11,500 tonnes per year (12,650 tons per year) of $\text{LiOH}\cdot\text{H}_2\text{O}$ primarily for use in lithium-ion batteries for EVs. Analysts' consensus forecasts indicate that the increase in worldwide EV sales is expected to drive annual growth in lithium demand for these applications to more than 20 percent per annum through 2025.

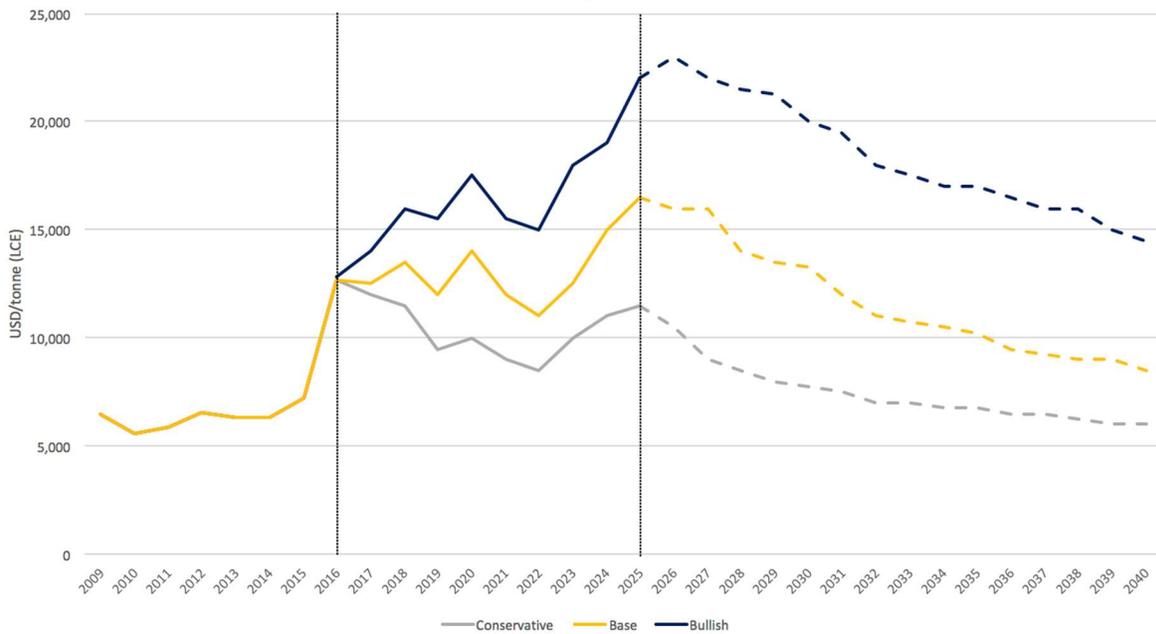
Pure Energy's independent lithium market consultant, Benchmark, anticipates that lithium hydroxide demand will grow considerably in the next five years, as EVs increasingly use nickel-cobalt-aluminum ("NCA") cathode chemistries to achieve higher energy density and extend range between charges. Benchmark forecasts that annual demand for lithium hydroxide will grow at a compound average rate of more than 23 percent from 2016 through 2025.

On the supply side, Benchmark estimates that lithium hydroxide production accounted for approximately 20% of global lithium chemical production in 2016, or around 39,000 tonnes. Based on various company announcements and its professional judgment on when announced company plans might actually materialize, Benchmark estimates that the annual world supply of lithium hydroxide will grow from 39,000 tonnes (42,990 tons) in 2016 to almost 135,000 tonnes (148,812 tons) in 2024-2025.

In the context of Benchmark's global supply-demand balance for lithium hydroxide, substantial price increases over the past 12 to 18 months are stimulating a significant supply-side response, but long lead times to production and relative lack of sufficient lithium feed materials are expected to keep the overall market in a relatively tight balance until mid-2020, when steadily growing demand is again expected to outstrip planned capacity.

The projected lithium hydroxide prices used in the economic analysis of the CV Project were developed by Benchmark in conjunction with their supply and demand forecast. As illustrated in the figure below, Benchmark developed three scenarios for the period 2017 to 2040 – a base price forecast, a conservative (downside) price case and a bullish (upside) price scenario. All three price scenarios are projected from an average 2016 lithium hydroxide price of US\$12,683/tonne. The summary PEA economics were based on the base price forecast.

Outlook for Lithium Hydroxide Prices, 2017-2040



In September 2015, Pure Energy entered into an agreement with Tesla Motors, Inc. (“Tesla”) for the potential supply of LiOH·H₂O from the CV Project. Provided that Pure Energy meets certain terms and conditions related to project execution, product quality and timing of delivery, the agreement establishes a commitment for an annual purchase volume of product over a period of five years by Tesla and/or its authorized purchasers. The agreement sets a predetermined price that is below current market rates and is aligned with Tesla’s goal to continuously reduce the cost of its lithium-ion batteries.

Pure Energy’s product is expected to be used in the battery cell manufacturing process of Tesla’s rapidly growing electric vehicle and stationary storage business units (the Gigafactory), which are located approximately 3.5 hours’ drive from the CV Project. Any deliveries from Pure Energy would cover only a portion of Tesla’s needs, with the remainder to come from other sources. Certain information relating to future pricing formulas and forecasted deliveries has been omitted from this report on the basis of confidentiality and on the basis that the supply agreement is subject to various conditions, as stated above.

Estimated Capital Costs

A capital cost estimate was developed for a process plant with an annual capacity of 10,000 tonnes (approximately 11,000 tons) of LCE, which correlates to about 11,500 tonnes (approximately 12,650 tons) of LiOH·H₂O. The estimate is regarded as a Class 5 estimate, as defined by the AACE International and has an accuracy of +30/-20 percent. This estimate does not constitute a pre-feasibility or feasibility level of analysis. The capital expenditure (Capex) estimate includes costs associated with the development of basin extraction systems, processing plant, administrative and maintenance infrastructure, and associated indirect costs. The table below summarizes the total estimated capital costs, including contingency.

Estimated Capital Costs

Description of Capital Costs	US \$
Basin Activities	\$ 29 M
Plant Facilities & Equipment	\$ 100 M
Infrastructure & Utilities	\$ 30 M
Direct Costs	\$ 159 M
Indirect Costs	\$ 28 M
Contingency	\$ 56 M
Owner's and Other Costs	\$ 54 M
Total Initial Capital Costs	\$ 297 M
Sustaining Capital Costs (LoM)	\$ 62 M

Estimated Operating Costs

Operating costs (Opex) were determined based on the production schedule, process equipment requirements, operating hours, equipment operating costs, and project labour force requirements. The operating costs are considered to have an accuracy of ± 30 percent. For the purpose of the economic analysis, the operating costs were separated into the following categories: labour; power; operating supplies & services, and maintenance. The table below provides a summary of the operating costs.

Estimated Operating Costs

	Operating Costs	
	US\$/tonne LiOH·H ₂ O	Percent
Labour	\$428	13%
Power	\$394	12%
Operating Supplies & Services	\$2,227	69%
Maintenance supplies	\$169	6%
Total	US\$3,218	100%

Economic Analysis

The economic analysis and the PEA are based on inferred resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. The PEA from which this information is derived is preliminary in nature, and there is no certainty that the PEA will be realized.

The economic analysis was conducted to determine the value of the CV Project using net present value (NPV) and internal rate of return (IRR) financial metrics. NPV is the summation of the present value of all future cash inflows and outflows of the Project. A positive NPV indicates that the Project provides a financial return in excess of the capital requirements. IRR is the annual rate of return that makes the NPV of all cash flows equal to zero. In other words, it is the discount rate at which the present value of all cash flows equals zero. The payback period, which is based on the undiscounted free cash flow, is the number of production years required to repay the initial capital outflows.

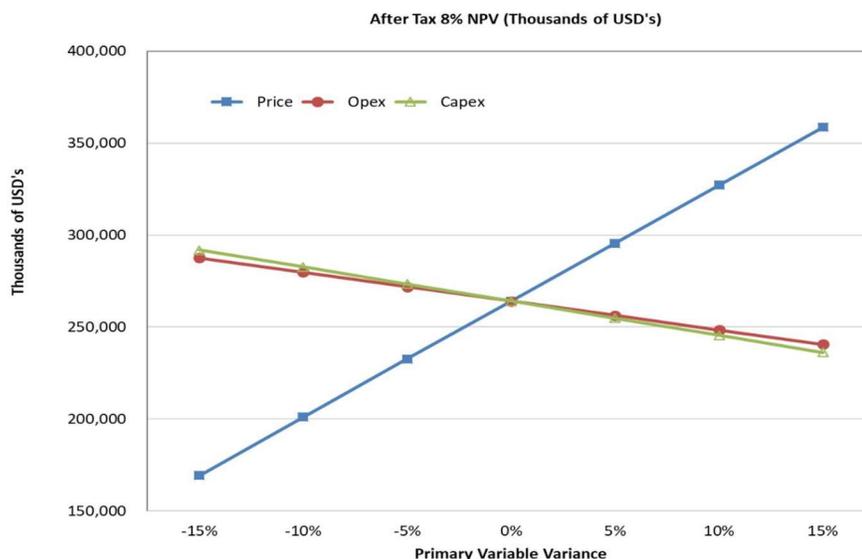
An economic analysis was conducted to determine the net present value (NPV) and internal rate of return (IRR) of the CV Project. The analysis was completed using a Discounted Cash Flow model. The analysis was based on average annual production of 10,300 tonnes (11,350 tons) per year of LiOH·H₂O. The economic indicators determined are presented in the table below. The pre-tax and after-tax NPV at an 8 percent discount rate were US\$356.8 million and US\$264.1 million, respectively; with respective pre-tax and after-tax IRRs of 24 percent and 21 percent. The payback period is estimated at 4.4 years from first production of saleable product.

Economic Analysis Results		
Financial Metric	Pretax Values	After-Tax Values
NPV at 8%	US\$356.8 million	US\$264.1 million
IRR	24.2 %	21.0 %
Payback period, years (after commencement of operations)	4.1 years	4.4 years

Note: Mineral resources that are not mineral reserves do not have demonstrated economic viability.

A sensitivity analysis was completed for the CV Project economics to determine which variable(s) had the greatest impact on the project economics. The results are presented in the figure below:

After-Tax Sensitivity Chart



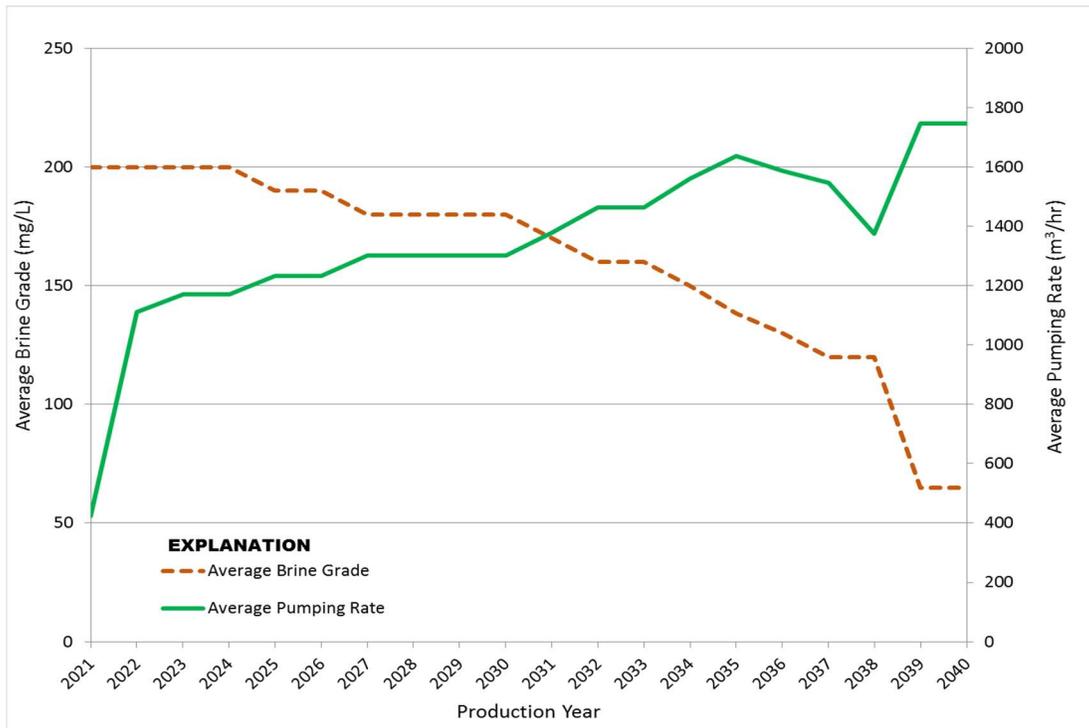
Net present value, internal rate of return, net cash flow, free cash flow, payback period, indirect capital costs, owners' costs, sustaining capital costs, contingency, operating costs, and other elements of the Company's project financial model are non-IFRS financial and economic measures that do not have standardized meanings prescribed by IFRS. However, the Company believes that these economic and financial measures can be useful to evaluate a mineral project's future financial and economic prospects. These measures do not have standardized meanings prescribed by IFRS; therefore, readers are cautioned that these measures as used and calculated in the Company's project financial model may not be comparable to similarly titled measures used by other companies for their projects. These measures

should also not be construed as alternatives to other measures of financial performance calculated in accordance with IFRS.

Development and Production

Using the mineral resource and reserve model to be developed during the feasibility study, subdivisions within the wellfield will be evaluated and identified to facilitate well field design and production scheduling. The figure below shows a preliminary production schedule that maximizes brine grade from wellfield subdivisions during early years of mining as wellfield production rates increase. The production schedule was generated with the goal of average plant production of approximately 11,500 tonnes (12,650 tons) of $\text{LiOH}\cdot\text{H}_2\text{O}$ per year after an initial ramp-up period. As mining progresses, additional wellfield subdivisions pumping lower-grade lithium would be brought on line over the life of mine to maintain the desired production rate. This would result in an increase of the total amount of extraction wells and overall wellfield pumping rate to maintain the required mass of lithium delivered to the plant. Eventually, near the end of the mine life, production would decrease as the dilution increases and total extraction from the wellfield becomes uneconomical to maintain operations.

Preliminary Production Schedule and Results of Phasing Extraction Wellfield Operations



Exploration Potential

Significant exploration potential remains at depth in the southern portion of the CV Project property and at all depths in the portion of the property north and east of the existing Silver Peak operation. Further exploration activities are expected to be performed during the upcoming feasibility study.

Conclusions

The Clayton Valley Lithium Project is a lithium-enriched brine aquifer deposit in Clayton Valley, Nevada, USA that is amenable to mining using wells to extract brine for processing to a saleable lithium hydroxide monohydrate (LiOH·H₂O) product. The process plant design has been based on the TAT proprietary process to produce LiOH·H₂O from the brine input as received from Pure Energy for the mini-pilot testwork. The annual capacity of the plant has been selected on the basis of 10,000 tonnes (11,000 tons) of lithium carbonate equivalent (LCE), which correlates to about 11,500 tonnes (12,650 tons) of LiOH·H₂O.

The Resource Estimate in the Drainable Inferred category is estimated at 247,300 tonnes (272,600 tons) of lithium contained as LiOH·H₂O and 217,700 tonnes (239,970 tons) on an LCE basis. The average lithium concentration is 123 mg/L in the volume of the Resource Estimate, based on the calculated lithium mass and the theoretical drainable volume of the host brine aquifer. A substantial part of the brine volume falls between concentrations of 65 mg/L and 221 mg/L lithium.

The study projects an estimated average “steady-state” operating cost of US\$3,217 per tonne of LiOH·H₂O and product sale pricing ranging between US\$9,000 and US\$16,500 per tonne. Having these margins and an estimated initial capital cost of US\$297 million, the project would achieve pay-back in a little over 4 years. The project after-tax NPV at an 8 percent discount rate is forecast to be US\$264.1 million, with an estimated IRR of 21 percent. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The economic analysis and the PEA are based on inferred resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. The PEA from which this information is derived is preliminary in nature, and there is no certainty that the PEA will be realized.

THE TERRA COTTA PROJECT

An initial technical report dated August 9, 2017 is the most current technical report for the Terra Cotta Project, as of the date of this MD&A. Unless otherwise indicated, the information below is derived from that technical report. The full technical report should be consulted for details on how the information was developed. The Company has filed the Terra Cotta Project technical report under our profile at www.sedar.com and made it available on our Web site.

The Terra Cotta Project consists of 10 mining exploitation claims located in the Salar de Pocitos, in the municipality of San Antonio de Los Cobres, Los Andes Department, Salta Province in northwestern Argentina. Salar de Pocitos is located 159 km east of the city of Salta. Provincial route no. 17 is located adjacent to the Project. The Project location is shown in Figure 9 below.

The 10 claims cover a total of 13,075 ha in the southern portion of the Salar de Pocitos. All of the claims currently have the status of exploitation claims, or “minas”. This type of claim includes all the exploration work in the total area covered by the claim. A map of the mining claims is shown in the figure below. The mining claims, originally claimed by two companies, are currently under the control of four individuals each of whom has equal participation in the mining, supported by a Transfer Agreement that is registered in the Mining Court and in process of final approval. Nine out of ten claims were officially granted by the Mining Court to the applicants’ companies and/or individuals on July 31, 2017. One of the claims, which was originally requested as a new claim, is still in the process of final approval by the mining authorities.

Terra Cotta Project Location, Salar de Pocitos Argentina



On December 22, 2016, Pure Energy signed a Letter of Intent (LOI) to acquire the Pocitos Project (now referred to as the Terra Cotta Project) from the current owners, Solaris S.R.L and Minera Cerro Juncal, S.A. The LOI established that Pure Energy would acquire 100% of the mining claims over a two-year period. On March 9, 2017, Pure Energy announced the closure of its purchase option on the lithium brine mining concession as considered in the original LOI. The payments set forth in the LOI are summarized in the table below.

Location map for the Terra Cotta Project mining claims

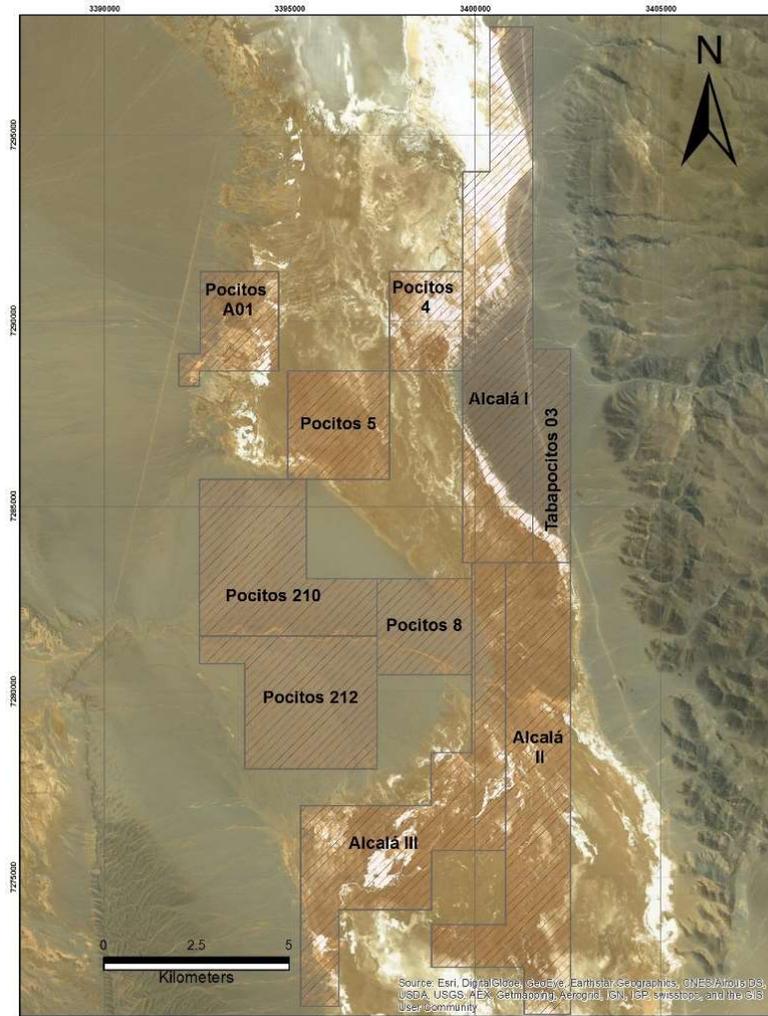


Table 6. Summary of Payments According to the Terra Cotta Project LOI

Cash (US \$)	Common Shares	Due Date/Event	Status
\$ 25,000	-	5 days after receipt of title opinion	Paid
\$ 175,000	-	5 days after Execution Date (2 March 2017)	Paid
\$ 200,000	600,000	5 days after approval from TSXV	Paid ⁽¹⁾
\$ 600,000	900,000	180 days after Execution Date	Paid ⁽²⁾
\$ 1,000,000	1,500,000	On or before the 1 st anniversary of Execution Date ⁽³⁾	Pending ⁽³⁾
\$ 2,000,000	3,000,000	On or before the 2 nd anniversary of Execution Date ⁽³⁾	Pending ⁽³⁾
\$ 4,000,000	6,000,000		

- (1) This cash payment and issuance of shares was satisfied on August 22, 2017.
- (2) Per a side letter agreement of September 26, 2017, US\$150,000 cash was paid and 900,000 shares issued; payment of the remaining US\$450,000 cash extended until December 2, 2017.
- (3) Per a side letter agreement of May 3, 2018, the parties agreed to suspend the terms of payment for a one year period.

Pure Energy will make a bonus payment of US\$1,000,000 in cash to the owners within 30 days of either of the following decisions made by Pure Energy:

- 1) To proceed with a feasibility study with respect to the properties; or
- 2) To commence commercial production at the properties.

The Terra Cotta Project is in an early exploration stage. Historical work on or near the Terra Cotta Project area has been completed by others. In the past year, Pure Energy has conducted near-surface brine sampling, a surface geophysical survey, and has completed two exploratory boreholes to depths of 400 meters each.

QUALITY CONTROL AND QUALIFIED PERSONS

Patrick Highsmith, Certified Professional Geologist (AIPG CPG # 11702), and Walter Weinig, Professional Geologist and SME Registered Member (SME Registered Member # 4168729) are qualified persons as defined by NI 43-101 and have supervised the preparation of the scientific and technical information that form the basis for this MD&A. Mr. Highsmith is not independent of the Company as he served as the CEO of Pure Energy from March 3, 2016 through October 31, 2018. Mr. Weinig is not independent of the Company as he is an officer.

Dr. Ron Molnar, Professional Metallurgical Engineer (Ontario P.E.# 100111288), is a qualified person as defined by NI 43-101, and has reviewed and approved the scientific and technical information that forms the basis for the Process Testing portions of this MD&A. Dr. Molnar is independent of the Company.

RECENT DEVELOPMENTS

Financing

Share capital activity for three months ended September 30, 2018 and for the subsequent period is described as follows:

- On July 3, 2018, the Company issued 1,250,000 common shares at a fair value of \$0.20 pursuant to a property option agreement.
- On August 10, 2018, the Company issued a US\$225,000 Senior Convertible Promissory Note (the “Note”) with a related party. The outstanding principal of the Note shall be paid to the Holder on or prior to the Maturity Date of October 4, 2019, unless previously prepaid or converted, at the option of the Holder, into fully paid and non-assessable shares at US\$0.10 per share. The Note bears interest at the rate of 10% per annum, accruing daily and payable in installments, subject to certain conditions, on November 15, 2018, February 15, 2019, May 15, 2019, August 15, 2019 and at the Maturity Date of October 4, 2019.
- On August 29, 2018, the Company issued 750,000 common shares at a fair value of \$0.11 pursuant to a property option agreement.
- On November 13, 2018, the Company issued a US\$75,000 Senior Convertible Promissory Note with a related party. The outstanding principal of the promissory note shall be paid to holder on or before the maturity date of November 15, 2019, unless previously prepaid or converted, at the option of the holder, into fully paid and non-assessable shares at US\$0.10 per share. The promissory note bears interest at 10% per annum, accruing daily and payable in quarterly installments on February 15, 2019, May 15, 2019, August 15, 2019 and at the maturity date of November 15, 2019.

Management

On October 31, 2018, Patrick Highsmith and Paul Zink resigned their positions as CEO and CFO, respectively. Mr. Highsmith continues his involvement with the Company as a director. Mr. Zink is available to the Company on a consulting basis as needed.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Three months ended September 30, 2018 compared to the three months ended September 30, 2017

During the three months ended September 30, 2018, the Company had a comprehensive loss of \$538,066 from operations compared to a comprehensive loss of \$920,101 for the three months ended September 30, 2017. Operating expenses for the three months ended September 30, 2018 were \$478,557 compared to \$878,142 for the three months ended September 30, 2017. Other comprehensive loss for the three months ended September 30, 2018 was \$3,009 compared to \$45,625 for the three months ended September 30, 2017.

Other comprehensive loss is a result of foreign exchange differences between the translation to presentation currency of the subsidiaries and the functional currency of each subsidiary.

Loss from other items increased by \$60,166, due mainly to the change in value of the derivative liability and accretion expense related to the convertible debt.

As the Company does not yet generate revenue from its operations, changes in the financial performance and financial condition of the Company are driven solely by changes in the Company's expenses. Significant items affecting expenses are noted below:

Investor relations decreased by \$37,113 as a result of somewhat fewer marketing activities and events to attract funding. The Company raised \$nil during the three months ended September 30, 2018, compared to \$1.1M raised during the three months ended September 30, 2017.

Share-based compensation decreased by \$326,754, related to a lower number of stock options vesting during the quarter. During the three months ended September 30, 2017, there were 2,150,000 stock options granted compared to none being granted in the three months ended September 30, 2018.

Travel decreased by \$35,759 due to cost cutting measures by management and a decrease in activity at the Terra Cotta location.

SUMMARY OF QUARTERLY RESULTS

(\$000's except earnings per share)

	Quarters Ended							
	Sep 30 2018	Jun 30 2018	Mar 31 2018	Dec 31 2017	Sep 30 2017	Jun 30 2017	Mar 31 2016	Dec 31 2016
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	(\$479)	(\$631)	(\$953)	(\$851)	(\$878)	(\$637)	(\$703)	(\$804)
Net loss	(\$535)	(\$4,551)	(\$951)	(\$858)	(\$874)	(\$1,123)	(\$707)	(\$808)
Comprehensive loss	(\$538)	(\$4,529)	(\$885)	(\$849)	(\$920)	(\$1,138)	(\$707)	(\$808)
Basic and diluted								
Loss Per Share	(\$0.00)	(\$0.03)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.02)

As the Company does not yet generate revenue from its operations, the Company's financial results are primarily impacted by the timing and nature of exploration-related activities undertaken and the award of share-based compensation. To date, the timing of exploration activities has not been subject to significant weather impacts or seasonality. In addition, the Company's exposure to USD currency fluctuations could be significant in future years, as the Company's principal asset is US based. Refer to "Overall

Performance and Results of Operations” above for discussion of certain key factors which cause year-to-year variations in the Company’s financial condition and performance.

MANAGEMENT AND STAFFING

On November 5, 2015, Patrick Highsmith was appointed to the board of directors of the Company. Mr. Highsmith has a Bachelor of Science degree in Geological Engineering and a Master of Science in Economic Geology from the Colorado School of Mines, and is a 27-year veteran of the mining industry. During his tenure as COO and CEO at Lithium One Inc. (“Lithium One”), he led the discovery teams on the Sal de Vida and James Bay lithium projects. He negotiated Lithium One’s strategic joint venture with LG, GS Caltex and KORES on the Sal de Vida lithium brine and potash project in Argentina before co-engineering the 2012 sale of the company for over \$100 million

On February 4, 2016, Alex Rothwell and Paul Reinhart were appointed to the strategic advisory board for the Company. Mr. Rothwell has 20 years of experience in Canadian capital markets, most recently as President of Macquarie Capital Markets Canada. Mr. Rothwell holds an MBA from the Ivey School of Business and a Bachelor of Chemical Engineering from McGill University. Mr. Reinhart is the President of Vanhart Capital Corporation, a company specializing in early stage businesses in the resource and life sciences industries. Mr. Reinhart has 30 years of experience providing early stage financing and shareholder management services.

On March 3, 2016, the Company appointed Patrick Highsmith as Chief Executive Officer replacing Robert Mintak. Robert Mintak was appointed Executive Chairman on the same date. Mr. Highsmith resigned as CEO of Pure Energy effective October 31, 2018 for personal reasons, but remains on the Board of Directors. Mr. Mintak resigned as a director and Executive Chairman on March 6, 2017.

On December 1, 2016, Dianne Szigety was appointed Corporate Secretary for the Company. Ms. Szigety’s experience specializes in corporate governance as well as corporate and regulatory compliance.

Effective March 31, 2017, the Company appointed Walter Weinig as Vice President of Projects and Permitting.

On April 19, 2017, the Company appointed S. Scott Shellhaas as a director of the Company. Mr. Shellhaas resigned from the Board for personal reasons on October 15, 2018.

On June 14, 2017, the Company appointed Paul Zink as Chief Financial Officer of the Company. Mr. Zink is a mining industry professional with more than 40 years’ experience in project finance, financial analysis, strategic planning, royalties, mergers and acquisitions, and business development. Mr. Zink resigned as CFO effective October 31, 2018 for personal reasons.

On May 23, 2018 Frank Wells was appointed as a director of the Company and on October 29, 2018 Mr. Wells was appointed as the Interim CFO upon the resignation of Mr. Zink. Mr. Wells has more than 35 years of diverse experience as a financial analyst, business development specialist, financial officer, and director. He spent 17 years with Santa Fe Pacific Gold Corp. and Newmont Mining Corp. in senior business development and planning positions in the western US and around the world. Mr. Wells also acted as Finance Director and CFO of Central Asia Metals Ltd. His recent experience includes extensive financial modeling in association with advanced engineering studies and acquisition opportunities in the gold, lithium, copper, lead-zinc, rare earth element, and chromite sectors.

The Company is currently engaged in a search for a chief executive officer.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was \$15,316 as at September 30, 2018, compared to \$72,539 as at June 30, 2018. The Company had a working capital deficit of \$895,433 as at September 30, 2018, compared to a working capital deficit of \$388,794 as at June 30, 2018. Subsequent to the reporting quarter, the Company raised US\$75,000 via a private placement of a Senior Convertible Promissory Note with a related party, which closed on November 13, 2018.

The CV Project could move forward rapidly once sufficient financing is secured. The preliminary design of the proposed pilot plant was completed in May 2018, and the engineering providers can move forward with final design work on short notice. There are also prospective targets on the project that host potential for significant growth in the Company's lithium mineral resources.

In the meantime, the Company currently has a very low cash balance and a substantial net working capital deficit. The team is working diligently to seek financing to meet its cash needs, and discussions regarding equity and debt arrangements are active with multiple interested parties. The Company has limited financial resources compared to its proposed expenditures, no source of operating income and no assurance that additional funding will be available to it for current or future projects, however, the Company has been successful in the past in financing its activities through the sale of equity securities.

While the Company does not have adequate cash on hand to meet its total estimated cash requirements for the coming year, the budget, holding costs, and activities on the projects are subject to significant management discretion. There does remain risk, however, that the Company's cash needs could exceed its current treasury. Factors impacting the changes in cash and working capital are discussed below.

Operating Activities

During the three months ended September 30, 2018, the Company's activities used \$57,661 of cash compared to the three months ended September 30, 2017, when activities used \$441,397 of cash. The cash used in operating activities reflects the Company's operating losses (after adjusting for non-cash items) of \$392,828 (September 30, 2017 - \$460,997), stock based compensation of \$86,443 (September 30, 2017 - \$413,197), and the change in derivative liability of \$48,195 (September 30, 2017 - \$nil). Overall, the decrease in operating cash outflows is due to the increase of accounts payable and accrued liabilities of \$303,898. Going forward, the Company's working capital requirements are expected to increase in connection with the development of its CV Project.

Investing Activities

The Company's primary investing activity is its expenditures on exploration and evaluation assets. During the three months ended September 30, 2018, the Company spent \$297,358 (September 30, 2017 - \$1,126,612) on the CV Project and the Terra Cotta option. Details of expenditures for the three months ended September 30, 2018 are more fully described in Note 5 to the September 30, 2018 unaudited consolidated condensed interim Financial Statements "*Exploration and Evaluation Assets*".

Financing Activities

For the three months ended September 30, 2018, the Company received a total of \$nil (September 30, 2017 - \$1,285,235) less cash issuance costs of \$nil (September 30, 2017 - \$42,578) from private placements, warrant exercises and stock option exercises. For the three months ended September 30, 2018, the Company received convertible debt funding of \$295,043 (September 30, 2017 - \$nil).

Cash Flow Considerations

As of September 30, 2018, the Company had working capital deficit of \$895,644 compared to working capital deficit of \$388,794 as of June 30, 2018. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its near-term activities. The Company may pursue debt financing in the medium term, if it is able to procure such debt on terms more favourable than the available equity financing, however, there can be no assurance the Company will be able to obtain any required financing in the future on acceptable terms. The Company could also receive cash proceeds from the exercise of options and warrants, however, the Company cannot predict the timing or amount of additional options and warrants that may be exercised, if any.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its exploration success. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of common shares to provide sufficient funds to meet its near-term exploration and development plans and other contractual obligations when due. However, further development and construction of its CV Project will require substantial additional capital resources. This includes near-term funding and, ultimately, funding for project construction and other costs.

OFF BALANCE SHEET ARRANGEMENTS

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

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements relating to the Company. These include widespread risks associated with any form of business and specific risks associated with the Company's business and its involvement in the lithium exploration and development industry.

This section describes risk factors identified as being potentially significant to the Company and its material property, the CV Project. Additional risk factors may be included in technical reports or other documents previously disclosed by the Company. In addition, other risks and uncertainties not discussed to date or not known to management could have material and adverse effects on the valuation of our securities, existing business activities, financial condition, results operations, plans and prospects.

Process Testing

The Company has completed preliminary bench scale and mini-pilot scale process testing on the CV Project, and will continue to complete necessary process testing at the bench, mini-pilot, and pilot scale as the development of the CV Project progresses. There can be no assurance that the results of such testing will be favorable or as expected by the Company. Furthermore, there can be no certainty that lithium recoveries obtained in the bench or mini-pilot tests will be achieved in either subsequent testing or commercial operations. In addition, testing to date has focused on representative samples of the resource and synthetically prepared brines to simulate the chemistry of the CV Project brines, but the variability of

chemical recoveries across the resource has not been established. Finally, the development of a complete lithium processing facility to produce a saleable final product from the CV Project is a complex and resource intensive undertaking that may result in overall schedule delays and increased project costs for the Company.

Reliance on Key Personnel

The senior officers of the Company are critical to its success. In the event of the departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors, but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited, and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, engineering, geological and mining personnel, as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company. The Company is particularly at risk at this state of its development as it relies on a small management team, the loss of any member of which could cause severe adverse consequences.

Substantial Capital Requirements and Liquidity

As mentioned above, the Company continues to operate with a very low cash balance and a substantial net working capital deficit. The team is working diligently to seek financing to meet its cash needs, and discussions regarding equity and debt arrangements are active with multiple interested parties. However, there can be no assurance at this time that financings will be completed in time to meet the next option payment deadline of December 31, 2018. If the Company fails to make the option payment by the deadline, the Optionors have the ability to initiate a default process under the Option Agreement, including a 30-day cure period. While there are significant areas of Federal mining claims including inferred mineral resources and exploration drill targets under the Company's control and in good standing that are not part of this Option Agreement, the claims governed by this Option Agreement include the majority of the inferred mineral resource at the CV Project.

The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects. Sales of substantial amounts of securities may have a highly dilutive effect on the ownership or share structure of the Company. Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares.

Pure Energy currently has no revenue and may have limited ability to undertake or complete future drilling or exploration programs, process studies and the design of a surface plant and processing facilities. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly or engage in a strategic transaction with another company.

The Company has not yet commenced commercial production at any of its properties and as such, it has not generated positive cash flows to date and has no reasonable prospects of doing so, unless successful commercial production can be achieved at the CV Project. The Company expects to continue to incur negative investing and operating cash flows until such time as it enters into commercial production. This

will require the Company to deploy its working capital to fund such negative cash flow and to seek additional sources of financing. There is no assurance that any such financing sources will be available or sufficient to meet the Company's requirements. There is no assurance that the Company will be able to continue to raise equity capital or that the Company will not continue to incur losses.

Property Commitments

The Company's mining properties may be subject to various land payments, royalties and/or work commitments. As also described above, failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

Exploration and Development

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted, such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades being extracted or dedicated to future production. Until actually extracted and processed, the quantity of lithium brine reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on commodity prices. Any material change in quantity of reserves, grade or recovery ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in smaller-scale laboratory and pilot tests will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary.

Operational Risks

The Company will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labor disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the property of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action. These factors could all have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Additionally, the Company may be subject to liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This

lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Environmental Risks

All phases of mineral exploration and development businesses present environmental risks and hazards and are subject to environmental regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances used and or produced in association with natural resource exploration and production operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures, and a breach may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Commodity Price Fluctuations

The prices of commodities vary on a daily basis. Price volatility could have dramatic effects on the results of operations and the ability of the Company to execute its business plan. Lithium is a specialty chemical and is not a commonly traded commodity like copper, zinc, gold or iron ore. However, the price of lithium tends to be set through a limited long-term offtake market, contracted between the relatively few suppliers and purchasers.

The world's largest suppliers of lithium are Sociedad Quimica y Minera de Chile S.A (NYSE:SQM), FMC Corporation (NYSE:FMC), Albemarle (NYSE:ALB) and Tianqi Group, who in 2017 collectively supplied an estimated 76% of the world's lithium, according to BMO Capital Markets.¹³ Any attempt to suppress the price of lithium materials by such suppliers, or an increase in production by any supplier in excess of any increased demand, could have negative consequences on the Company. The price of lithium materials may also be reduced by the discovery of new lithium deposits, which could not only increase the overall supply of lithium (causing downward pressure on its price), but could draw new firms into the lithium industry which would compete with the Company.

Volatility of the Market Price of the Company's Common Shares

The Company's common shares are listed on the TSX.V under the symbol "PE", on the OTCQB trading platform in the United States under the trading symbol "PEMIF", and on the Frankfurt Stock Exchange under the trading symbol "AHG1". The quotation of Pure Energy common shares on the TSX.V may result in a less liquid market available for existing and potential stockholders to trade common shares, could depress the trading price of our common stock and could have a long-term adverse impact on our ability to raise capital in the future.

Securities of junior companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness

of particular industries. The Company's common share price is also likely to be significantly affected by delays experienced in progressing our development plans, a decrease in the investor appetite for junior stocks, or in adverse changes in our financial condition or results of operations as reflected in our annual and quarterly financial statements. Other factors unrelated to our performance that could have an effect on the price of the Company's common shares include the following:

- (a) The trading volume and general market interest in the Company's common shares could affect a shareholder's ability to trade significant numbers of common shares; and
- (b) The size of the public float and/or market price of the Company's common shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these or other factors, the market price of the Company's common shares at any given point in time might not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following years of volatility in the market price of their securities. The Company could in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Future Share Issuances May Affect the Market Price of the Common Shares

In order to finance future operations, the Company may raise funds through the issuance of additional common shares or the issuance of debt instruments or other securities convertible into common shares. The Company cannot predict the size of future issuances of common shares or the issuance of debt instruments or other securities convertible into common shares or the dilutive effect, if any, that future issuances and sales of the Company's securities will have on the market price of the common shares.

Economic and Financial Market Instability

Global financial markets have been volatile and unstable at times since the global financial crisis that began in 2007. Bank failures, the risk of sovereign defaults, other economic conditions and intervention measures have caused significant uncertainties in the markets. The resulting disruptions in credit and capital markets have negatively impacted the availability and terms of credit and capital. High levels of volatility and market turmoil could also adversely impact commodity prices, exchange rates and interest rates. In the short term, these factors, combined with the Company's financial position, may impact the Company's ability to obtain future equity or debt financing and, if obtained, the terms that are available to the Company. In the longer term, these factors, combined with the Company's financial position could have important consequences, including the following:

- (a) Increasing the Company's vulnerability to general adverse economic and industry conditions;
- (b) Limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements;
- (c) Limiting the Company's flexibility in planning for, or reacting to, changes in the Company's business and the industry; and
- (d) Placing the Company at a disadvantage when compared to competitors that have less debt relative to their market capitalization.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. The Company's ability to service any existing or future debt obligations will depend on the Company's future operations and access to capital, which are subject to prevailing industry conditions and other factors, many of which are beyond the control of the Company.

Industry Competition and International Trade Restrictions

The international resource industries are highly competitive. The value of any future reserves discovered and developed by the Company may be limited by competition from other world resource mining companies, or from excess inventories. Existing international trade agreements, tariffs and policies and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of and demand for minerals, including lithium, around the world.

Governmental Regulation and Policy

Mining operations and exploration activities are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic and radioactive substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations increases the costs of exploring, drilling, developing, constructing, operating and closing mines and refining and other facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact decisions of the Company with respect to the exploration and development of properties such as the CV Project, or any other properties in which the Company has an interest. The Company will be required to expend significant financial and managerial resources to comply with such laws and regulations. Since legal requirements change frequently, are subject to interpretation and may be enforced in varying degrees in practice, the Company is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies and practices, such as those affecting exploration and development of the Company's properties could materially and adversely affect the results of operations and financial condition of the Company in a particular year or in its long-term business prospects.

The development of mines and related facilities is contingent upon governmental approvals, licenses and permits which are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The receipt, duration and renewal of such approvals, licenses and permits are subject to many variables outside the control of the Company, including potential legal challenges from various stakeholders such as environmental groups or non-government organizations. Any significant delays in obtaining or renewing such approvals, licenses or permits could have a material adverse effect on the Company, including delays and cost increases in the advancement of the CV Project.

Changes to Government Laws and Regulations

The Office of the State Engineer of Nevada (the “State Engineer”), the State of Nevada Department of Conservation and Natural Resources, Division of Water Resources named the Clayton Valley Hydrographic Basin within Esmeralda County as a designated basin on March 7, 2016. Designation of a basin infers higher levels of scrutiny and management of groundwater resources by the State Engineer, but does not necessarily preclude additional future use of groundwater resources over and above that which is currently permitted. The Company, its officers, directors, contractors and agents must comply with all applicable water use laws and regulations when carrying out mineral exploration, project development work, and production associated with the CV Project. Water use laws and regulations, the appropriation of water and water use rights are evolving in a manner that may result in stricter and/or modified standards and assessments. Now that the State Engineer has designated the Clayton Valley Hydrographic Basin, there is a risk that exploration work and project development may be impacted by time delays or restrictions that could adversely affect and/or preclude the Project and its future development. At this time, these impacts are uncertain and unknown.

The Company’s lithium exploration commenced before the designation of the Clayton Valley Basin. However, with the designation, there is uncertainty about the applicability of some elements of the state water law to lithium exploration in general and the Company’s activities in particular. This creates a risk that practices will change and boreholes previously drilled by the Company will cease to be eligible for brine extraction in Clayton Valley. The Company received notice that its initial application for the appropriation of groundwater for the commercial scale production plant of the CV Project was denied by the State Engineer. This determination does not affect the Company’s current work program since it is still engaged in exploration and early stage engineering phases of the project, pursuant to the waivers granted by the State Engineer and the guidelines of Nevada’s newly passed AB 52. The Company believes that its water right application should have been granted on established legal grounds, and is in the process of pursuing all available legal and equitable remedies. However, the outcome of such are uncertain and unknown at this time.

The Company expects Nevada state statutes and regulations to evolve with respect to water rights and their implications for lithium mineral rights. Such evolution has already been observed in the rapid introduction and passage of AB 52, a statute that governs exploration for dissolved minerals species. Regulations pursuant to AB52 that streamline the permitting process for dissolved mineral exploration boreholes and wells have been put in place by the Nevada Division of Mining.

Nevada has a long history in mining, and there are indications that the overall state government environment is facilitative and supportive for lithium exploration and mining, but there can be no assurance as to the direction of change in the regulatory environment. For these reasons, the Company has retained specialist water rights consultants and legal counsel in order to proactively pursue its various administrative and legal matters and to develop and evaluate alternatives in the event that water rights for the CV Project are not granted or are not granted on the terms anticipated.

Risk Related to the Cyclical Nature of the Mining Business

The mining business and the marketability of the products that are produced are affected by worldwide economic cycles. At the present time, the significant demand for commodities such as lithium, in many countries is driving increased prices, but it is difficult to assess how long such demand may continue. Fluctuations in supply and demand in various regions throughout the world are common.

As the Company's mining and exploration business is in the exploration stage and as the Company does not carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

Properties May be Subject to Defects in Title

The Company has investigated its rights to explore and exploit the CV Project and, to the best of its knowledge, its rights in relation to lands covering the CV Project are in good standing. Nevertheless, no assurance can be given that such rights will not be revoked, or significantly altered, to the Company's detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties.

Although the Company is not aware of any existing title uncertainties with respect to lands covering material portions of the CV Project, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

No Revenue and Negative Cash Flow

The Company has negative cash flow from operating activities and does not currently generate any revenue. Lack of cash flow from the Company's operating activities could impede its ability to raise capital through debt or equity financing to the extent required to fund its business operations. In addition, working capital deficiencies could negatively impact the Company's ability to satisfy its obligations promptly as they become due. If the Company does not generate sufficient cash flow from operating activities, it will remain dependent upon external financing sources. There can be no assurance that such sources of financing will be available on acceptable terms or at all.

Legal and Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's business, prospects, financial condition, and operating results. Defense and settlement of costs of legal claims can be substantial. There are no current claims or litigation outstanding against the Company.

Insurance

The Company is also subject to a number of operational risks and may not be adequately insured for certain risks, including: accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labor disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, tornados, thunderstorms, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the properties of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. The payment of any

such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is unavailable or prohibitively expensive. This lack of environmental liability insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Currency

The Company is exposed to foreign currency fluctuations to the extent that the Company's material mineral properties are located in the US and Argentina, and its expenditures and obligations are denominated in US dollars and Argentine pesos, yet the Company is currently headquartered in Canada, is listed on a Canadian stock exchange and typically raises funds in Canadian dollars. In addition, a number of the Company's key vendors are based in Canada, including vendors that supply geological, process engineering and chemical testing services. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company.

Conflicts of Interest

The Company's directors and officers are or may become directors or officers of other mineral resource companies or reporting issuers or may acquire or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may, or may also wish to participate, the directors and officers of the Company may have a conflict of interest with respect to such opportunities or in negotiating and concluding terms respecting the extent of such participation.

The Company and its directors and officers will attempt to minimize such conflicts. If such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators. The Company's ability to advance the CV Project could be adversely affected by any inability on its part to obtain or maintain the required financial assurances.

Dividends

The Company has never paid cash dividends on our common shares, and does not expect to pay any cash dividends in the future in favor of utilizing cash to support the development of our business. Any future determination relating to the Company's dividend policy will be made at the discretion of the Company's Board of Directors and will depend on a number of factors, including future operating results, capital requirements, financial condition and the terms of any credit facility or other financing arrangements the Company may obtain or enter into, future prospects and other factors the Company's Board of Directors may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the common shares for the foreseeable future.

Hedging

Although there were no hedging arrangements in place as of June 30, 2018, management may elect to use such instruments in the future. Derivative instruments may be used to manage changes in commodity prices, interest rates, foreign currency exchange rates, energy costs and the costs of other consumable commodities. Common inherent risks associated with derivative transactions include (a) credit risk resulting from a counterparty failing to meet its obligation, (b) market risk associated with changes in market factors that affect fair value of the derivative instrument, (c) basis risk resulting from ineffective hedging activities and (d) legal risk associated with an action that invalidates performance by one or both parties. There is no assurance that any hedging or other derivative program will be successful.

Time and Cost Estimates

Time and cost estimates to develop, operate and close the CV Project have been prepared in connection with the Company's recent preliminary economic assessment. Other estimates of time and costs are made from time to time for exploration and other business activities. Actual time and costs may vary significantly from estimates for a variety of reasons, both within and beyond the control of the Company. Failure to achieve time estimates and significant increases in costs may adversely affect the Company's ability to continue exploration, develop the CV Project and ultimately generate sufficient cash flows. There is no assurance that the Company's estimates of time and costs will be achievable.

Consumables Availability and Costs

The Company's planned development activities and operations, including the profitability thereof, will continue to be affected by the availability and costs of consumables used in connection with the Company's activities. Of significance, this may include concrete, steel, copper, piping, diesel fuel, processing reagents and electricity. Other inputs such as labor, consultant fees and equipment components are also subject to availability and cost volatility. If inputs are unavailable at reasonable costs, this may delay or indefinitely postpone planned activities. Furthermore, many of the consumables and specialized equipment used in exploration, development and operating activities are subject to significant volatility. There is no assurance that consumables will be available at all or at reasonable costs.

Mineral Resource Uncertainties

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to mineral resources, there can be no assurances that mineral resources will be upgraded to mineral reserves as a result of continued exploration or during the course of operations.

There can be no assurances that any of the mineral resources stated in this MD&A or published technical reports of the Company will be realized. Until a deposit is actually extracted and processed, the quantity of mineral resources or reserves, grades, recoveries and costs must be considered as estimates only. In addition, the quantity of mineral resources or reserves may vary depending on, among other things, product prices. Any material change in the quantity of mineral resources or reserves, grades, dilution occurring during mining operations, recoveries, costs or other factors may affect the economic viability of stated mineral resources or reserves. In addition, there is no assurance that chemical recoveries in limited, small scale laboratory tests will be duplicated by larger scale tests or during production. Fluctuations in lithium/lithium product prices, results of future drilling, metallurgical testing, actual mining and operating results, and other events subsequent to the date of stated mineral resources and reserves estimates may require revision of such estimates. Any material reductions in estimates of mineral resources or reserves could have a material adverse effect on the Company.

Taxation

The Company is affected by the tax regimes of numerous jurisdictions. Revenues, expenditures, income, investments, land use, intercompany transactions and all other business conditions can be taxed. Tax regulations, interpretations and enforcement policies may differ from the Company's applied methods and may change over time due to circumstances beyond the Company's control. The effect of such events could have material adverse effects on the Company's anticipated tax consequences. There is no assurance regarding the nature or rate of taxation, assessments and penalties that may be imposed.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Company's Board of Directors, officers, close family members and enterprises controlled by these individuals as well as certain persons performing similar functions. Apart from those transactions detailed in this section, there were no other related party transactions.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers. The following expenses were incurred with key management personnel:

For the three months ended September 30, 2018, the Company had the following related party transactions and balances:

- (a) management fees and salaries of \$57,540 (September 30, 2017 - \$60,216) were expensed and accrued to Patrick Highsmith, a director and CEO of the Company;
- (b) management fees and salaries of \$53,704 (September 30, 2017 - \$56,201) were expensed and accrued to Paul Zink, CFO of the Company;
- (c) management fees and salaries of \$49,868 (September 30, 2017 - \$52,187) were expensed and accrued to Walter Weinig, an officer of the Company;
- (d) management fees of \$13,500 (September 30, 2017 - \$15,301) were expensed and accrued to a private company controlled by Dianne Szigety, the Corporate Secretary of the Company;
- (e) the Company incurred a total share based compensation expense of \$31,923 (September 30, 2017 - \$168,583) to officers;

- (f) the Company incurred a total share based compensation expense of \$38,131 (September 30, 2017 - \$161,582), to directors;
- (g) as at September 30, 2018, accounts payable and accrued liabilities included \$270,255 (September 30, 2017 - \$17,601) which was owed to related parties for travel expenses, salaries, professional and management fees; and
- (h) as at September 30, 2018, convertible debt of US\$225,000 was owed to Mary Little, a director of the Company.

The transactions noted above were measured at the exchange amounts which were agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

In applying the Company's accounting policies, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements is the policy on exploration and evaluation assets.

In particular, management is required to assess exploration and evaluation assets for impairment. Note 5 to the Financial Statements discloses the carrying values of such assets. As part of this assessment, management must make an assessment as to whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

The recoverability of exploration and evaluation assets is dependent on a number of factors common to the natural resource sector. These include the extent to which the Company can continue to renew its exploration and future development licenses with local authorities, establish economically recoverable reserves on its properties, the ability of the Company to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Company will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization. If a determination is made that a deposit does not contain economically recoverable mineralization, or if other factors are present that indicate the existence of an impairment, a property is written down to net realizable value, which could have a material effect on the financial position and financial performance of the Company.

RECENT ACCOUNTING PRONOUNCEMENTS

Changes in significant accounting policies and adoption of new accounting standards

The following new accounting policies were adopted during the three months ended September 30, 2018:

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) as of July 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at July 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS	
	39	New classification IFRS 9
Cash	FVTPL	FVTPL
Accounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders’ equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated other comprehensive income on July 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss.

Accounting standards anticipated to be effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning after July 1, 2018, or later periods. Some updates which are not applicable or are not consequential to the Company may have been excluded from the list below.

Leases

IFRS 16, Leases, specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The Company does not anticipate the adoption of this standard, which is effective for the fiscal year beginning on July 1, 2019, to have a significant impact on the Company’s consolidated financial statements.

STOCK-BASED COMPENSATION

The Company has a stock option plan, which is described in Note 7 to the Financial Statements. The Company applies the fair value method to all stock-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting year with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock based compensation.

FINANCIAL INSTRUMENTS

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income. The Company accounts for transaction costs related to the issuance of financial instruments other than those at FVTPL (fair value through profit or loss) as a reduction of the carrying value of the related financial instruments.

Financial instruments included in the statement of financial position are comprised of cash, amounts receivable, reclamation bond, accounts payable and accrued liabilities, asset retirement obligation, and convertible debt. The Company is exposed to currency exchange rate risk as certain transactions are denominated in US dollars. The Company does not have foreign exchange hedges in place at this time. It is management's opinion that the Company is not exposed to significant interest rate or credit risks.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

OUTSTANDING SHARE DATA

Issued

The Company had 148,597,551 common shares issued and outstanding as at September 30, 2018. The Company has 149,347,551 common shares outstanding as at November 29, 2018.

Stock Options

As at November 29, 2018, the Company has 8,795,000 stock options outstanding of which 8,307,500 are fully vested and exercisable. A summary of the Company's stock options is presented below:

	Number of Options	Exercise Price	Expiry Date
		\$	
October 3, 2014	150,000	0.245	October 3, 2019
March 11, 2015	270,000	0.270	March 11, 2020
October 23, 2015	300,000	0.670	October 23, 2020
November 5, 2015	400,000	0.540	November 5, 2020
February 4, 2016	400,000	0.570	February 4, 2021
July 25, 2016	950,000	0.750	July 24, 2019
December 2, 2016	200,000	0.710	December 2, 2019
April 19, 2017	575,000	0.500	April 19, 2022
July 11, 2017	1,900,000	0.570	July 11, 2022
February 26, 2018	3,400,000	0.370	February 26, 2023
May 21, 2018	250,000	0.270	May 21, 2023
Balance, November 29, 2018	8,795,000		
Fully vested and exercisable	8,307,500		

Share Purchase Warrants

The Company has 31,823,656 share purchase warrants outstanding at November 29, 2018.

A summary of the Company's warrants is presented below.

Expiry Date	Exercise price	Warrants outstanding
April 28, 2019	0.75	1,138,150
July 20, 2019	0.80	11,201,902
Sept 26, 2019	0.75	1,259,450
May 30, 2020	0.75	3,808,004
February 6, 2021	0.55	13,745,000
February 6, 2021	0.40	671,150
		31,823,656

Each whole share purchase warrant entitles the holder to acquire one common share at a cost shown above per share until its expiry date.

OTHER

Additional information about the Company, including the Financial Statements and Technical Reports, is available on the Company's website at www.pureenergyminerals.com, or on SEDAR at www.sedar.com.

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