

This Management Discussion and Analysis (“MD&A”) of NRG Metals Inc. (“NRG” or the “Company”) provides analysis of the Company’s financial results for the nine months ended September 30, 2018 should be read in conjunction with the accompanying condensed interim consolidated financial statements for the nine months ended September 30, 2018 and the audited consolidated financial statements for the year-ended December 31, 2017 and the related notes thereto, prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are expressed in Canadian dollars, unless otherwise stated. All documents previously mentioned are available on SEDAR at [www.sedar.com](http://www.sedar.com). This discussion is based on information available as at November 29, 2018.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. Additional information about the Company is available at [www.sedar.com](http://www.sedar.com).

## **Description of Business**

The Company was incorporated in the Province of Ontario on June 20, 1995. Effective January 15, 2007, the Company was granted a Certificate of Continuation under the Business Corporation Act from the jurisdiction of Ontario into British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The common shares of the Company are listed on the TSX Venture Exchange (“TSX-V”) and trade under the symbol NGZ. To date, the Company has not generated significant revenues from its operations which are considered to be in the exploration stage.

## **Overview**

### **Plan of Arrangement**

In January 2017, the spin-out of Gold Port Resources Ltd. (“Gold Port”) became effective as all conditions to the statutory plan of arrangement (the “Plan of Arrangement”) were satisfied or waived.

Pursuant to the Plan of Arrangement, the Company’s shareholders exchanged their existing common shares of the Company and received one “new” Company common share and 0.25 common shares of Gold Port.

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

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The carrying value of the net assets transferred to Gold Port, pursuant to the Plan of Arrangement consisted of the following assets and liabilities:

<b>Assets:</b>	
Cash	\$ 150,000
Exploration and evaluation assets	834,335
<b>Total assets</b>	<u>984,335</u>
<b>Liabilities:</b>	
Due to related parties	<u>(355,496)</u>
<b>Carrying value of net assets</b>	628,839
<b>Fair value of net assets distributed</b>	813,839
<b>Gain on transfer of spin-out assets</b>	<u>\$ 185,000</u>

### **Exploration**

During 2016, management decided to initiate an acquisition strategy for Lithium exploration projects, located in Argentina. Given that Argentina is one of the world's most established lithium production areas, and part of the "Lithium Triangle" (Chile, Argentina, Bolivia) in South America, and management's significant experience in Argentina, the strategy appeared attractive. During the year-ended December 31, 2016, the Company executed this strategy, conducting meetings in Argentina regarding potential acquisition, and incorporating a wholly owned subsidiary, NRG Metals Argentina S.A., for this purpose. In addition, the Company entered into management agreements with four highly experienced mining professionals. The NRG Lithium Team is comprised of individuals who have direct experience in exploring for, developing and producing lithium in Argentina. The new team members were integral in the identification and acquisition of lithium exploration projects.

These efforts lead to the first series of lithium acquisitions. The La Borita Claim Group was optioned in August, and the flagship project area the Carachi Pampa Paleo Salar was optioned in September. Focus is currently on the Carachi Pampa Claim Group. This resulted in the transaction being classed as a Fundamental Acquisition by the TSX Venture Exchange and required a trading halt and the completion of a NI 43-101 Technical Report. All requirements were completed in 2016, and the Company returned to trade in 2017.

### **The Salar Escondido Lithium Project**

During 2016, management completed a due diligence on many projects in Argentina, and decided upon the Salar Escondido (formerly the Carachi Pampa Paleo Salar) as representing an excellent exploration target. The "buried salar" is located in the Puna region of Argentina, and in an area of lithium exploration and production. Initially the Company entered into an option to purchase for two projects comprising 6,300 hectares, but later re-negotiated this claim group, and added in three other contiguous land packages to total in excess of 29,000 hectares.

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

---

In September 2016, the Company entered into the first option within the Sala Escondido. The company entered into an agreement whereby it could acquire a 100% interest in the 3,300 hectare Luz Maria Claim Group from Croydon S.A., with terms of the agreement setting a total purchase price of \$ US 860,000 spread over four years as follows: \$US80,000 payment upon execution of a definitive agreement, \$US100,000 year one and two from the date of the definitive agreement, \$US250,000 year three, \$US250,000 year four and a final payment of \$ US 250,000. A finder's fee of \$ US 72,000 is payable to two finder's over the five year term.

Due to the complexity of the arrangements, the acquisition was deemed a “ Fundamental Acquisition “ under TSX Venture Policy. This required a trading halt, and the completion of a National Instrument 43-101 Technical Report which would qualify the project as one of merit, and proposing a follow up work program.

Subsequent to the above transaction, in Novmeber of 2016 the Company optioned the 3,000 hectare Beatriz Claim Group from Enrique Domingo Perez Antich and Rinaldo Nicolas Herrera (the vendors), whereby the company may acquire a 100-per-cent interest. The vendors will retain exclusive mining rights to diatomaceous earth. Consideration is \$1.32-million (U.S.) over four years. The vendors retain a 1-per-cent NSR on mining of lithium and associated salts, with NRG Metals Argentina having the right to purchase it for \$2-million (U.S.).

Subsequent to the two above options, the Company entered into three new option agreements and re-negotiated the initial two. Initial payments for the entire package collectively total \$172,911 (U.S.) and 100,000 shares, with no further payments due until the completion of a drill program and receipt of results satisfactory to the company. Upon the receipt of satisfactory results, the company will make payments totalling \$535,000 (U.S.), issue an additional 100,000 shares and enter into definitive agreements for the property package. Further payments to the owners will result in a total purchase price of \$6,717,911 (U.S.) over a 54-month period

Exploration work was completed at the project area in 2016. Surface sampling produced anomalous values of lithium, so exploration management deemed a Vertical Electric Sounding Geophysical Program to be the appropriate next step. A V.E.S. Survey was completed on the Lus Maria and Beatriz Claim Groups by Conhidro S.R.L.of Catamarca, Argentina. Results of the survey identified four zones. Zone one was interpreted to be a near surface horizon with resistivity values ranging from 95 to 700 ohm/m, and deemed to be Quaternary sediments consisting of gravels and clays. Zone two was reported as expressing moderate resistivity values between 50 to 180 ohm/m and was deemed to be a gravel and sand horizon with fresh to brackish water. The zone ranged in thickness from 11 to 227 meters. Zone three is interpreted to be a small semi-conductive zone with resistivity values ranging from 27 to 33 ohm/m that is restricted to the southwest corner of the claim group and deemed to represent a sandy horizon with fresh to brackish water and is 36 to 73 meters thick. Zone four was the target of the investigation. Results indicated a highly conductive zone with resistivity values ranging from 0.1 to 1.4 ohm/m and interpreted by Conhidro to represent a zone of saturated brines. The zone begins at 70 meters of depth on the southwest portion of the claim group, and dips to a depth of 300 meters to the northeast portion of the claim group. The zone is at least 150 meters thick and open in all

directions. The next exploration step for the project is to drill test the target zone, and the Company applied for drill permits in December of 2016. The process involved the completion of an Environmental Impact Study and various other requirements.

To fund the acquisition and exploration of the project, in November, the Company completed a over-subscribed private placement and issued 14,400,000 units at \$0.10 per unit for gross proceeds of \$1,440,000, of which \$30,000 was received subsequent to December 31, 2016. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable at \$0.20 for a two year period. The Company paid a finder's fee on a portion of the placement.

In February of 2017, the Company filed a report titled TECHNICAL REPORT ON THE CARACHI PAMPA LITHIUM PROJECT CATAMARCA PROVINCE, ARGENTINA, by Rojas y Asociados Mining Consultants, of Argentina. The Company obtained final TSX Venture Exchange acceptance and the Company returned to trading status. The report recommended a drill program to test the identified zone of interest. Subsequently, the Company applied for exploration drill permits in Catamarca.

In August of 2017, the Company received drill permits for the project, re-naming it the Salar Escondido Lithium Project ("SE Project "). In October, 2017, the company contracted AGV Falcon Drilling of Salta Argentina, to drill the first test well in the exploration drill program.

In October of 2017, drilling began at the SE Project in Catamarca Province. On site senior guidance was provided by William Feyerabend, a Qualified Person under NI 43-101, and consulting geologist to the Company. Drilling was slow and complicated due to the lithology of the salar, which was mainly an unconsolidated sand horizon with occasional clay and conglomerate layers. The hole was completed down to 207 meters in December, at which time brine samples were obtained. Sample SE003 taken from 172 to 198 meters depth returned 189 parts per million lithium ( " ppm Li ) with 868 parts per million magnesium ( " ppm Mg " ). Sample SE004 taken from 189 to 198 returned 229 ppm Li and 1,033 ppm Mg. Assay work was completed at Alex Stewart Laboratory in Jujuy, Argentina, a certified laboratory. Analysis was by Inductively Couple Plasma Optical Emission Spectrometry ( " ICP-OES " ). The hole was continued down to 307 meters at which time it was terminated due to poor drilling conditions and hole cave. No further samples were obtained from the drill hole due to cave in. The data obtained during the program was evaluated to plan a second rill program in 2018.

### **Hombre Muerto North Lithium Project**

In June, 2017, the Company announced that it has entered into an option agreement to purchase the Hombre Muerto North Lithium Project, located in Salta and Catamarca Provinces, Argentina. The property package of 3,287 hectares is comprised of the Alba Sabrina, Tramo, Natalia Maria, Gaston Enrique, Viamonte and Norma Edit concessions, all located in the Salar del Hombre Muerto in northwestern Argentina. Highlights of the Hombre Muerto North Lithium Project Include: 20 surface samples collected in 2016-2017 range from 48 to 1,064 mg/L Li, averaging 587 mg/L Li , with seven samples over 800 mg/Li. Magnesium to lithium ratios range from 1.1:1

to 10.2:1, averaging 4.6:1, which are low by industry standards. Geophysical data indicates zones of low resistivity, interpreted to be potential lithium-bearing zones that are open at depth. Adjacent to Galaxy Resources' Sal de Vida lithium development project and FMC Corp's long-time producing Fenix lithium brine operations. The location of the project and the concessions is shown on the map below. The western part of the Salar del Hombre Muerto is host to FMC's Fenix Mine (~20 km south of the Hombre Muerto North property), which has been producing lithium for over twenty years, and Galaxy Resources is developing its Sal de Vida lithium project in the eastern part of the salar.

In July 2017, the Company had filed an Environmental Impact Study for the Hombre Muerto North Lithium Project as part of the approval process in Province of Salta. The study requested permission to drill up to six exploratory wells, six pumping test wells, and also for the construction of evaporation test ponds. The Company retained Montgomery and Associates for the completion of a National Insurment 43-101 Technical Report on the Hombre Muerto North Lithium Project, which was completed and filed October 9, 2017 and titled Technical Report for the Hombre Muerto North Lithium Project, Salta and Catamarca Provinces, Argentina. The report recommended a drill exploration program to test the lithium potential of the land package.

#### **CHEMPHYS STRATEGIC ALLIANCE AND OFF-TAKE AGREEMENT**

In October, the Company announced entering into a Letter of Intent ("LOI") with Chengdu Chemphys Chemical Industry Co., Ltd. ("Chemphys") located in Chengdu, China, regarding the further exploration and development of the Hombre Muerto North Lithium Project ("HMNLP"). The LOI also included a Lithium Offtake Sales Agreement and various other terms as discussed below. Terms were subject to regulatory and shareholder approval.

Chemphys was established in 1998, and has since grown into a high-tech enterprise, both ISO9001 and ISO14001 certified. The company specialises in the production of high purity (99.99%) Lithium Carbonate and battery grade Lithium Hydroxide for the manufacturing of cathode materials and electrolytes of lithium ion batteries. Chemphys was one of the first Chinese suppliers to export high purity Lithium Carbonate and battery grade Lithium Hydroxide to leading cathode materials and lithium hexafluorophosphate manufacturers in Japan and South Korea. Chemphys also produces 99.995% Lithium Carbonate which is used to manufacture single crystal substrates for surface acoustic wave and integrated optic devices. In addition, the company produces high purity Lithium Carbonate and Boric Acid for the production of fusion fluxes, Lithium Borates for XRF analysis, and numerous other specialized materials. Chemphys has a strong research and development capability and works closely with customers to develop new materials. Chemphys product is recognized by all major lithium ion battery materials manufacturers and is an integral part of the electric vehicle supply chain.

The purpose of the LOI is to combine the lithium exploration and development expertise of NRG, with the high purity processing expertise of Chemphys. As a part of this process, the two parties intended to complete a private placement as described below for the financing of the

HMNLP, which is currently under exploration. The intent is to quickly evaluate the project, and if deemed feasible (upon the completion of exploration and due diligence, and satisfactory studies which may include a Preliminary Economic Assessment), rapidly move the project into production. In addition, NRG has agreed to an off-take agreement with Chemphys for the sale of any lithium produced at HMNLP, board representation and certain anti-dilution provisions and a use of proceeds agreement. At closing, the placement was to represent not less than 15% of the issued and outstanding shares of the Company.

#### **SALAR ESCONDIDO DRILL PROGRAM 2017**

In October, drilling began at the Salar Escondido in Catamarca Province. The drill contract was awarded to AGV Falcon Drilling of Argentina, and specified a combination of rotary and core drilling to a depth of 350 meters. On site senior guidance was provided by William Feyerabend, a Qualified Person under NI 43-101, and consulting geologist to the Company. Drilling was slow and complicated due to the lithology of the salar, which was mainly an unconsolidated sand horizon with occasional clay and conglomerate layers. The hole was completed down to 207 meters in December, at which time brine samples were obtained. Sample SE003 taken from 172 to 198 meters depth returned 189 parts per million lithium ( “ ppm Li ” ) with 868 parts per million magnesium ( “ ppm Mg ” ). Sample SE004 taken from 189 to 198 returned 229 ppm Li and 1,033 ppm Mg. Assay work was completed at Alex Stewart Laboratory in Jujuy, Argentina, a certified laboratory. Analysis was by Inductively Couple Plasma Optical Emission Spectrometry ( “ ICP-OES “ ). The hole was continued down to 307 meters at which time it was terminated due to poor drilling conditions and hole cave. No further samples were obtained from the drill hole due to cave in.

The first hole confirmed the presence of significant lithium mineralization with potentially high permeability, and provided important information to guide the second phase of drill testing of the salar. After technical evaluation, management planned a second drill program for 2018.

In April of 2018, the Company contracted with Water Drilling of Catamarca, to complete a second hole at Salar Escondido. The 8.5 inch rotary hole was located one kilometer south of the first hole, and was drilled to the target depth of 400 meters. During the sample process, the hole became blocked at about 100 meters, and only three samples were collected. The samples ran from 141 to 144 parts per million lithium, with a high magnesium to lithium ratio ranging from 12.3 to one to 15.3 to one. The Company is evaluating options for the project, and negotiating with the property owners.

#### **CHEMPHYS PLACEMENT, CONTROL PERSON, AND OFF-TAKE AGREEMENT**

In November, the Company completed the first tranche of the placement of 9,800,000 units for gross proceeds of CAD \$980,000. A Second tranche of the placement was schedule to be completed in the immediate future, upon completion of regulatory approval, and shareholder approval at the December Annual and Special General Meeting.

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

---

In December, at the Annual and Special General Meeting of the Company, the disinterested shareholders approved the Chemphys placement, and the creation of a new control person as defined under the B.C. Securities Act. Chemphys became control by way of its placement via Latam Resources Pty, Ltd.. Subsequent to the meeting, Ms. Alison Dai, Director of Business Development for Chemphys was appointed to the board of directors of the Company. In addition, Mr. Christopher P. Cherry was re-appointed to the board of directors and will continue to serve as chief financial officer.

As announced on Nov. 16, 2017, the company completed various agreements to give effect to its strategic alliance with Chemphys to advance the exploration and development of the company's Hombre Muerto North lithium project (the HMN project) located in the Salta and Catamarca provinces area where most of the lithium production occurs in Argentina. Included with the strategic alliance is an off-take agreement for any future lithium produced by the company at the HMN project.

**2018 HOMBRE MUERTO SAMPLE PROGRAM**

In January of 2018, the Company conducted a Surface simple program at the 3,287 hectare Hombre Muerto Lithium Project, located in Salta and Catamarca Provinces. The sampling was conducted during the second week of January and supervised by Mark Rosko of Montgomery & Associates of Santiago, Chile. Mr. Rosko is a Qualified Person under National Instrument 43-101. Measurements in the field included pH, conductivity, temperature and density, and the field measurements were consistent with the same measurements made in the laboratory. The samples were analyzed by the Alex Stewart laboratory in Jujuy, Argentina. Alex Stewart employed Inductively Coupled Plasma Optical Emission Spectrometry (“**ICP-OES**”) as the analytical technique for the primary constituents of interest, including those shown in the table below. Alex Stewart maintains a strict internal QA/QC program employing multiple standards, re-analyses by AA and calculation of ionic balances. Mr. Rosko introduced blanks and duplicate samples for QA/QC, and all QA/QC results corroborate the analyses reported in this press release. The results are summarized in the following table.

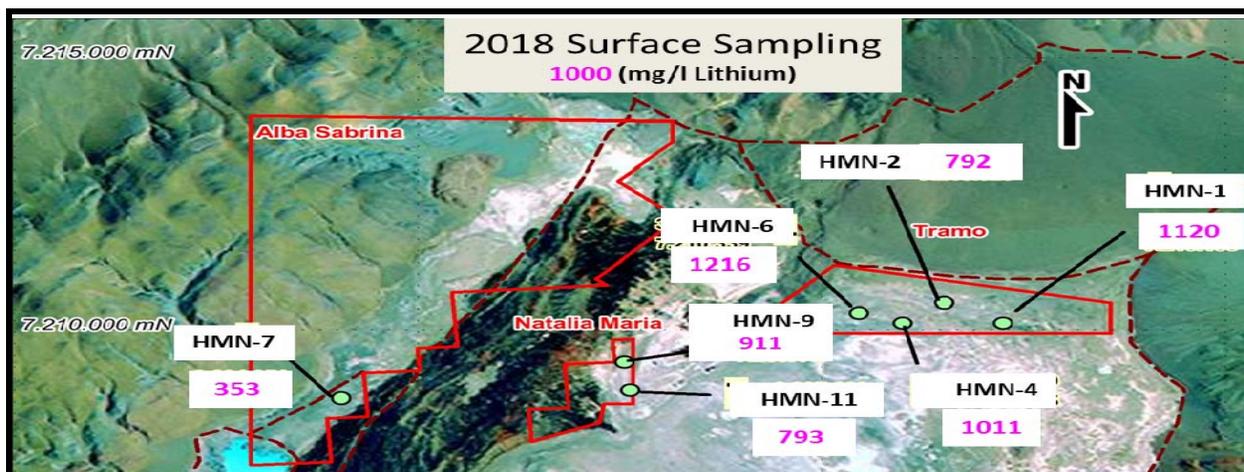
<b>Sample Number</b>	<b>Property</b>	<b>Li (mg/l)</b>	<b>K (mg/l)</b>	<b>Mg (mg/l)</b>	<b>Mg/Li</b>	<b>SO4</b>
HMN-1	Tramo	1120	8554	3594	3.2	9158
HMN-2	Tramo	792	6049	2392	3.0	9627
HMN-4	Tramo	1011	9236	2378	2.4	7441
HMN-6	Tramo	1216	10368	3718	3.1	5316
HMN-7	Alba Sabrina	353	3059	2674	7.6	10388

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

HMN-9	Natalia Maria	911	8857	1300	1.4	8528
HMN-11	Natalia Maria	793	8870	1075	1.4	7985

*HMN-003, HMN-5, HMN-8 and HMN-10 were blanks and duplicate samples that returned acceptable values.*

The Hombre Muerto Norte project is located at the northern end of the prolific Hombre Muerto Salar, adjacent to FMC's producing Fenix lithium mine and Galaxy Resources' Sal de Vida development stage project. The Fenix mine is the largest producing lithium mine in Argentina, and the Sal de Vida project is the largest development stage lithium project in Argentina. The location of the samples is shown on the map below.



**FEBRUARY WARRANT CALL**

In February, 2018, management decided in order to provide additional working capital for the 2018 exploration programs, the Company accelerated the expiry date of certain common share purchase warrants issued on Nov. 24, 2016. The warrants were issued in connection with a non-brokered private placement of units, with each warrant exercisable into one common share of the company at a price of 20 cents per share until Nov. 24, 2018. No other warrants were called. The new expiry date was set at March 16, 2018. At the conclusion of the call period, a total of 7,740,000 warrants were exercised for gross proceeds of \$1,548,000.

**PRIVATE PLACEMENT**

In February, the Company announced a \$ 1.2 million private placement of six million units. Each unit consisted of one common share and one transferable common share purchase warrant

of the company, with each warrant exercisable for a period of two years from the date of closing at a price of 30 cents per share. The placement closed oversubscribed with 19 places Accounting for 6,435,000 units, raising gross proceeds totalling \$ 1.28 million.

#### **APRIL COMPLETION OF CHEMPHYS PLACEMENT**

In April, the Company closed its second and final tranche of \$620,000 in a non-brokered private placement, bringing the total gross proceeds raised to \$1.6-million. The company issued 6.2 million units of the company at a price of 10 cents per unit to an affiliate of Chengdu Chemphys Chemical Industry Co. Ltd. Each unit comprises one common share and one transferable common share purchase warrant exercisable for a period of three years from the date of issue at an exercise price of 20 cents per share.

Further to its news release dated Nov. 16, 2017, the company completed the first tranche of a non-brokered private placement raising gross proceeds of \$980,000 from the issuance of 9.8 million units of the company on the same terms as the second tranche units.

The proceeds of the private placement will be used to advance the exploration and development of the company's Hombre Muerto North lithium project. The private placement financing was price protected as of Sept. 29, 2017, with the TSX Venture Exchange.

#### **2018 EXPLORATION PROGRAM**

After careful planning and the evaluation of all available data, management decided to proceed with drill programs at both the Hombre Muerto North Lithium Project ( “ HMN Project ” ), and the Salar Escondido Lithium Project ( “ SE Project ” ).

Road and drill pad construction began in March at the HMN Project by OneBorax, a local heavy-equipment contractor. The first road, located at the Tramo claim group, was completed along with drill pad construction. A 15-person camp was installed by Servicios Mineros, which includes insulated buildings, electrical generation and a fuel station supply.

In May, drilling at HMN began. The first phase of drilling involved a core rig provided by AGV Falcon Drilling. The hole was completed to 300 meters by May 24. Samples were taken every 10 meters along the first 100 meters of the hole and sent to Alex Stewart Laboratory in Jujuy for assay. The sampling was conducted with double pakcer equipment. On site QA/QC was directed by Christian Avila of Montgomery and Associates of Santiago, Chile, under the supervisión of Mike Rosko, also of Montgomery and Associates, and a Qualified Person under NI 43-101. For sample evaluation, Alex Stewart employed Inductively Coupled Plasma Optical Emission Spectrometry Analysis ( “ ICP\_OES” ). The ten samples returned an average of 905 mg/L Li with a low Mg to Li ratio of 3.0 to 1.0.

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

---

The first core hole at HMN, TH01-02 was completed to a depth of 401 meters by June, and sample results returned a hole average of 900 milligrams per liter lithium, with a low lithium to magnesium ratio of 3.0 to 1. The sampling was conducted with a single packer and on site QA/QC was directed by Christian Avila of Montgomery and Associates of Santiago, Chile, under the supervision of Mike Rosko, also of Montgomery and Associates, a Qualified Person under NI 43-101. Samples were assayed by Alex Stewart Laboratory of JuJuy, Argentina. Industry best practices were followed. Management were very pleased with the exceptional results and additional samples were sent out for porosity testing.

Based upon the initial results of core hole TW01-18, the Company decided to drill a second core hole approximately 2.1 kilometers to the West, TW02-18. AGV Falcon moved their rig from hole number one, to the new location and initiated the second core hole. In addition, it was decided to drill a pumping well. TWW01-19 located adjacent to the first hole. This well was targeted to a depth of 400 meters, with a diameter of 12 inches. Upon completion, the hole was enlarged by reaming to a diameter of 17 inches, and 10 inch perforated pipe was installed. Both the second core hole and the pumping well were completed by July. A pumping well test was initiated.

In August, results from the TWW01-18 72 hour pumping test produced 26 liters per second of brine flow, and was limited only by the size of the pump. Management were very pleased with the results, and further testing is planned with a larger pump. The testwork was designed and monitored by Montgomery and Associates, independent technical consultants from Santiago, Chile.

The second core hole TH18-02 was completed to a depth of 280.8 meters, with samples obtained down to 230.5 meters. The average for the 230.5 length was 638 milligrams per liter lithium, with a low magnesium to lithium ratio of 2.65 to 1. The sampling was conducted with a double packer and on site QA/QC was directed by Christian Avila of Montgomery and Associates of Santiago, Chile, under the supervision of Mike Rosko, also of Montgomery and Associates, a Qualified Person under NI 43-101. Samples were assayed by Alex Stewart Laboratory of JuJuy, Argentina.

Based upon the results from core hole TH18-02, a second pump well TWW18-02 adjacent to TH18-02. The hole was completed to a depth of 281 meters. A 72 hour pump test returned a flow rate of 20 liters per second, with the flow being limited only by the size of the pump.

Based upon the encouraging exploration results, it was decided to complete a NI 43-101 compliant resource study. In November of 2018, NRG issued and filed a technical report titled "Initial Measured Lithium and Potassium Resource Estimate Hombre Muerto North Project, Salta and Catamarca Provinces, Argentina." The report was completed in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects, on behalf of the Company by independent consultants Montgomery and Associates, of Santiago, Chile.

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

---

The NI 43-101 resource statement (see press release October 2, 2018), detailed in Table 1 below, includes 509,000 tonnes (metric tons) of lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) equivalent (LCE) and 1,609,000 tonnes of potash (KCl) equivalent in the Measured Resource category, with an additional 62,000 tonnes of LCE and 231,000 tonnes KCl in the Indicated Resource category. The average grade of lithium for the 571,000 tonne combined Measured and Indicated resource is 756 milligrams/liter lithium, with a low lithium to magnesium ratio of 2.6 to 1.

**Table 1. Hombre Muerto North Lithium Brine Resource Statement**

Resource Category	Brine Volume (1000 m <sup>3</sup> )	Li Grade (mg/liter)	Li (tonnes)	Li <sub>2</sub> CO <sub>3</sub> Equivalent (tonnes)	K Grade (mg/liter)	K (tonnes)	KCl Equivalent (tonnes)
Measured	119,862	797	96,000	509,000	7,039	844,000	1,609,000
Indicated	21,936	534	12,000	62,000	5,517	121,000	231,000
M+I	141,798	756	107,000	571,000	6,803	965,000	1,840,000

*Tonnages are rounded off to the nearest 1,000. Cutoff grade: 500 mg/L lithium, but no laboratory results were less than the cutoff grade. The conversion used to calculate the equivalents from their metal ions is based on the molar weight for the elements added to generate the equivalent. The equations are  $Li \times 5.3228 = \text{lithium carbonate equivalent}$  and  $K \times 1.907 = \text{potassium chloride equivalent}$ . The reader is cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability*

Montgomery and Associates recommends that the company further evaluate the project by completing a Preliminary Economic Assessment. Selection of a contractor for this stage of evaluation is underway, and the company expects to award the contract shortly.

### **Results of Operations**

The Company incurred a loss of \$7,383,008 during the nine months ended September 30, 2018 (“current period”), compared to a loss of \$2,921,923 for the nine months ended September 30, 2017 (“comparative period”). Some of the significant changes for the current period compared to the comparative period are as follows:

Administration fees of \$619,763 (2017 - \$234,417) were incurred as the Company has been active in exploration of its properties in Argentina. These costs include all office and other costs associated with the operations of the Company.

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

---

Consulting fees of \$1,777,415 (2017 - \$538,535) were incurred as the Company hired and used consultants during the period for various programs. During the current period, the Company issued 1,250,000 common shares to various exploration consultants of the Company as payment for exploration services performed for the Company. This non-cash transaction was valued at \$312,500. There were no common shares issued in the comparative period. In addition, during the period, the Company engaged various consultants in the amount of \$1,319,120 to provide services such as website landing page design, content development and digital marketing primarily through Google ads, digital media, corporate advisory, branding and strategic business services to the Company. These activities were minimal in the comparative period.

Exploration costs of \$2,296,853 (2017 - \$337,516) were incurred as the Company was actively exploring properties in Argentina as discussed above.

Share-based payments of \$1,186,078 (2017 - \$830,554), a non-cash expense was incurred during the current period on the granting of 5,500,000 incentive stock options to directors, officers and consultants of the Company.

Travel of \$141,225 (2017 - \$94,955) increased in the current period as a result of increased travel to trade shows and between different business activities of the Company.

**Summary of Quarterly Results**

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

	Three Months Ended Sept. 30, 2018	Three Months Ended June 30, 2018	Three Months Ended Mar. 31, 2018	Three Months Ended Dec. 31, 2017
Total assets	\$ 2,297,515	\$ 3,691,300	\$ 4,856,924	\$ 3,363,925
Evaluation and exploration assets	1,657,278	1,201,738	951,738	628,512
Working capital (deficiency)	585,503	2,272,784	3,813,511	2,380,975
Shareholders' equity	1,942,781	3,474,522	4,766,249	3,009,487
Loss for the period	(2,180,491)	(3,447,483)	(1,755,034)	(2,836,732)
Loss per share	(0.02)	(0.03)	(0.02)	(0.03)

	Three Months Ended Sept. 30, 2017	Three Months Ended June 30, 2017	Three Months Ended Mar 31, 2017	Three Months Ended Dec. 31, 2016
Total assets	\$ 561,572	\$ 679,459	\$ 1,036,607	\$ 2,078,525
Evaluation and exploration assets	118,820	118,820	26,367	26,367
Working capital (deficiency)	255,638	398,330	863,213	1,553,815
Shareholders' equity	374,458	517,150	889,580	1,580,182
Loss for the period	(531,562)	(513,386)	(1,876,975)	(830,898)
Loss per share	(0.01)	(0.01)	(0.03)	(0.02)

**Fiscal 2018**

During the third quarter of fiscal 2018, the Company loss decreased to \$2,190,491 from a loss of \$3,447,483 incurred during the second quarter. The decrease in loss is mostly attributable to the timing of stock option grants and issuance of performance shares to certain consultants. During the second quarter of fiscal 2018, the Company loss increased to \$3,447,483 for the three months ended June 30, 2018 from \$1,755,034 for the three months ended March 31, 2018 as a result of the increase in exploration activities and consulting services as discussed above. During the first quarter of fiscal 2018, the Company loss decreased to \$1,755,034 for the three months ended March 31, 2018 from \$2,836,732 for the three months ended December 31, 2017. The decrease was due to timing of exploration expenditures as well as certain share-based payment awards.

**Fiscal 2017**

During the first quarter of fiscal 2017, the Company loss increased to \$1,876,875 from \$830,898 incurred during the fourth quarter of fiscal 2016. The increase was primarily a result of the share based compensation on options issued and the loss attributed to the plan of arrangement. During

the second quarter of fiscal 2017, the Company loss decreased to \$513,386 from \$1,876,875 based on the options and plan of arrangement that was completed in the first quarter. During the third quarter of fiscal 2017, the loss maintained consistency at \$531,562 as the Company continues to explore its Argentina properties. During the fourth quarter of fiscal 2017, the loss increased to \$2,836,732 as the Company issued bonus shares, granted options, engaged certain consultants and continued to explore its Argentina properties, including a drill program on Salar Escondido.

### **Fiscal 2016**

During the fourth quarter of fiscal 2016, the Company loss increased to \$830,898 from \$271,824 during the third quarter of fiscal 2016. The increase was primarily a result of increased exploration costs in Argentina.

### **Liquidity and Going Concern**

The Company has financed its operations to date primarily through the issuance of common shares, proceeds from related-party loans and the exercise of stock options and share purchase warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company's unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2018 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2108, the Company had working capital of \$585,503 (December 31, 2017 working capital of \$2,380,975) and an accumulated deficit of \$40,756,695 (December 31, 2017 - \$33,373,957). In addition, the Company has not generated sufficient revenues to meet its operating and administrative expenses or its other obligations. These circumstances cast significant doubt on the validity of the going concern assumption.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its Guyana mineral property, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Factors that could affect the availability of financing include the progress and exploration results of the mineral property, the state of international debt, equity and metals markets, and investor perceptions and expectations.

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

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### **Capital Resources**

Net cash used in operating activities for the nine months ended Septmebr 30, 2018 was \$7,269,846. The cash used in operating activities consisted primarily of the operating loss offset by a change in non-cash working capital items. The Company also received \$4,437,724 on the issuance of common shares and incurred costs on exploration and evaluation assets of \$649,126.

### **Contingencies**

The Company has no contingencies at the date of this MD&A.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements at the date of this MD&A.

### **Investor Relations**

The Company has no investor relations agreements as at the date of this MD&A.

### **Related Party Transactions**

The Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel, such personnel include the Company's Directors, Chief Executive Officer, Chief Financial Officer and Corporate Secretary:

	2017	2016
Management, consulting, exploration and consulting fees charged by directors and corporations under their control	\$ 471,892	\$ 102,854

Key management personnel were not paid any post-employment benefits, termination benefits, or other long-term benefits during the respective years.

### **Financial and Capital Risk Management**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (ie: as prices) or indirectly (ie: derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the Company's receivables, accounts payable and accrued liabilities, and due to related party approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

*Credit risk*

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant.

(a) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of June 30, 2018. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

- (b) Foreign currency risk

While the Company's parent is Canadian and its capital is raised in Canadian dollars, the Company is conducting business in Argentina, whose currency is the Argentine Peso. As such, it is subject to risk due to fluctuations in the exchange rates for the United States, Canadian dollars and Argentine Peso. The Company does not manage currency risk through hedging or other currency management tools.

- (c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### *Capital management*

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus and deficit.

The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and investments.

**NRG METALS INC.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**

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The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments payable on demand. This strategy is unchanged from 2017.

The Company is not subject to externally imposed capital restrictions.

**Current Share Data**

As at the date of this MD&A, the common shares outstanding are as follows:

	Number of Shares
Balance, August 29, 2018	137,670,635

As at the date of this MD&A, the Company has 37,367,190 share purchase warrants exercisable between \$0.08 and \$0.30 per share to April 17, 2021 and 12,200,000 stock options exercisable between \$0.10 and \$0.43 per share to May 16, 2023.

**Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

**Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: evaluation and exploration asset costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.