



Management's Discussion and Analysis

**Nine Month Period Ended
September 30, 2018**

(Expressed in Canadian Dollars)

Report Date – November 16, 2018

INTRODUCTION

The following Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Volt Energy Corp. ("Volt" or the "Company") for the nine month period ended September 30, 2018. It should be read in conjunction with the condensed interim consolidated financial statements for the nine month period ended September 30, 2018 and the audited annual consolidated financial statements for the years ended December 31, 2017 and 2016 and the notes thereto. The Company changed its name from Abenteuer Resource Corp. to Volt Energy Corp. on April 27, 2017.

The following information includes financial information derived from the financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards (IFRS). All financial results are reported in Canadian dollars.

The Company's head office is located at 1090 Hamilton Street, Vancouver, BC V6B 2R9. Additional information relating to the Company can also be found on the SEDAR website at www.sedar.com.

FORWARD LOOKING STATEMENTS

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "planned," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

Management believes the primary risk factors have been identified in the Risks and Uncertainties section of this document.

Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the potential mineralization and geological merits of the of the Temiskaming & Fabre Cobalt-Silver property
- the availability of equity and other financing on reasonable terms;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- our ability to attract and retain skilled labour and staff; and

We caution you that the foregoing lists of important risk factors and assumptions are not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

DESCRIPTION OF BUSINESS AND REVIEW

Volt is a Canadian energy company continued under the Business Corporations Act (British Columbia) on December 30, 2010, and its common shares are listed for trading on the TSX Venture Exchange (the "TSXV") under the symbol "**VOLT**".

On February 1, 2018, Volt transferred its oil and gas properties and related reclamation liabilities in southeastern Saskatchewan and \$75,000 in cash to Roughrider Capital Corp. ("Roughrider"), its wholly-owned subsidiary. The Company completed a plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement") with Volt's securityholders on March 13, 2018 wherein, among other things, Volt (i) consolidated its common shares (the "Common Shares") on a four (old) to one (new) basis, (ii) re-classified and re-designated the Common Shares as "Class A common shares" (the "Class A Shares"), (iii) created a new class of common shares of the Company (the "New Volt Shares"), and (iv) distributed to the shareholders of the Company (A) one New Volt Share for every one Class A Share held and (B) two common shares of Roughrider for every one Class A Share held.

All share and per share amounts in the MD&A have been restated to reflect the share consolidation.

The assets and liabilities that were transferred to Roughrider are classified as discontinued operations and classified on the statement of financial position as assets / liabilities held for spin-off ("Spin-Off").

The Company is now focused on adding, creating and increasing value through the acquisition, development and production of alternative energy sources such as cobalt and lithium, particularly in North America. The Company currently holds two such projects, Lac Saint Simon and Temiskaming and Fabre.

TEMISKAMING & FABRE COBALT – SILVER PROPERTY

In April 2017, the Company acquired the Temiskaming & Fabre Cobalt - Silver property (the "TFC Property") located in Quebec's Fabre Township in exchange for 662,500 common shares of the Company (the "Vendor Shares").

About the TFC Property

The TFC Property is located immediately east of the shores of Lake Temiskaming across from the historical mining-town of Cobalt, Ontario within the eastern extent of the famous Cobalt Silver Mining Camp. The northern portion of the TFC Property, known as Temiskaming, is composed of twenty-seven contiguous claims covering an area of approximately 1577 hectares and the southern portion of the TFC Property, known as Fabre, is composed of eleven contiguous claims covering an area of approximately 643 hectares.

The areas in proximity to the historically significant mining-town of Cobalt, Ontario have recently been the focus of heightened activity and exploration efforts in an attempt at identifying and uncovering new Cobalt discoveries. In what was largely seen as a silver camp during the period 1900 to 2000, the prospective for cobalt occurrences in Ontario and Quebec have sparked renewed interest in these areas. As demand for electric vehicles and energy storage continues to escalate, cobalt (which is a vital component of Lithium-ion batteries – comprising up to 60% of the commodity inputs) is fast becoming a highly strategic and sought after metal. It is estimated that 98% of the world's cobalt production is produced as a result of by-product mining from copper and nickel operations. By virtue, with curtailments in recent years of copper and nickel production, cobalt production has decreased in lockstep. Further, with approximately 60% of current global cobalt supply coming out the Democratic Republic of the Congo, end users are in search of supply sources that are domiciled in politically stable jurisdictions.

TEMISKAMING & FABRE COBALT – SILVER PROPERTY (continued)

The TFC Property geology is Proterozoic and Archaean in age. On Temiskaming, the bedrock geology is comprised primarily of sedimentary rocks: conglomerate, quartz arenite, arkose and mudstone. These sedimentary rocks have been intruded by gabbro. Further, there is a minor andesite component in the northeastern part of Temiskaming, the rock type that hosts the “Fabre Showing”. The bedrock geology of the southern Fabre block consists of a complex geology in the west. The western portion is a sedimentary package and gabbro intrusive with an accessory amount of volcanic tuff. The central and eastern parts of Fabre are composed primarily of an anorthosite-gabbro intrusive. The margins of the TFC Property are mapped as tonalite. Located immediately in between Temiskaming and Fabre is the Fabre Showing. Drilled in 1995 by Techni-Lab Abitibi Inc., two high-grade zones mineralized with Cobalt, Silver and Bismuth were discovered. The highest grades appear to be present in veins mineralized with sphalerite, chalcopyrite and pyrite set within an altered andesite. The discovery of the Fabre Showing pre-dates National Instrument 43-101 (“NI 43-101”) and as a result was not supervised by a qualified person as defined by NI 43-101. The Company has not independently confirmed nor verified the historical work.

Table 1: The Fabre Cobalt-Silver Showing Drill Intercept (taken from report: GM53265) ¹

DDH Number	From (metres)	To (metres)	Length (metres)	Cobalt (Percent)	Cobalt (g/t)	Silver (g/t)	Bismuth (g/t)
FU-95-1	113.10	115.95	2.85	0.55	5,500.00	150.67	2,244.00
Including	114.73	115.30	0.57	2.70	27,000.00	714.20	11,000.00
FU-95-1	131.41	134.49	3.08	0.93	9,300.00	166.11	490.97
Including	131.41	131.90	0.49	8.00	80,000.00	600.00	4,200.00

Interpretations and Exploration Targets on Temiskaming

Previous historical exploration work was conducted by SOQUEM, a government agency founded in 1965 with a mandate to explore, discover and develop mining properties in Quebec. SOQUEM noted a thin syenite intrusive and suggested that intrusives are a key factor leading to mineralization in the thick sedimentary package when they drilled the TFC Property in 1966. This is the case across the lake in Cobalt, Ontario. Analysis of historical drill logs has indicated that chalcopyrite and pyrite mineralization is most common near veins and or alteration zones. These alteration zones seem to be present near veins as well as intrusives. As a result, these alteration zones and contact points are the key exploration targets on the TFC Property. Initial geological interpretation and analysis has identified five key prospective targets for the Company to focus on as outlined in Table 2. All quoted historical data, drilling and core logging pre-dates NI 43-101, and as a result was not supervised by a qualified person as defined by NI 43-101. The Company has not independently confirmed nor verified the historical work.

¹ Refer to a news release by Tres-Or Resources at <http://www.tres-or.com/announcements/tres-or-exploration-update-and-drill-program-in-quebec>

TEMISKAMING & FABRE COBALT – SILVER PROPERTY (continued)

Table 2: Key Exploration Targets on Temiskaming

Exploration Target	Description
DDH B-3.20-61	The drill log describes a sandstone mineralized with pyrite and chalcopyrite. The sandstone also had accessory amounts of mudstone, conglomerate and syenite. The drill log also suggests alteration could be due to a proximal gabbro intrusion.
DH 293	The drill log described mineralized bands of chalcopyrite and pyrite within sediments appearing to be present along bands that display different grain sizes in the sedimentary package.
Geological Contacts	Significant focus on where the gabbro contacts sedimentary rocks.
Nickel Potential in Gabbro	In 1998 Pro Or conducted Nickel exploration in the area (including the TFC Property). Samples with grades up to 1.74% Nickel and 5.33% Chrome in a magnetic gabbro were observed. Canadian Cobalt production is primarily associated with Nickel mining. It is uncertain what exact nickel and chrome sample values were taken on the TFC Property. Future work will aid in determining if there is any potential for such mineralization on the TFC Property.
Gold potential	Pro Or also sampled for Gold in the Fabre area (including on the TFC Property). A series of 7 samples with anomalous Gold values over 1 g/t were noted with the highest grade being 23.69 g/t. It is uncertain what gold sample values were taken on the TFC Property.

Interpretations and Exploration Targets on Fabre

A total of five diamond drill holes were drilled on the TFC Property by the Quebec government between 1962 and 1975. Although the historical reports did not contain assay values, the drill holes intercepted arkose mineralized with chalcopyrite as well as conglomerates, siltstone, argillite and granodiorite. It appears that the best exploration targets are located on the western portion of the TFC Property in the general area of historical drilling. Targeting the contact points between sedimentary or volcanic rocks against intrusives appears to offer the most prospective geological environment for mineralization. All quoted historical data and drilling pre-dates NI 43-101 and as a result was not supervised by a qualified person as defined by NI 43-101. The Company has not confirmed nor verified the historical work.

TEMISKAMING & FABRE COBALT – SILVER PROPERTY (continued)

Table 3: Key Exploration Targets on Fabre

Exploration Target	Description
DDH 1 (Report GM27945)	Drilled proximal to the contact of the gabbro and conglomerate. A mineralized quartz vein was noted in the drill log and is a target.
DDH 2 (Report GM27945)	Like DDH 1, this hole was drilled proximal to the contact of the gabbro and conglomerate. A mineralized quartz vein was not noted in the drill log. Either the hole was stopped early or the vein is not present in this location.
Gabbro and Volcanic Rocks	Gabbro and volcanic rocks dominate the central portions of the TFC Property. These rocks, especially the interface between gabbro and volcanics, are key targets.
Sedimentary – Gabbro Contact	This contact appears as an additional target to examine in future work programs on the TFC Property.

The technical content of this MD&A has been reviewed and approved by Thomas Clarke P.Geo., Pr.Sci.Nat., a qualified person as defined by NI 43-101.

LAC SAINT SIMON LITHIUM PROPERTY

In June 2017, the Company acquired the Lac Saint Simon Lithium property (the “LSS Property”) located in west-central Quebec from PUF Ventures Inc. (CSE:PUF). in exchange for 625,000 common shares of the Company.

About the LSS Property

The LSS Property is located approximately 2km from the boundary of Nemaska Lithium’s (TSX:NMX) Whabouchi Project (“Whabouchi”) and is roughly 480 hectares in size. According to Nemaska, Whabouchi is one of the most important spodumene lithium hard rock deposits in the world both in volume and grade. A Mineral Reserve estimate prepared by Met-Chem using the updated Mineral Resource block model suggests that Whabouchi hosts an estimated 20 million tonnes of Proven and Probable Reserves with a grade of 1.53% Li₂O Open Pit and 7.3 million tonnes of Proven and Probable Reserves with a grade of 1.28% Li₂O Underground. The mineralization hosted on the Whabouchi property is not necessarily indicative of the mineralization hosted on the Company’s LSS Property. The bedrock geology of the LSS Property is composed primarily of pink granite with pegmatites and porphyritic granodiorite. Accessory amounts of amphibolite and diabase have been mapped on the LSS Property. All geological information is based on data available for download by the Quebec government and not by the Company. Future work by VOLT will assist in verifying this data as well as gaining a better understanding of the geology and potential of the LSS Property.

The most prospective geology appears to be pegmatites set within the pink granite. Generally, lithium mineralization in the region has been concentrated in pegmatites, with Whabouchi being the classic example. Historically, Tuscana Lithium completed a NI 43-101 technical report on their Abigail property, which covered a large land position in the belt that went as far north as the southern boundary of the LSS Property. More recently, PUF conducted an initial exploration program on the LSS Property and is expecting completion of an updated NI 43-101 report in short order. The technical report encompasses the preliminary reconnaissance exploration program that was conducted, along with the recently completed unmanned aerial vehicle (“UAV”) geophysical survey.

OIL PROPERTIES

West Kingsford, Saskatchewan – Oil

During the nine month period ended September 30, 2018, the Company received cash flow from its joint operations in the West Kingsford area of Saskatchewan up until the Spin-Off of Roughrider on March 13, 2018. At that point, Roughrider was deconsolidated from Volt, and the Company no longer has any oil property interests.

All disclosure of scientific or technical information on the Company's oil properties contained in this Management's Discussion and Analysis is based on information prepared by or under the supervision of the Company's Independent Qualified Reserves Evaluator, McDaniel & Associates Consultants Ltd. The Company filed its most recent annual 51-101F2 Report on Reserves Data as of December 31, 2017 on SEDAR on April 23, 2018.

Production during the period:

Location	2018	2017
Well # 1	23.0	72.0
Well # 2	3.0	13.0
Well # 3	-	-
Well # 4	15.6	50.0
Well # 5	42.1	156.0
Well # 6	46.3	141.0
Period Total in cubic meters	130.0	432.0
Period Total in barrels	815	2,716
BOPD	11.5	14.9

The average price received for oil was \$70.26 per barrel during the nine month period ended September 30, 2018 and \$56.34 per barrel in the same period in the prior year.

RESULTS OF OPERATIONS

As a result of the Spin-Off of Roughrider in March 2018, the Company classified its oil operations as discontinued operations. However, in an effort to provide easier comparability with prior periods the results of operations are being presented inclusive of discontinued operations.

Three Month Period Ended September 30, 2018

Oil sales, net of royalties, during the three month period ended September 30, 2018 ("Current Quarter") decreased to \$Nil from \$79,821 during the three month period ended September 30, 2017 ("Prior Quarter"). The 100% decrease is attributed to the disposal of all of its oil interests through the Spin-Off of Roughrider on March 13, 2018.

Expenses for the Current Quarter increased by \$370,263 versus the Prior Quarter due to additional professional and consulting fees incurred while performing due diligence on a proposed business merger that did not complete.

RESULTS OF OPERATIONS (continued)

Nine Month Period Ended September 30, 2018

Oil sales, net of royalties, during the nine month period ended September 30, 2018 ("Current Period") decreased to \$46,522 from \$199,823 during the nine month period ended September 30, 2017 ("Prior Period"). The 77% decrease is attributed to the disposal of all of its oil interests through the Spin-Off of Roughrider on March 13, 2018.

Expenses for the Current Period decreased by \$134,741 versus the Prior Period due to the disposal of all of the Company's oil interests through the Spin-Off of Roughrider on March 13, 2018.

SELECTED ANNUAL INFORMATION

The Company's functional and presentation currency is the Canadian Dollar for all years presented.

	2017	2016	2015
	(\$)	(\$)	(\$)
Oil sales, net of royalties	271,266	234,169	209,404
Interest income	499	130	1,277
Other income	-	-	45,000
Expenses	494,313	329,698	495,831
Net loss	(224,854)	(97,256)	(242,134)
Net loss per share - basic and diluted	(0.03)	(0.02)	(0.05)
Total assets	1,468,571	637,174	669,748
Total long-term liabilities	118,810	122,404	112,734
Cash dividends	-	-	-

SELECTED QUARTERLY INFORMATION

The following table summarized the results of operations for the eight most recent quarters.

	Three month period ended			
	Sept 30 2018	Jun 30 2018	Mar 31 2018	Dec 31 2017
	(\$)	(\$)	(\$)	(\$)
Oil sales, net of royalties	-	-	46,522	71,443
Expenses	471,458	59,337	131,560	160,263
Net income (loss)	(471,458)	(58,772)	91,173	(89,026)
Net loss per share	(0.04)	(0.01)	0.01	(0.01)

SELECTED QUARTERLY INFORMATION (continued)

	Three month period ended			
	Sep 30 2017	Jun 30 2017	Mar 31 2017	Dec 31 2016
	(\$)	(\$)	(\$)	(\$)
Oil sales, net of royalties	67,648	64,848	67,327	64,112
Expenses	101,195	125,443	107,412	47,817
Net income (loss)	47,742	(61,042)	(122,528)	14,438
Net loss per share	0.01	(0.01)	(0.02)	0.00

Notes on Material Quarterly Variations:

September 30, 2018 – reported an increase in expenses due to additional professional and consulting fees incurred while performing due diligence on a proposed business merger.

June 30, 2018 – reported no revenue in the period due to the Spin-Off of the Company's producing oil assets in March 2018.

March 31, 2018 – reported an increase in net income due to a gain on the Spin-Off of Roughrider of \$258,536.

September 30, 2017 – reported net income for the period due to the reversal of the \$81,866 loss on debt settlement that was incorrectly recorded in the quarter ended March 31, 2017.

COMMITMENTS

As at September 30, 2018, the Company had no commitments.

LIQUIDITY

The Company's cash position decreased to \$74,035 on September 30, 2018 from \$249,314 on December 31, 2017. In addition, working capital decreased to \$70,383 from \$300,176 on December 31, 2017. These declines were a result of the disposal of the Company's oil interests and increased professional fees incurred in connection with the Spin-Off of Roughrider.

Subsequent to the Spin-Off of Roughrider, the Company no longer has revenue generating assets. Consequently, the Company completed a non-brokered equity placement in August 2018 wherein it issued 4,500,000 common shares for gross proceeds of \$506,250. While management believes that it has sufficient cash to operate for the next twelve months, should the Company proceed with any new asset acquisitions or exploration programs then it will likely have to access debt and/or equity markets for additional funding. If such funds are not available in the future, then the Company may be forced to curtail its activities to a level for which funding is available and can be obtained.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the nine month period ended September 30, 2018.

RELATED PARTIES TRANSACTIONS

The Company incurred the following transactions with directors and companies that are controlled by or significantly influenced by directors of the Company during the nine month periods ended September 30, 2018 and 2017.

*Key management compensation*¹

	September 30, 2018	September 30, 2017
	(\$)	(\$)
Management and director fees to J. Lewis Dillman, Chief Executive Officer ("CEO") of the Company, or a corporation controlled by the CEO	9,000	9,000
Professional and director fees paid or accrued to Sean McGrath, Chief Financial Officer ("CFO") of the Company, or a corporation controlled by the CFO	66,774	35,000
Director fees paid or accrued to Stephen Polakoff	9,000	9,000
Director and consulting fees paid or accrued to David Parry and companies controlled by David Parry	83,812	9,000
Director fees paid or accrued to Karl Marek	8,000	-
	<u>174,586</u>	<u>62,000</u>

¹ Key management includes the CEO, CFO, directors and companies controlled by them.

Other related party transactions

	September 30, 2018	September 30, 2017
	(\$)	(\$)
Mineral royalties paid or accrued to J. Lewis Dillman, CEO of the Company.	398	1,259

- a) As at September 30, 2018, a total of \$2,000 (December 31, 2017 - \$343) was included in accounts payable and accrued liabilities as owing to J. Lewis Dillman, CEO of the Company, or a corporation controlled by the CEO for director fees and mineral royalties.
- b) As at September 30, 2018, a total of \$2,000 (December 31, 2017 - \$3,000) was included in accounts payable and accrued liabilities as owing to Stephen Polakoff, a director of the Company, for director's fees.
- c) As at September 30, 2018, a total of \$2,000 (December 31, 2017 - \$Nil) was included in accounts payable and accrued liabilities as owing to a corporation controlled by Sean McGrath, CFO of the Company, for reimbursable expenses.
- d) As at September 30, 2018, a total of \$2,000 (December 31, 2017 - \$Nil) was included in accounts payable and accrued liabilities as owing to Karl Marek, a director of the Company, for director's fees.

OUTSTANDING SHARE DATA

As at the Report Date, the Company had the following share structure:

	Number
Common shares	12,097,849
Options	155,000
Fully diluted	12,252,849

Note: These figures reflect a 1:4 share consolidation that was completed on March 13, 2018.

RISKS AND UNCERTAINTIES

The Company is in the energy exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Exploration for and development of mineral properties involves a high degree of risk, and the cost of conducting programs may be substantial and the likelihood of success is difficult to assess.

Beyond exploration risk, management is faced with other possible risks which include the following:

Financial Market Risk

The Company is in part dependent on the equity markets as a source of capital for making acquisitions or completing exploration programs. Accordingly, the Company's capital resources and ability to make acquisitions or incur exploration expenditures are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge, there are no known encumbrances. However, the results of the Company's investigations should not be construed as a guarantee of title.

Environmental Risk

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the country in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and reclamation of mineral properties. Programs may also be delayed or prohibited in some areas.

Value Risk

There is no certainty that the carrying value of mineral properties which the Company has recorded as assets on its consolidated balance sheet will be realized at the amounts recorded.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

SUBSEQUENT EVENTS

There were no material events subsequent to September 30, 2018.

OUTLOOK

In conjunction with surging commodity prices, the Company has decided to divest itself of its oil assets and focus on other energy related commodities such as cobalt and lithium. In furtherance of this, the Company acquired the Temaskaming & Fabre cobalt property and the Lac Saint Simon lithium property. The Company will continue to evaluate new projects for acquisition and endeavor to raise sufficient capital with which to explore its exploration and evaluation assets.

CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of long term debt and equity, comprising share capital, net of accumulated deficit.

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 its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the period ended September 30, 2018.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The following areas required a significant degree of estimation and judgment:

Valuation of shares issued for exploration and evaluation assets

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. The Company estimated the value of the shares issued for exploration and evaluation assets based on the trading price as at the date of issuance. It was also determined that any voluntary trading restrictions that were imposed had no significant impact on the valuation of shares issued.

CRITICAL ACCOUNTING ESTIMATES (continued)

Valuation of shares issued for debt

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. The Company estimated the value of the shares issued for debt based on the value of the services received.

Impairment indicators and calculation of impairment

At each reporting date, the Company assesses whether or not there are circumstances that indicate a possibility that the carrying values of oil properties and equipment are not recoverable, or impaired, or whether there are indicators of impairment reversal. Such circumstances include incidents of deterioration of commodity prices, changes in the regulatory environment, or a reduction in estimates of proved and probable reserves. When management judges that circumstances clearly indicate impairment, property and equipment are tested for impairment by comparing the carrying values to their recoverable amounts. The recoverable amounts of cash generating units are determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions that are subject to changes as new information becomes available including information on future commodity prices, expected production volumes, quantity of reserves, discount rates, as well as future development and operating costs.

Assets held for spin-off

In 2017, the Company announced the proposed Spin Off of Roughrider Capital Corp., its wholly-owned subsidiary and holder of certain oil assets in southeastern Saskatchewan. Following the guidance under IFRS 5, "*Non-current assets held for sale and discontinued operations*", management applied judgement to determine the classification of these assets as at December 31, 2017. In concluding its judgement, management evaluated the continued commitment management to complete the Spin-Off, the likelihood of shareholders' and regulatory approval as well as the likelihood of completing the transaction within one year from the period end. Management has assessed that the assets should be classified as held for sale as at December 31, 2017 and qualify as discontinued operations.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

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 have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

ADDITIONAL INFORMATION

David Parry resigned as a director of the Company on August 22, 2018 in order to focus his efforts on other business and board commitments.

CORPORATE INFORMATION

Directors: Sean McGrath
J. Lewis Dillman
Stephen Polakoff
Karl Marek

Officers: J. Lewis Dillman - CEO
Sean McGrath - CFO

Auditor: PricewaterhouseCoopers LLP
Suite 700 – 250 Howe Street
Vancouver, BC, V6C 3S7

Legal Counsel: DuMoulin Black LLP
1000 – 595 Howe Street
Vancouver, BC, V6C 2T5

Transfer Agent: Computershare
2nd Floor – 510 Burrard Street
Vancouver, BC, V6C 3B9