MAG ONE PRODUCTS INC.

Management's Discussion & Analysis

Three Months Ended December 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
THREE MONTHS ENDED DECEMBER 31, 2016
FORM 51-102F1

DATE AND SUBJECT OF REPORT

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 the operations of Mag One Products Inc., ("Mag One", the "Corporation", or the "Company") for the three months ended December 31, 2016.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the same period and the annual consolidated financial statements and MD&A for the most recent year ended September 30, 2016. The Company's financial statements and other important information of the Company such as press releases and informational circular are available at www.sedar.com. This MD&A has been prepared effective as of February 28, 2017.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward looking statements involve a number of risks and uncertainties, including the impact of general economic conditions, industry conditions, and changes in Canadian and foreign laws and regulations, increased competition, fluctuations in real estate properties market, foreign exchange, and interest rates and stock market volatility. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and while many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Mag One is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forwarding looking statements	***Assumptions***	***Risk factors***
The Company intends to finance the Company's operations by additional related party financing, sale of shares, joint ventures or other forms of partnership financing.	*Based on the Company's understanding of current capital market*	*The Company may lose support from related parties and the capital market may not be available to provide financing.*

OVERALL PERFORMANCE

Mag One was incorporated on June 18, 2007 in British Columbia, Canada. The Company's head office is located at Suite 145 – 925 Georgia Street West, Vancouver, V6C3L2. The Company's shares are currently traded on the Canadian Securities Exchange ("CSE") under the symbol "MDD and are also listed on the Börse Frankfurt stock exchange ("Frankfurt") with the ticker symbol "304" and on the OTCQB, symbol, "MGPRF".

The Company's principal business is the development and commercialization of technologies for the processing and production of magnesium (Mg) metal and Mg-related compounds and by-products.

Following is a summary of other significant operating events of the Company:

Research and Development

During fiscal 2016 Mag One amended its contract with Jeffrey Mines to secure an additional 20 Million tonnes of Serpentinite Tailings for a total of 50 million tonnes. Mag One's serpentinite (magnesium silicate-rich) feed stock contains not only ~22% magnesium, but also ~18% silicon and ~0.23% nickel.

During fiscal 2016, Mag One retained a team of consultants to conduct an independent confirmation ("proof of process") investigation of the Company's innovative technologies for producing high-purity MgO (magnesium oxide or "magnesia"), which can either be sold directly via offtake agreements or converted to other valuable magnesium products such as magnesium hydroxide, $Mg(OH)_2$, and magnesium metal, Mg. Ms. Gillian Holcroft, President of Mag One Operations Inc., the Company's wholly-owned subsidiary in Quebec, is responsible for coordinating the work of this team. The team is headed by Professor Gervais Soucy Department of Chemical and Biotechnological Engineering at the Université de Sherbrooke (UdS) in Quebec, with important assistance provided by Dr. Jean-Marc Lalancette and Mr. Denys Pinard, M.Sc. and most recently Mrs. Yu-Mei Han (senior metallurgist). This team was chosen considering not only their extensive experience with serpentinite processing, but also their ability to identify opportunities for producing commercially viable, value-added byproducts. It was agreed that any new intellectual property developed by this team during the course of their work will be the property of Mag One.

To date, results of their efforts have shown that Mag One's MgO manufacturing processes have the potential to produce greater than 98 weight percent pure MgO, as well as a saleable byproduct with a per-tonne commercial value that *could* be equal to greater than the MgO product. More specifically it has been shown that the silicon contained within the serpentinite can be transformed into high-value amorphous silica (SiO_2), which has commercial applications in the construction industry as a replacement for silica fume in concrete and in the rubber tire industry as a replacement for carbon black. Furthermore, the iron residue from the magnesium recovery process has been projected to contain 2.4% nickel, which has potential value for existing nickel recovery operations. Therefore, Mag One's MgO + SiO_2 manufacturing will be essentially a near zero discharge operation, as the mass of solid waste generated will be very small and non-hazardous.

Mag One has also been in discussions with North American and European companies that are showing great interest in offtake agreements for its high purity magnesium compounds and silica co-product(s). In order to secure these agreements and to ensure that the manufactured products meet the purity and morphology characteristics needed to garner the highest price per tonne, Mag One decided to move forward with the construction and operation of a small pilot plant to generate MgO and SiO2 for testing and certification by third parties. It was decided to work with the newly formed Centre d'Innovation Minière de la MRC des Sources. Mag One will become the first client of this non-profit organization and applied for QC government support for this effort. It is anticipated that the pilot plant will be up and running by Q1/Q2 calendar 2017 and will operate for 4 months to produce MgO and SiO2.

In conjunction with Mag One's efforts to produce high purity MgO and silica, work, lead by the COO Dr. James Blencoe and Dr. Jagmohan Singh, is ongoing at Mag One's US based operations, MagOne Operations Inc. (TN), to advance the method for transforming the high purity MgO into magnesium metal.

In addition to working with experts at UdS, Mag One engaged SNC Lavalin in Australia to carry out an independent review of the economics of its novel process for producing MgO and amorphous silica. SNC was chosen for this mandate as their lead engineer has over 30 years of experience with complex hydrometallurgical flowsheets. A draft version of SNC's report was received in August. The company decided to carry additional test work to firm up specific equipment and design parameters. Once this information is in hand, Mag One expects the final version of this report to be completed by Q1 calendar 2017 which will provide an independent CAPEX/OPEX estimate for one of Mag One's methods of producing high-purity MgO and amorphous silica.

In the fourth quarter of fiscal 2016 Mag One executed a revised JV Agreement with MagBoard LLC, via its wholly-owned subsidiary, Mag One Operations Inc. and formed a new joint venture company called Magboard Products Inc., ("MPI"). The intent is to develop an assembly plant in Quebec (adjacent to the site of Mag One's huge stockpile of serpentinite tailings) to assemble the ROK-ON™ Structural Insulated Sheathing. MPI's sheathing panels are magnesium-based structural insulated wall systems that are fire, rot, termite, mold and impact resistant. ROK-ON™ systems substantially reduce the number of layers commonly used in construction to meet new code mandates. This performance allows builders to meet new codes at a lower installed cost, in less time than conventional plywood, gyproc/drywall, or other options. Since finishes can be directly applied to ROK-ON™, these products are ideally suited to prefabrication, a trend gaining substantial momentum on construction. It is important to note that when Mag One has a surplus of MgO in the future, this can be used by MPI for the production of the core section of these boards in Quebec.

During fiscal 2016 the Company engaged patent agents to assist with the filing of additional patents related to its proprietary innovative technology. This effort is ongoing.

Government Assistance

In December 2016, Investissement Quebec has been authorized to grant the Company's wholly owned subsidiary, Mag One Operations Inc. non-refundable contribution of up to $495,000 under the Economic Diversification Fund (MRS des Sources Program). The contribution is for the construction of the first phase of the Company's planned HydroMetallurgical Pilot Plant for the production of high purity MgO. The Company expects to receive the first tranche of the assistance in the first quarter of calendar 2017.

Financing Summary

- Company initiated a private placement for the issuance of 5,000,000 security units ($0.70/unit) for gross proceeds of $3,500,000. Each unit will consist of one common share and one share purchase warrant, which can be exercised into one common share at $1.40 for a period of one year after issuance. This private placement is not closed as of the date of this report
- As at December 31, 2016, the Company has received $670,000 (accumulated) short term financing from various related parties and arm's length parties. The Company intends to repay these short term financing with the proceeds from the proposed private placement
- 45,000 warrants were exercised into common shares

OUTLOOK

Business outlook

Mag One's goal is to become the diamond standard of high-purity Mg compounds and Mg metal, with a unique modular expansion method. The idea is that an initial small modular system will generate sufficient revenues to enable expansion of manufacturing As offtake agreements are secured, market demand warrants and financing arranged more processing modules may be added. Projects are all located in the province of Quebec, near the Company's stockpile of Mg-rich tailings and include an assembly plant for Mg-based wall panels, high-purity MgO and other Mg compounds, byproducts and coproducts including Si, Fe and Ni and ultimately Mg metal. The location has numerous benefits: local available skilled labour, very low electrical

costs and on road and rail. The Company's operating subsidiary, Mag One Operations Inc. will be responsible for coordinating construction, staffing, technology, equipment, etc. Production of magnesium wallboard, high-purity Mg compounds, high purity amorphous silica and Mg metal in one or more locations near its source of Mg silicate ore will allow the same management infrastructure to manage/operate all of the Company's modular operations, which will help reduce labour costs.

Because Mag One's manufacturing operations are largely decoupled, the Company can execute these efforts as distinct projects. Thus, in the case of producing high-purity MgO, Mag One can start the permitting, engineering and construction efforts for the MgO pilot plant facility while important optimization test work is carried out in parallel on the Company's Mg metal production technology. Results from the pilot plants will determine final MgO and Mg metal facilities' specifications. In addition, the ability to begin construction and operation of the Company's standalone Magboard Products Inc., ("MPI") facility this Spring will begin operations and be the first to generate revenues. as quickly as possible will help to reduce the overall fixed costs of Mag One's management infrastructure, making overall operations more cost effective.

Mag One is encouraged by the support it has received to date from both the local and provincial Quebec Governments and the Federal Government. On December 5th Mag One was invited to a press conference by the Member of Parliament for Richmond and the Parliamentary Assistant to the Prime Minister. It was announced at the press conference that Investissement Québec had been authorized to grant Mag One Operations Inc., ("Mag One Ops") (the Company's wholly-owned operating subsidiary) financial assistance, in the form of a non-refundable contribution of up to four hundred ninety-five thousand dollars ($495,000.) under the Economic Diversification Fund – MRC des Sources Program. This significant contribution towards the first Phase of Mag One's HydroMetallurgical Pilot Plant to produce high-purity magnesium oxide ("MgO") and SiO2 will go towards the purchase of essential pilot equipment, onsite Project Manager, labour and engineering costs. As previously mentioned, this pilot plant is essential to verify to potential customers and companies interested in offtake agreements, the grain size and quality of the products produced prior to pricing and quantities. The production of excellent quality and high-purity MgO is the precursor to the Company's ultimate goal of producing Mg metal.

Mag One intends to seek additional government support for its MPI Magboard assembly plant. joint Venture. The intent is to procure the necessary assembly equipment and to work with MRC des Sources who have shown a willingness to finance the construction of a new facility in the region using MPI's ROK-ON products to help showcase the product. In turn Mag One would rent to own this facility. Magboard Products Inc. is currently working with its JV Partner re final site selection for the assembly plant and has a current Business Plan. MPI as well as seeking other financing would consider applying to the Quebec or Federal governments.

Mag One has also made efforts to commercialize the MagPower technology with the consulting provided by obtained the consulting services of Blue Coast Systems, LLC, ("Blue Coast") to discover what the potential commercial viability is for potential products from its new acquisition of MagPower Systems. Headed by Joseph A. Swider, B.Sc. Mech. Eng., of Richmond, Virginia, Swider has 25 years of experience in international, domestic and federal markets ranging from advanced cyber technology, sensor systems, industrial operations including Mining and Metals, Oil and Gas, Energy sectors as well as various U.S. Federal Departments. Swider's mandate as a strategic advisor is to investigate commercialization of MagPower System Inc.'s magnesium-air battery technologies for commercial, retail, humanitarian and industrial applications. Mag One is confident that Mr. Swider will be instrumental in helping to quickly identify the market pull for this technology with the ultimate goal of rapid commercialization.

SUMMARY OF QUARTERLY RESULTS

The Company's operations in these past eight quarters are not subject to seasonality.

The Company expects the operating losses to increase in the next few years as funds will be required to engineer and commercialize the acquired technology for the manufacturing of the pure Mg metal and Mg compounds. The Company does not expect to earn revenue from these activities before Q3 or Q4 2017, unless it is successful in procuring an offtake agreement, or securing major financing.

The table below sets out the recent eight quarterly information of the Company.

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
	$	$	$	$	$	$	$	$
Revenue	-	-	-	-	-	-	-	-
Net loss from continued operations	(415,584)	(1,289,545)	(343,527)	(407,855)	(3,503,329)	(388,515)	(82,796)	(92,400)
Loss per share, basic and diluted	(0.01)	(0.05)	(0.01)	(0.01)	(0.11)	(0.01)	(0.00)	(0.00)

RESULTS OF OPERATIONS

Three months ended December 31, 2016 ("2017 Q1")

The Company's results of 2017Q1 compared to the 2016 Q1 is as follows:

Mag One Products Inc.
Condensed consolidated interim statements of comprehensive loss
(Unaudited - Expressed in Canadian Dollars)

Three months ended December 31,	**2016**	**2015**	**2016-2015**	Ref
	$	$	$	
Expenses				
Consulting	127,647	105,492	22,155	2
Office and administration	17,155	13,662	3,493	
Promotion and investor communication	51,904	17,189	34,715	
Research	182,247	30,631	151,616	3
Professional	4,890	11,950	(7,060)	
Share-based compensation	–	3,267,200	(3,267,200)	1
Travel	19,476	24,952	(5,476)	
Trust and filing fees	4,648	31,759	(27,111)	
Total operating expenses	407,967	3,502,835	(3,094,868)	
Lose before other items	(407,967)	(3,502,835)	3,094,868	
Interest expense	(7,617)	(494)	(7,123)	
Net loss	(415,584)	(3,503,329)	3,087,745	

1	*The Company granted 3,250,000 options during 2016 Q1. All of the options granted vested immediately. There were no options granted or vested during 2017Q1. As a result, share-based compensation increased..*

2	*The amount of consultant fees in these two periods are not significantly different as the Company are in the same line of business.*
3	*Research increased significantly in 2017 Q1 as the Company increased its research activities both its consulting and testing requirements*

LIQUIDITY & CAPITAL RESOURCES

Financing of operations has been achieved primarily by equity and debt financing. On December 31, 2016, the Company had a cash balance of $279,977 and working capital deficiency of $506,409. The Company is not subject to external working capital requirements.

Management realizes that the capital and liquidity on hand is not adequate for the Company to achieve its long-term business objectives. In December 2016, the Company proposed a new round of private placement to raise $5,000,000 for the issuance of 5 million of security units at $1.00/unit. The Company will use the proceeds from the new private placement to fully repay these short-term promissory notes in order to eliminate its working capital deficiency.

While the Company was able to raise financing when needed in the past, there is no guarantee that the Company can do so in the future.

During 2017 Q1 the Company used $134,988 in providing the required funding to the JV MPI and used $381,059 in its operating activities. The Company also received $597,000 from its financing activities ($570,000 from promissory note borrowing, $27,000 from warrants exercised)

TRANSACTIONS WITH RELATED PARTIES

Compensation paid to key management and directors

The following are the remuneration of the Company's related parties:

Three months ended December 31,		**2016**	**2015**
		$	$
Chairman of the board (the "Chairman")	Consulting	24,000	24,000
Former chief executive officer ("CEO").	Consulting	-	24,000
President and CEO of a subsidiary	Consulting	24,000	24,000
Chairman and a company controlled by the Chairman	Share-based compensation	-	969,950
A company controlled by the former CEO	Share-based compensation	-	510,500
President and CEO of a subsidiary	Share-based compensation	-	306,300
Chief Financial Officer	Share-based compensation	-	102,100
Other directors	Share-based compensation	-	510,500

Amounts due to related parties

	December 31, 2016	September 30, 2016
Chairman of the board of directors	$ 24,000	$ -
Former CEO	6,000	6,000
Note payable due to related parties (i)	570,000	103,750
Company with common directors and management	6,300	6,300
Amounts due to other related parties	20,000	-
	$ 626,300	$ 116,050

(i) As at December 31, 2016, the Company had the following promissory notes payable outstanding:

Principal	***Holder***	***Terms***	***Interest***	***Others***	***Collateral***
$400,000	*The spouse of the Company's former CEO*	*March 19, 2017*	*10% per annum*	*(iii)*	*(ii)*
$50,000 (iv)	*A relative of the Company's Chairman*	*February 7, 2017*	*Non-interest bearing*		*Unsecured*
$20,000 (iv)	*A relative of the Company's Chairman*	*On-demand*	*Non-interest bearing*		*Unsecured*
$100,000	*The Company's former CEO*	*On-demand*	*Non-interest bearing*		*Unsecured*

(ii) This loan is secured by a corporate guarantee provided by the Company and a personal guarantee from a director of the Company

(iii) The Company paid $10,000 cash in December and will issue 75,000 common shares to the lender as finance fees. If the promissory note is outstanding after March 19, 2017, the promissory note will become a payable on-demand note and the Company shall issue 25,000 common shares per month to the lender before the promissory note is fully settled

(iv) *These have been fully repaid after the period ended December 31, 2016.*

Other amounts owing to related parties do not bear any interest, are unsecured and are due on demand.

OUTSTANDING SHARE DATA

Subsequent to the period ended December 31, 2016, 50,000 warrants were exercised into common shares. As of the date of this MD&A, the Company has 34,430,283 common shares outstanding. The Company also has 2,863,611 share-purchase warrants and 3,570,000 stock options that can be converted to common shares of the Company on a one-to-one basis.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Other than the proposed private placement that have been disclosed in the section "Liquidity", the Company does not have proposed transactions that have material effects to the Company.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies since its recent year ended September 30, 2016. Details of the Company's significant accounting polices is available at the Note 3 of the Company's audited financial statements for the year ended September 30, 2016.

FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash which is held in bank accounts. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Fair value

Financial instruments that are not measured at their fair values are cash, other receivable, accounts payable and accrued liabilities, due to related party, and note payable. The fair values of these financial instruments approximate their carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

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:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company does not have financial instruments measured at fair value

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2016	September 30, 2016
Loans and receivables:	$	$
Cash	279,977	207,239

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2016	September 30, 2016
Non-derivative financial liabilities:	$	$
Trade payables	89,140	146,002
Note payable	100,000	-
Due to related party	626,300	116,050
	815,400	262,052

RISK FACTORS

Risks of the Company's business include the following:

Competition

Magnesium Metal is a competitive market and the ability to secure offtake agreements with magnesium metal clients and customers is critical. The key to success is to ensure that the Corporation is consistently a low cost ultrapure magnesium metal (and Mg-related byproducts and compounds) producer compared to its competitors. The Corporation's second largest asset is its innovative, proprietary and patented technologies and processes which in themselves could lead to the production of other products and licensing of its technologies.

New Business

The Company currently does not have any contractual customers. To mitigate this risk, the Corporation is actively in discussion with several large companies who have shown great interest in purchasing the Corporation's magnesium based products. However, there is a risk that the Company may not be able to find sufficient customers at the early stages.

Market

The profitability of the Corporation's operations is significantly affected by changes in the market prices of the products. The level of interest rates, the rate of inflation, and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Project Execution Risk

The business is based on a novel, low-cost modular method for producing magnesium metal and magnesium oxide. Although the majority of the unit operations are commercially proven, several key processing steps need to undergo a technical and economic review and possible testing prior to engineering and construction. To mitigate this risk, this capital and operating cost review will be carried out by an independent engineering firm prior to detailed engineering design and construction of the facility.

Once the detailed engineering design is complete, there are no guarantee that the processing facility will be built on time and on budget. Any delays in receiving the appropriate environmental and construction permits, construction delays, as well as ramp up to full capacity may materially impact the Corporation's financial

performance and cash flow. This risk, however is being mitigated through the design and construction of a modular facility. This approach limits the financial exposure and helps to ensure adequate cash flow prior to expanding production through additional modular units.

Key Personnel

The loss or departure of the Corporation's key management personnel, (if not immediately replaced) would have a material impact on delivering the novel magnesium processing facility. This risk is mitigated through the engagement of technology experts who can intervene in such an instance. Once the design basis is complete this risk is further mitigated

The facility will be located in an industrial community and as such the ability to engage qualified personnel to operate the facility is deemed to be a low risk.

Product Quality

The unique Magnesium process is designed to produce 99.9% wt. magnesium metal ingots. If the processing steps result in inconsistent product quality, then the Corporation may not be able to fulfill its contractual agreements to its customers which could adversely impact its financial performance, if the Company's other products sales are not high enough to compensate.

In addition to producing Magnesium ingots, the process is also designed to produce significant quantities of secondary Mg-related products for sale to customers. If the quality of these secondary products does not meet market specifications, then these compounds and related byproducts could also be sold to customers.

Consumable and Raw Material costs

The process is based on processing ongrade, already-mined, serpentine tailings to produce magnesium metal and other related Mg byproducts. The Corporation has secured a long-term agreement for the raw material supply at a fixed price. This contract ensures a long-term raw material supply and as such this risk has been mitigated. In addition, there may be an option to acquire more tailings at a very discounted price.

Because the process is based on game-changing technologies and unique modular plant design, the risk of higher consumable pricing from third parties has also been mitigated. In addition, the location of the production facility in Canada, specifically the province of Quebec is in a mining, industrial-friendly, abundance of skilled labor and extremely low-cost electrical power jurisdiction.

Property Damage

The facility will be insured against loss of property as well as other insurances to protect against certain risks. The Corporation, however cannot insure against operator error, improper maintenance, and general equipment failure. As such these events may increase the overall operational costs of the facility and thus impact the profitability of the Corporation.

Environmental and Safety Compliance

The processing facility will be designed and constructed to meet all required environmental, health and safety standards. Although best practices will be used to design, construct and operate the facility, there is always a risk that operator error or equipment failure will result in environmental and/or safety non-compliance.

Intellectual Property

The Corporation has significant know-how which will be protected through the filing of patents as well as the issuance of non-disclosure agreements for specific know-how and business confidential information. Although every effort will be made to ensure that the Corporation's IP and know-how are protected, there is a

risk that the Competition and/or employees will not respect their legal obligations and the Corporation may be forced to take legal action.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

OFFICERS AND DIRECTORS

Nelson Skalbania, Co-Chairman & Director & Interim CEO
Dr. James Blencoe, Co-Chairman, Chief Operating Officer & Director
Jared Scharf, CFO
Sonny Janda, Director
Charn Deol, Director
Gillian Holcroft, Director and President (appointed on February 10, 2017)