AMENDED AND RESTATED

MAG ONE PRODUCTS INC.

Management's Discussion & Analysis

Nine Months Ended June 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS NINE MONTHS ENDED JUNE 30, 2017 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 MOPI", or the "Company") for the nine months ended June 30, 2017.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the same period and the financial statements and MD&A for its 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 December 27, 2017.

This MD&A is being amended and restated to reflect the restated consolidated interim financial statements for the nine months ended June 30, 2017, to include previously omitted information required under National Instrument 51-102, and to correct typographical errors noted in the previous filings.

FORWARD LOOKING STATEMENTS

This MD&A contains or incorporates forward-looking statements within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, changes in cost and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only Mag One's expectations, estimates and projections regarding future events.

While the company considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are subject to risks and uncertainties that are difficult to predict. The results or events set forth in forward-looking statements may differ materially from actual results or events. Several factors could cause our actual results or events to differ materially from those expressed in forward-looking statements including, but not limited to, the following: a number of risks and uncertainties relating to the techno-economic viability of the proposed technology for producing Magnesium metal, magnesium compounds and by-products, including the failure to satisfy all required conditions, including required regulatory approvals, any significant impairment of the carrying amount of certain of our assets; variations from our assumptions with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, and effective tax rates; fluctuations in supply and demand in the magnesium-based products markets; changes in competitive pressures, including pricing pressures; adverse or uncertain economic conditions and changes in credit and financial markets; economic and political uncertainty around the world; changes in capital markets; inadequate insurance coverage for a significant liability; inability to obtain relevant permits for our operations; catastrophic events or malicious acts, including terrorism; certain complications that may arise in our manufacturing process; our ability to attract, develop, engage and retain skilled employees; rates of return *on, and the risks associated with, our investments and capital expenditures; timing and impact of capital expenditures; the impact of further innovation; adverse developments in pending or future legal proceedings or government investigations; and violations of our governance and compliance policies.*

As a result of these and other factors, there is no assurance that any of the events, circumstances or results anticipated by forward-looking statements included or incorporated by reference into this MD&A will occur or, if they do, of what impact they will have on our business, our performance, the results of our operations and our financial condition. Forward-looking statements are given only as at the date of this report and the company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

OVERALL PERFORMANCE

Mag One Products Inc. 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 byproducts and co-products from serpentinite tailings.

Following is a summary of the significant operating events during the period:

<u>Research and Development</u>

Last year it was reported that Mag One demonstrated that its MgO manufacturing processes has the potential to produce greater than 98 weight percent pure MgO, as well as a saleable byproduct. It was also shown that the silicon contained within the serpentinite tailings that Mag One is using, can be transformed into high-value amorphous silica (SiO2), which has potential 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 contains nickel, which has potential value for existing nickel recovery operations. Therefore, Mag One's MgO + SiO2 manufacturing is targeted to be essentially a near 'zero discharge' operation.

Mag One received $148,500 in February 2017 from Investissement Québec as an advance towards the non-refundable contribution of up to $495,000. This significant funding towards Phase I of Mag One's Hydrometallurgical Pilot Plant (high-purity magnesium oxide ("MgO") and SiO2) went towards the purchase of essential pilot equipment, onsite project management and operations, consumables and engineering costs. This pilot plant is essential in attempting to demonstrate to potential customers interested in offtake agreements who need to confirm the physical and chemical characteristics of these products prior to establishing pricing and supply agreements. In addition, results from the pilot plant will be used to engineer the commercial plant.

In conjunction with the pilot plant efforts ongoing in Quebec, Mag One's Tennessee operations have been working diligently to advance the method for transforming the high-purity MgO into magnesium metal Refining the specific reactions and evaluating the economics of the specific technological methods to be employed are amongst the current work in progress of the Company. In addition, the team provided laboratory support and data for the hydrometallurgical pilot plant in Quebec.

Mag One wishes to retract its past disclosures regarding estimates of tonnes and grade with respect to our project site in Quebec. Mag One however re-confirms that it is under contract to secure a significant quantity of serpentinite tailings produced by the former Mine Jeffrey operations at the Company's project site in Quebec. Prior statements regarding tonnes in its stockpile and concentrations or presence of mineralization were non-compliant and restricted. The information included contract representations by Mine Jeffrey Inc. as well as production reports from previous mining operations. The Company is retracting this disclosure until a compliant technical report is issued to the public.

Mag One will produce a NI 43-101 Summary of Current and Scientific Technical Information as rapidly as possible. In this regard, the Company hired Jacques Marchand on February 3rd, 2017 (a Québec Ingénieur Géologue Conseil and Qualified Person per NI 43-101) to review all pertinent information including on-site verification of the size of the stockpile, technical reports, historical reports, and related contracts. Mr. Marchand will also supervise the certified analytical lab that will provide chemical and mineralogical data from the representative samples that were taken in 2015 by Jeff Hussey, a professional geologist engaged by Mag One. Once Mr. Marchand has issued his report and it is filed on SEDAR, key findings will be included within the Company's website, fact sheets, investor presentations and other marketing material. This report will be released in the fourth quarter of 2017.

Technical disclosure within this MD&A was prepared and approved by Gillian Holcroft B.Eng., M.Eng., a Qualified Person as defined by NI 43-101.

In February, the Company announced that its President and CEO of its wholly-owned subsidiary, Mag One Operations Inc., Ms. Gillian Holcroft was appointed to the Board and accepted the role and duties of President of MOPI, the public company. Similarly, it was announced that Mag One's Chairman, Mr. Nelson Skalbania would also assume the role of interim CEO following the resignation of Mr. Lucky Janda.

Financing Summary

- On February 18, 2017, the Company issued 312,000 units at $0.70 per unit for gross proceeds of $218,400. Each unit consisted of one common share and one full share purchase warrant, exercisable to one common share at $1.40 for a period of one year after issuance.

- During the nine months ended June 30, 2017, the Company received $670,000 (accumulated) short-term financing from various related parties and arm's length parties. To date, the Company has repaid $70,000. of this amount.

- The Company is actively seeking investors, financing and end-users of its products (for offtake agreements) to secure funding to permit ongoing construction of its pilot plant and other projects.

OUTLOOK

Business outlook

Mag One's goal is to be a global leader in the Magnesium industry with high-purity Mg compounds and Mg metal, using its technology, process and unique modular expansion method. The intent is for the initial module to generate sufficient revenues to be break-even or better and more importantly to demonstrate to potential offtake clients that the company is capable of producing on-spec product at a commercial scale. MagOne's strategy is to then add more processing modules as market demand increases and financing is arranged.

Mag One's projects are all located in the province of Quebec, near the Company's secured serpentinite tailings pile. These projects will include an assembly plant for Mg-based wall panels, a commercial plant for the production of high-purity MgO and other Mg compounds, byproducts and coproducts including SiO2, and possibly Ni and ultimately, 99.9% pure Mg metal ingots. The location has numerous benefits: local available skilled labour, very low electrical costs, on road and rail and support of the Quebec Provincial government. The Company's operating subsidiary, Mag One Operations Inc. will oversee all projects, be responsible for coordinating construction, staffing, technology, equipment, etc. allowing the same management infrastructure to manage/operate all of the Company's modular operations, which will help reduce operating costs.

Because Mag One's operations are largely decoupled, the Company can execute these efforts as distinct projects. In addition, the Company can reduce fixed operating costs by sharing Mag One's management infrastructure over these various divisions making overall operations more cost -effective. Mag One is proud to find a solution to transform what is considered an industrial waste into environmentally friendly products. The objective is to create a Magnesium Valley that will provide jobs and opportunities in southwest Quebec and at the same time provide a stable and secure Canadian source of Mg metal.

SUMMARY OF QUARTERLY RESULTS

The Company does not expect to earn revenue unless it is successful in procuring an offtake agreement, or securing major financing.

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

	Q3 2017	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	**Q4 2015**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Net loss from continued operations	(461,829)	(434,225)	(415,584)	(1,289,545)	(343,527)	(407,855)	(3,503,329)	(388,515)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.05)	(0.01)	(0.01)	(0.11)	(0.01)

The Company's operating expenses have been fairly consistent over the past eight quarters, except for Q1, 2016 and Q4, 2016 when the Company recognized share-based compensation of $3,267,200 and $474,320, respectively.

RESULTS OF OPERATIONS

Nine months ended June 30, 2017 ("2017 Nine Months")

The Company's results of 2017 Nine Months compared to the same nine-month period in the prior year is as follows:

Nine months ended June 30,	**2017**	**2016**	**2017 - 2016**	**Ref**
	$	$		
Expenses				
Amortization	28,507	15,138	13,369	4
Office and administration	70,083	42,139	27,944	2
Promotion and investor communication	110,612	186,798	(76,186)	5
Research	673,387	323,696	346,691	3
Professional and consulting fees	348,635	317,585	31,050	6
Share-based compensation	-	3,267,200	(3,267,200)	1
Travel	29,906	57,012	(27,106)	5
Trust and filing fees	21,299	42,173	(20,874)	
Total operating expenses	(1,282,429)	(4,251,741)	(2,969,312)	
Net loss	(1,311,638)	(4,254,711)	(2,943,073)	

1	*The Company granted 3,250,000 options during 2016 Nine Months. All of the options granted vested immediately. There were no options granted or vested during 2017.*
2	*The amounts increased as the Company was more active in the current nine-month period.*
3	*Research increased significantly relative to the comparative period as the Company dedicated material efforts to Phase 1 pilot plant activities. Significant expenses include $145,000 to CIMMS, a research center in Quebec, for the purchase of equipment along with some testing services. Laboratory test work was carried out in parallel by the University of Sherbrooke, Biobois Analytique, KPM and others totaling approximately $130,000. Engineering Consultants (SNC, DST and others) supported this effort with costs of approximately $100,000. Research activities were also conducted in Tennessee through the Company's wholly owned subsidiary, NAMP which included $50,000 in lab scale equipment, $100,000 in laboratory technical staff costs and $70,000 related to engineering services. Additional Pilot plant equipment was also purchased directly by Mag One of approximately $70,000.*
4	*Greater amortization in the current period as property and equipment increased compared to 2016.*
5	*Less promotional and investor communications expenses and related travel due to current management and current consultants being able to manage the Company's current needs relative to the prior period.*
6	*Professional and consulting fees slightly increased due to more activity in the current period, and include approximately $180,000 in management fees to the CEO and the President, $70,000 in consulting services related to research and technology development, $50,000 in legal and accounting fees, and approximately $35,000 for the preparation of a NI 43-101 technical summary report.*

Three months ended June 30, 2017 ("2017 Q3")

The Company's results of 2017 Q3 compared to the same three-month period in the last year is as follows:

Three months ended June 30,	**2017**	**2016**	**2017 - 2016**	**Ref**
	$	$		
Expenses				
Amortization	9,565	10,935	(1,370)	
Office and administration	25,421	18,503	6,918	2
Promotion and investor communication	21,798	17,722	2,076	1
Research	334,230	140,044	194,186	3
Professional and consulting fees	53,869	136,098	(82,229)	5
Travel	(7,138)	18,061	(25,199)	
Trust and filing fees	4,875	943	3,932	4
Total operating expenses	(442,620)	(342,306)	(100,314)	
Net loss	(461,829)	(343,527)	(118,302)	

1	*Promotion and investor communication expenses increased as the Company put more efforts in IR related activities relative to the comparative period.*
2	*Office and Administration expenses increased as a result of additional support required for increased IR related activities.*
3	*Research increased significantly relative to the comparative period as the Company dedicated material efforts to Phase 1 pilot plant activities. Significant expenses include $145,000 to CIMMS, a research center in Quebec, for the purchase of equipment along with some testing services. Laboratory test work was carried out in parallel by the University of Sherbrooke, Biobois Analytique, KPM and others totaling approximately $130,000. Engineering Consultants (SNC, DST and others) supported this effort with costs of approximately $100,000. Research activities were also conducted in Tennessee through the Company's wholly owned subsidiary, NAMP which included $50,000 in lab scale equipment, $100,000 in laboratory technical staff costs and $70,000 related to engineering services. Additional Pilot plant equipment was also purchased directly by Mag One of approximately $70,000.*
4	*Increase, due to increased share capital activity relative to the comparative quarter.*
5	*The Company has been fairly inactive with respect to consulting services during the current three-month period relative to the comparative period. The costs for the three-month period, primarily related to the production of the 43-101 technical summary report, and some research and technical development.*

LIQUIDITY & CAPITAL RESOURCES

Financing of operations has been achieved primarily by equity and debt financing. On June 30, 2017, the Company had a working capital deficiency of $1,063,458. The Company is not subject to external working capital requirements. The Company is in the process of raising more equity financing in order to finance the Company's operations and to eliminate the working capital deficiency.

Management realizes that the capital and liquidity on hand is not adequate for the Company to achieve its long-term business objectives. While the Company could raise financing when needed in the past, there is no guarantee that the Company can do so in the future.

During the current period, the Company used $201,488 in advancing funds to MagBoard LLC in connection with its initial joint venture agreement, purchased $137,500 in additional equipment, and received a $148,500 advance in government funding from Investissement Quebec.

The Company also received $1,069,275 from its financing activities ($500,000 from promissory note borrowing; $275,400 from issuance of shares; and $293,875 share subscriptions received for shares issued subsequent to 2017 Q3).

TRANSACTIONS WITH RELATED PARTIES

Compensation paid to key management and directors

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

Nine months ended June 30,		**2017** $	**2016** $
Nelson Skalbania, CEO and Director	Management fees	72,000	72,000
Gillian Holcroft, President and Director	Management fees	112,000	24,000

Amounts due to related parties

	June 30, 2017 $	**September 30, 2016** $
Nelson Skalbania, CEO and Director	82,000	-
Company controlled by the former CEO	6,000	6,000
Companies associated with the former CEO	12,300	6,300
Companies with common directors and management (i)	47,658	-
Notes payable to related parties (ii)	527,500	103,750
	676,458	116,050

(i) Related companies

The Company owed $6,000 to Innovative Properties Inc. Controlled by Lucky Janda, the former CEO of the Company, which was settled subsequent to the period.

The Company owed $3,150 to each of Grand Peak Corp. and JG Wealth Management Corp., both companies controlled by Sonny Janda, a former Director of the Company, which was settled subsequent to the period.

The Company owes $47,658 to a company controlled by Gillian Holcroft, the President and Director of the Company.

The Company owes $7,000 to a company controlled by Nelson Skalbania, the CEO and Director of the Company.

(ii) Notes payable

As at June 30, 2017, the Company had a promissory note payable of $100,000 owing to Innovative Properties Inc., a company controlled by a former CEO. This note payable is unsecured, bears interest of 5% per annum, and is payable on demand. An amount of $7,500 interest payable is included as at June 30, 2017.

As at June 30, 2017, the Company had a promissory note payable of $400,000 owing to the spouse of the Company's former CEO. This note payable is secured by a corporate guarantee provided by the Company and a personal guarantee from a director of the Company, bears interest of 10% per annum, and was due on March 19, 2017. This note is now in default, and is payable on demand. The Company will issue 25,000 common shares per month to the lender before the promissory note is fully settled. An amount of $20,000 interest payable is included as at June 30, 2017.

Subsequent to the period, the above promissory notes were settled.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 43,557,283 common shares outstanding. See *Subsequent Events* section for details of shares issued subsequent to June 30, 2017. During the six months ended June 30, 2017, the Company received subscriptions totaling $293,875 related to the private placement closed in September 2017.

The following warrants and stock options are also outstanding as of the date of this MD&A.

Warrants

Number	Exercise price	Expiry date
412,500	$1.10	August 26, 2020
550,000	$1.10	August 16, 2018
312,000	$1.40	March 9, 2018
7,675,000	$0.50	October 5, 2019
8,949,500		

Options

Number	Exercise price	Expiry date
3,600,000	$0.30	September 24, 2017

SUBSEQUENT EVENTS

Subsequent to June 30, 2017 the following events occurred:

On August 17, 2017, the Company entered into a consulting contract with a third party for corporate finance and corporate and business development services. The terms of the contract include 350,000 shares of the Company issued upon commencement, 350,000 in three months, and $5,000 per month if the Consultant raises capital for the Company. 350,000 shares were issued subsequent to the period, pursuant to the commencement of the contract, however the contract was later terminated.

On August 29, 2017, the Company settled amounts due to related parties in the amount of approximately $539,800 by the payment of:

- $250,000 in cash;
- the issuance of a four month note payable in the amount of $150,000 secured by 1,500,000 common shares of the Company, with interest at four percent per annum along with a four month term; and

- the issuance of 100,000 common shares of the Company as negotiated by both parties for full settlement of all amounts owing. The market price on the date of settlement of $0.215 will be used for accounting purposes

On August 31, 2017, the Company acquired 100% of the shares of MagPower Systems Inc. (‘MagPower”). MagPower is a private company whose focus is the development of magnesium air batteries. The terms of the acquisition include:

- $100 for all of the issued and outstanding shares;
- 2% royalty (“royalty obligation’) based on gross cash flow generated by MagPower up to $2 million;
- An option for the Company to buy the royalty obligation for $1 million for a period of 24 months; and
- Warrants issued on a prorata basis to existing MagPower shareholders with a term of two years, at a price of $1.00 for the first year, and $1.25 for the second year

On September 14, 2017 the Company granted 4 million stock options, with an exercise price of $0.30 and a term of two years. 2.6 million were granted to related parties with remaining granted consultants.

On September 28, 2017, the Company closed a private placement of 7,775,000 units at $.20 per unit for gross proceeds of $1,555,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant can be exercised into one common share at $.50 per share for two years. There were no finder’s fees associated with this private placement.

On October 27, 2017, a company controlled by the CEO exercised 400,000 options mentioned above with an exercise price of $0.30 for total proceeds of $120,000.

On October 27, 2017, the CEO exercised 100,000 warrants in connection with the just closed private placement with an exercise price of $0.50 for total proceeds of $50,000.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies since its recent year ended September 30, 2016.

FINANCIAL INSTRUMENTS AND RISKS

The Company has not changed its approach in handling the risks associated with its financial instruments since its recent year ended September 30, 2016.

(a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	June 30, 2017 $	September 30, 2016 $
Financial assets:		
Loans and receivables:		
Cash	47,612	207,239
	47,612	207,239
Financial liabilities		
Trade payable	279,858	146,002
Due to related parties	676,458	116,050
Notes payable	100,000	-
	1,056,316	262,052

(b) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company’s cash was measured at fair value using level 1 inputs as at June 30, 2017.

As at June 30, 2017, the fair values of accounts payable, due to related parties and notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

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 a stable, low-cost ultrapure magnesium metal (and Mg-related byproducts and compounds) is produced at a price less than its competitors while the sale of products from its other related operations assists in revenue flow. The Company’s other assets are its technology, process and innovative modular plant expansion design.

New Business

The Company currently does not have any contractual customers. To mitigate this risk, the Company is actively in discussion with several large companies who have shown great interest in purchasing the Company'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 Company'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 Company'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 Company'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, consultants in the field, etc. who can intervene in such an instance. Once the final design, equipment procurement and construction of the pilot plant and other operations is complete, this risk is further mitigated

The facilities' location in an industrial community gives it the ability to engage qualified personnel to operate the facility, create local jobs and renovate an industrial wasteland to an environmentally friendly business hub is deemed to be a very 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 Company 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 byproducts, co-products and compounds for sale to customers as well as its Mg-based panels for the construction industry and Mg-Air Fuel Cell development as commercial viability is determined. The Company is determined to create a solid, stable, Canadian source of Mg and its other products to enable both Canada and the USA to rely less on other foreign imports.

Consumable and Raw Material costs

The process is based on processing ongrade, already-mined, serpentinite tailings to produce magnesium metal and other related Mg byproducts. The Company has secured a long-term agreement for the raw material supply at a very low ($1.00/tonne as it is used) price. These two contracts (50 million+ tonnes) ensures a long-term raw material supply and as such this risk has been mitigated.

Because the process is based on novel 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 labour and extremely low-cost electrical power jurisdiction and a very supportive Quebec government.

Property Damage

The facility will be insured against loss of property as well as other insurances to protect against certain risks. The Company, 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 Company.

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 Company 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 Company’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 Company 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, Chairman, CEO & Director
Gillian Holcroft, President & Director
Dr. James Blencoe, Chief Technology Officer & Director
Rod Burylo, Director