

**INTERNATIONAL BATTERY METALS LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine month periods ended October 31, 2017

Dated December 31, 2017

**INTERNATIONAL BATTERY METALS LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Introduction**

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of International Battery Metals Ltd. (the "Company" or "IBAT") should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three and nine month periods ended October 31, 2017 and the related notes contained therein. The financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company and its activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A is current as of December 31, 2017.

**Forward Looking Statements and Forward-Looking Information**

The information provided in this MD&A may contain forward-looking statements and forward-looking information about IBAT within the meaning of applicable securities laws. In addition, IBAT may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of IBAT that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information. All statements and information, other than statements of historical fact, made by IBAT that address activities, events, or developments that IBAT expect or anticipate will or may occur in the future are forward-looking statements and information, including, but not limited to, statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities.

Actual performance, achievement or other realities could differ materially from those expressed in, or implied by, any forward-looking statements or information in this MD&A and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and IBAT does not undertake any obligation to update any forward-looking statements or information to reflect information, events, results, circumstances, realities or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this MD&A and other documents of IBAT are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on IBAT's business or the extent to which any factor, or combination of

factors, may cause actual realities to differ materially from those contained in any forward-looking statements.

In addition, forward-looking statements and information herein, including financial information, is based on certain assumptions relating to the business and operations of IBAT. Although IBAT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information in this MD&A, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements and information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A.

## **The Company**

International Battery Metals Ltd. is a resource exploration company that is exploring for lithium. The objective of management is to maximize shareholder acquiring lithium extraction technology as well as lithium resource properties and attempting to produce lithium in a cost-effective and technically sound manner. The Company's head office is located at Suite 510 744 West Hastings Street, Vancouver, British Columbia, V6C 1A5 and the Company's registered and records office is located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

The Company was incorporated in the Province of British Columbia on July 29, 2010. The fiscal year end of the Company is January 31.

On February 25, 2015, the Company voluntarily delisted its common shares from the TSX Venture Exchange, and on February 26, 2015, the Company's common shares commenced trading on the Canadian Securities Exchange under the symbol "RGE".

On August 23, 2017 the Company changed its name to International Battery Metals Ltd and commenced trading under the symbol "IBAT".

## **Overall Performance**

The key factors pertaining to the Company's overall performance for the three and nine-month periods ended October 31, 2017 are as follows:

- The Company had current assets of \$592,600 (31 January 2017 - \$253,388) and current liabilities of \$350,871 (31 January 2017 - \$55,884) resulting in a working capital of \$241,729 at October 31, 2017 (January 31, 2017 - \$197,504). The Company had cash and cash equivalents of \$188,756 at October 31, 2017 (January 31, 2017 - \$238,451).
- The Company incurred a net loss of \$1,665,778 and \$2,473,999 for the three-month and nine-month period ended October 31, 2017 (compared to a net loss of \$28,310 and \$67,649 for the three-month and nine-month periods ended October 31, 2016). The primary reason for the increased net loss compared to the same period the previous year was due to increased activity and resulting professional fees, consulting fees, shard-based payments and exploration property writedown.

- All direct costs related to the acquisition of resource property interests have been capitalized. The Company has no operating cash flow and its level of operations has been determined by the availability of capital resources. To date, share issuances and short-term loans from related parties have provided the sole source of funding. Therefore, it is difficult to identify any meaningful trends or develop an analysis from cash flows. Cash used in operating activity for the three and nine-month periods ended October 31, 2017 was \$952,813 and \$1,191,687 respectively, compared with \$8,363 and \$20,857 for the same respective periods in the previous year ended October 31, 2016. The reason for the increased use of cash during the three-month and six-month period of 2017 versus the same periods in 2016 was the Company was pursuing additional prospective exploration properties and opportunities.

### **Investment in North American Lithium Inc.**

During the period the Company entered into a binding letter of intent with North American Lithium, Inc. ("NAL") dated September 28, 2017 (the "LOI"), pursuant to which IBAT will acquire NAL's intellectual property related to lithium extraction from oil field brines (the "Intellectual Property") for petro lithium extraction projects (the "Proposed Transaction").

NAL is a California corporation that has developed unique technology that allows direct extraction of lithium from complex brines such as those found in oil fields.

The technology involves processes that are highly selective for lithium and an extraction system that allows lithium extraction from complex brines with only minimal pretreatment. There is no need to pretreat the brine to remove divalent cations such as calcium or magnesium. The process also inherently rejects troublesome anions such as sulfate and borate. Rather, brine flows into the process. Lithium chloride is removed and the brine is injected back into the ground through an environmentally permitted well.

The output of these patent pending processes is a clean lithium salt solution that is suitable for further processing to desired products.

Additionally, the patent pending process and equipment are specifically designed to be compatible with the demands of remote oilfield operations.

NAL's technology provides significant advantages including significant cost savings due to minimal brine pretreatment and exceedingly low chemical consumption. The unique equipment design also allows rapid implementation, minimizing traditional lag time for bringing resources on line.

NAL is led by Dr. John Burba who has 40 years' experience with Dow Chemical, FMC, and Simbol Minerals in the lithium extraction industry. Included in his team are Marc Privitera (an AIChE Fellow), a chemical engineer with over 30 years' experience and Christina Borgese (AIChE) who has a depth of experience in developing, engineering and constructing large chemical projects.

In order to effect the transfer of the Intellectual Property to IBAT, NAL will form a new company ("Subco") and transfer 100% of the Intellectual Property to Subco, following which the IBAT will acquire 100% of the issued and outstanding securities of Subco, in consideration of up to 23,700,000 common shares of IBAT (the "Vend-In Shares") as follows:

- 4,700,000 Vend-In Shares on closing of the Proposed Transaction ("Closing");
- 4,000,000 Vend-In Shares upon Subco and IBAT completing an agreed upon milestone in respect of the Intellectual Property;
- 5,000,000 Vend-In Shares upon Subco and IBAT completing an additional agreed upon milestone in respect of the Intellectual Property;
- 5,000,000 Vend-In Shares upon Subco and IBAT filing completing an additional agreed upon milestone in respect of the Intellectual Property; and
- 5,000,000 Vend-In Shares upon IBAT (i) completing one or more private placement financing(s) resulting in the issuance of no less than 5,000,000 common shares of IBAT and (ii) completing a laboratory-scale pilot plant for the processing of lithium or lithium concentrates.

Additionally, pursuant to the terms of the LOI, IBAT will acquire from NAL data, analyses, and reports related to lithium extraction from various oil field brines (the "Data") to be considered for initial siting and development of the project. In consideration of the transfer of the Data, the LOI prescribes that:

- On execution of the LOI, the Company will pay NAL US\$135,000 (paid) to review data from oil field brines and analyze the data to prepare a brine source identification report (the "Brine Identification Report");
- Upon delivery of the Brine Identification Report, the Company will pay NAL US\$175,000 (paid), such payment to be made on the date that is the earlier of: i) thirty (30) days from the date of the LOI; or (ii) the date that is five (5) days after the date that IBAT receives net proceeds from an equity financing in the amount of not less than CAD1,000,000;
- Upon delivery of a block flow diagram of the lithium extraction process previously developed by NAL, IBAT will pay NAL US\$215,000 (paid); Upon delivery of an initial overall project flowchart and design document, IBAT will pay NAL US\$225,000; and
- Upon delivery of a final opinion letter from NAL in respect of proposed applications of the Intellectual Property, IBAT will pay NAL US\$125,000.

The Company continues to work towards a final definitive agreement which as December 31, 2017 has not been finalized.

### **Bygoo Properties NSW, Australia**

On March 15, 2017 the Company entered into a Letter of Intent ("LOI"), followed by an option agreement (the "Sub-Option Agreement") dated May 24, 2017 with BeiSur OstBarat Agency Ltd. ("BOAL") the Sub-Option Agreement was amended July 31, 2017. BOAL holds an option to earn a 51% undivided interest, with an option to acquire up to a further 25% interest in the Bygoo Tin Project (the "Property"), located in New South Wales, Australia. BOAL's interest in the Property is subject to an underlying agreement between BOAL and Riverston Tin Pty Ltd. ("Riverston"). On July 31, 2017 an amended agreement was signed, the revised payment schedule follows.

The Sub-Option Agreement provides that the Company may exercise its option to acquire BOAL's interest in the Property for the following:

- i. payments to Riverston of the aggregate sum of AUD\$2,880,000 (the "Payment"),
- ii. reimbursement of the expenses incurred by BOAL (the "Expenses"), and
- iii. the issuance to BOAL of 3,000,000 common shares (the "Shares"), as set out below.

The Payment shall be made by the Company directly to Riverston in the following amounts:

- i. AUD\$100,000 (\$50,000 in cash and \$50,000 in shares) on or before August 4, 2017 (paid);
- ii. AUD\$50,000 August 15, 2017 (paid);
- iii. AUD\$50,000 August 31, 2017 (outstanding);
- iv. AUD\$380,000 September 30, 2017 (outstanding);
- v. AUD\$800,000 November 30, 2017; and
- vi. AUD\$1,500,000 January 31, 2018.

The Company has also agreed to pay Riverston AUD\$40,000 cash on or before June 20, 2017 (outstanding) and to issue common shares having an aggregate value of AUD\$40,000 (outstanding) on or before June 20, 2017 (outstanding).

The Company shall pay the Expenses to BOAL within 5 business days of the acceptance for filing by the CSE. The Shares shall then be issued to BOAL as follows:

- i. 700,000 common shares within 5 business days of approval by the CSE (outstanding);
- ii. 800,000 common shares on or before July 31, 2017 (outstanding);
- iii. 1,500,000 common shares on or before January 31, 2018;

The Company has the option to acquire a further 25% interest in the Property for AUD\$22,000,000.

The Company is currently in default on its option on this property reviewing alternatives including the possible disposition of the property. Given the uncertainty of the property, Management has recognized an impairment writedown of 50% of the current value of the property, \$233,505.

A geological report (the "Technical Report") prepared by G.K. Whitehouse, who is a "Qualified Person" as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"), was completed in relation to the Property on May 25, 2017. The Technical Report is available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Woodbury Property**

On July 24, 2017 the Company entered into an option and purchase and sale agreement (the "Option Agreement") with Woodbury Resources, LLC and Bi-Petro, Inc. whereby the Company has an option to purchase the oil and gas leases located primarily in Cumberland and Jasper Counties, Illinois. The Option Agreement allows for the purchase of 37,500 acres previously leased for oil, gas and lithium extraction by Woodbury and Bi-Petro in the 'Woodbury Carper Lithium Resource Project'. The Project represents a lithium resource development opportunity at shallow drilling depths (less than 4,000 feet) in the heartland of the United States, located on fee acreage that is easy to permit and drill, with several

existing wells capable of producing large volumes of lithium rich brine. Total option purchase price, subject to the Company completing its due diligence, is US\$8,000,000:

- i. US\$100 on signing (paid);
- ii. US\$99,900 in 90 days from signing;
- iii. US\$2,000,000 in 6 months from signing, of which the Company may make 1/2 in common shares;
- iv. US\$2,000,000 in 12 months from signing, of which the Company may make 1/2 in common shares;
- v. US\$3,900,000 in 6 months from signing, of which the Company may make 1/2 in common shares;

The option on this property expired December 24, 2017 and the Company currently does not intend on proceeding with the option.

### **Pattullo Property**

On June 17, 2011, the Company entered into an option agreement, subsequently amended, to acquire a one hundred percent (100%) undivided interest in unpatented mining claims located in the Pattullo and Tait townships of the Province of Ontario, Canada (the "Pattullo Property").

The Company has granted a 2% net smelter royalty, 1% of which can be purchased back by the Company for \$1,000,000.

On June 15, 2015 the Company issued 50,000 common shares valued at \$2,500 in exchange for an extension on the option payment terms.

During the period ended January 31, 2017, due to prevailing junior resource market conditions, the uncertainty associated with the Company's ability to exploit any future economic benefits from the Pattullo property and

the Company not having sufficient funds to spend on its exploration program, the Company recorded an impairment write-down of \$1,500 with respect to the mineral exploration property costs associated with the Pattullo Property.

During the period ended July 31, 2017 the Company withdrew from its agreement with Rubicon Minerals Corporation for the Pattullo Property.

## Selected Annual Information

The following table sets forth summary financial information for the Company for the financial years ended January 31, 2015, January 31, 2016 and January 31, 2017. This information has been summarized from the Company's audited financial statements for the same periods. This summary of financial information should only be read in conjunction with the Company's financial statements, including the notes thereto.

	Year Ended January 31, 2015 (audited)	Year Ended January 31, 2016 (audited)	Year Ended January 31, 2017 (audited)
Exploration and evaluation properties	\$0	\$0	\$0
Total assets	\$89,337	\$9,849	\$253,388
Total revenues	\$0	\$0	\$0
Long-term debt	\$0	\$0	\$0
General and administrative expenses	\$160,307	\$150,639	\$104,515
Net loss	\$373,921	\$153,139	\$106,015
Basic and diluted loss per share <sup>(1)</sup>	\$0.03	\$0.01	\$0.01

(1) Based on weighted average number of common shares issued and outstanding for the period.

## Discussion of Operations

The net loss for the year ended January 31, 2017 was \$106,015, as compared to the net loss of \$153,139 for January 31, 2016. The primary reason for this decreased net loss was due to an impairment write-down of \$2,500 during the year ended January 31, 2016 versus an impairment write-down of \$213,614 during the year ended January 31, 2015. Total expenses for the year ended January 31, 2017 were \$104,515, as compared to the total expenses of \$150,639 for January 31, 2016. Total expenses for the year ended January 31, 2017 consisted of filing fees of \$16,972 (2016 - \$27,117), consulting fees of \$0 (2016 - \$9,900) and the following amounts:

- Management fees, salaries and benefits of \$31,400 (2016 - \$37,654). The Company maintained CEO management fees payments of \$6,000 per month from November 1, 2016 until January 31, 2017, \$2,500 per month from September 1, 2016 until October 31, 2016, and \$1,200 per month from February 1, 2016 until August 31, 2016. The Company did not incur or pay management fees, salaries and benefits from the period of September 1, 2015 to January 31, 2016.
- Professional fees of \$45,040 (2016- \$42,759). Professional fees consist of legal, accounting and audit fees.
- Office and miscellaneous of \$4,635 (2016 - \$19,181). The primary reason for this decrease was due to decreased office and administration expenses associated with daily operations of the business for the period ended January 31, 2017.
- Share-based payments of \$0 (2016 - \$0). No director stock options were granted during the years ended January 31, 2016, or January 31, 2017.
- Investor relations expense of \$3,000 (2016 - \$3,996) and filing fees of \$16,972 (2016 - \$27,117). The reason for the decrease in filing fees was due to the Company migrating to the Canadian



Securities Exchange from the TSX Venture Exchange during the year ended January 31, 2016. The decreased investor relations expense was due to the company not changing exchanges in the most recent year end. These are considered one-time expenses.

- Travel of \$64 (2016 - \$7,064). The primary reason for this decrease was due to the management traveling to Ontario several times in 2016 to work on a business combination transaction which never materialized.

On June 1, 2017 the Company entered into an agency agreement with Hunter Stuart Energy Advisors Inc. ("Hunter Stuart") through its principals John S. Steinhauser and Clifford C. Clark, whereby Hunter Stuart will identify negotiate and secure access to oil field brines containing lithium for the Company under the following terms:

1. Consulting fee of USD\$35,000 for work performed to date.
2. An aggregate of USD\$50,000, payable in five installments of USD\$10,000 on June 1, 2017 (paid), June 15 (paid), 2017 (paid), July 1, 2017 (paid), July 15, 2017 (paid) and August 1, 2017.
3. 75,000 stock options granted to John S. Steinhauser, at an exercise price of \$0.38 and expiring one year from the date of grant (granted subsequent to period end).
4. 75,000 stock options granted to Clifford C. Clark, at an exercise price of \$0.38 and expiring one year from the date of grant (granted subsequent to period end).
5. An additional 75,000 stock options granted to John S. Steinhauser, expiring one year from the date of grant, on completion by IBAT of a financing of no less than Cdn\$800,000.
6. An additional 75,000 stock options granted to Clifford C. Clark, expiring one year from the date of grant, on completion by IBAT of a financing of no less than Cdn\$800,000.

## Summary of Quarterly Results

The following financial data was derived from the Company's financial statements for each of the eight most recently completed financial quarters:

	January 31, 2016	April 30, 2016	July 31, 2016	October 31, 2016
Revenues	\$0	\$0	\$0	\$0
Net Gain (Loss) before other income/expenses	\$2,865	(\$11,567)	(\$27,772)	(\$28,310)
Other Items: Loss of disposition of exploration and evaluation properties	(\$2,500)	\$0	\$0	\$0
Net Gain (Loss) after other income/expenses	\$365	\$0	(\$27,772)	(\$28,310)
Net Loss per share - basic and diluted	\$0.00	(\$0.00)	(\$0.00)	(\$0.00)
Weighted average number of shares outstanding	13,346,260	13,346,260	13,346,260	13,346,260

	January 31, 2017	April 30, 2017	July 31, 2017	October 31, 2017
Revenues	\$0	\$0	\$0	\$0
Net Gain (Loss) before other income/expenses	(\$36,866)	(\$45,107)	(\$768,584)	(\$1,432,273)
Other Items: Loss of disposition of exploration and evaluation properties	(\$1,500)	\$5,000	\$0	\$(233,505)
Net Gain (Loss) after other income/expenses	(\$38,366)	(\$40,107)	(\$768,584)	(\$1,665,778)
Net Loss per share - basic and diluted	(\$0.00)	(\$0.00)	(\$0.04)	(\$0.07)
Weighted average number of shares outstanding	13,883,783	16,879,645	18,515,694	24,109,427

- The Company incurred a net loss of \$1,665,778 for the three-month period ended October 31, 2017 compared to a net loss of \$28,310 for the three-month period ended October 31, 2016. The primary reasons for the increase was the cost of share based payments \$850,972 and consulting fees.
- The Company incurred a net loss of \$768,584 for the three-month period ended July 31, 2017 compared to a net loss of \$27,772 for the three-month period ended July 31, 2016. The primary reasons for the increase was the cost of share based payments (stock option issue) \$492,226, and consulting fees.
- The Company incurred a net loss of \$40,107 for the three-month period ended April 30, 2017, as compared to a net loss of \$11,567 for the three-month period ended April 30, 2016. The primary reason for this increased net loss was due to increased filing fees, management fees, rent, consulting fees and office expenses for the April 2017 quarter versus the same period the year prior.
- The Company incurred a net loss of \$38,366 for the quarter ended January 31, 2017, as compared to a gain of \$365 for the quarter ended January 31, 2016. The net gain was due to write-downs of accounts payable and other adjustments made during the quarter ended January 31, 2016. The reason for this increase in net loss during the quarter ended January 31, 2017 was due to the Company increasing its level of operations, compared to the three prior

quarters. The Company completed an equity financing in December 2016, and thus incurred increased professional fees, and management fees.

- The Company incurred a net loss of \$28,310 for the three month period ended October 31, 2016, compared to a net loss of \$28,574 for three month period ended October 31, 2015. The primary reason for this decreased net loss was due to decreased management fees during the three-month period in 2016, compared to the same period in 2015.
- The Company incurred a net loss of \$27,772 for the three-month period ended July 31, 2016, as compared to a net loss of \$78,481 for the three-month period ended July 31, 2015. The primary reason for this increased net loss was due to increased filing and legal fees, professional fees, investor relations, and travel expenses for the July 2015 quarter. The Company closed a private placement financing during the quarter ended July 31, 2015 and had an increase in activity and costs related to that private placement.

### **Liquidity and Capital Resources**

The Company is in the exploration stage and therefore has no cash inflow from operations. Its only significant source of funds since incorporation has been from the sale of common shares. From the date of incorporation on July 29, 2010, to the date of the most recent fiscal quarter, it raised \$2,140,263 through the issuance of 26,342,530 common shares, some of which relate to share-based payments.

On December 6, 2016, the Company issued 3,503,500 units at a price of \$0.10 per unit, consisting of one common share and one share purchase warrant for gross proceeds of \$350,350 of which \$51,500 was a conversion of debt and \$5,093 is included in receivables. Each share purchase warrant entitled the holder to purchase one additional common share of the Company at \$0.25 per share for a period of two years from the date of closing on December 6, 2016. If the Company's common shares trade above \$0.50 per share for 20 consecutive trading days, then the expiry date of the warrants will be accelerated to the date which is 10 days after such 20 consecutive trading days. Mackie Research Capital Corporation received a finder's fee of \$17,605 cash and 246,500 broker warrants. The Company also issued 3,500 units at a deemed price of \$0.10 per unit and 5,000 broker warrants, to another firm as a finder's fee. Each broker warrant is exercisable for two years for a common share at a price of \$0.25. If the Company's common shares trade above \$0.50 per share for 20 consecutive trading days, then the expiry date of the warrants may be accelerated to the date which is 10 days after such 20 consecutive trading days.

On April 4, 2017 the Company issued 100,000 common shares on the exercise of 100,000 warrants for proceeds of \$10,000. On May 17, 2017 a further 1,900,000 common shares were issued on the exercise of 1,900,000 warrants for proceeds of \$190,000.

On August 1, 2017 the Company issued 150,970 common shares as a share-based payment as part of the consideration for the Bygoo Tin Property at a deemed value of \$49,820, which was based on the average trading value of the shares that day.

On August 8, 2017 the Company issued 675,000 units for gross proceeds of \$175,500 that comprised of one common share of the Company and one common share purchase warrant exercisable for 2 years for

an additional share at a price of \$0.52. The warrants have a fair value \$0.29 determined using the Black-Scholes Option Pricing model with the following assumptions: no expected dividends to be paid; volatility of 250% based on historical volatility; risk-free interest rate of 2.27%; and expected life of 2 years. The value was allocated to the units using the residual method resulting in a value allocation of \$0.12/share and \$0.14/warrant.

On August 11, 2017 the Company issued 170,000 common shares on the exercise of 170,000 options for proceeds of \$17,000.

On October 12, 2017 the Company issued 4,324,300 units for gross proceeds of \$1,124,318 that comprised of one common share of the Company and one common share purchase warrant exercisable for 2 years for an additional share at a price of \$0.52. The Company paid \$29,120 as a finder's fee and issued 160,000 share purchase warrants which are exercisable for 2 years for \$0.52. The warrants have a fair value \$0.82 determined using the Black-Scholes Option Pricing model with the following assumptions: no expected dividends to be paid; volatility of 259% based on historical volatility; risk-free interest rate of 2.38%; and expected life of 2 years. The value was allocated to the units using the residual method resulting in a value allocation of \$0.07/share and \$0.19/warrant. The broker warrants were valued at \$0.77/warrant.

On October 13, 2017 the Company issued 200,000 common shares on the exercise of 200,000 options for proceeds of \$66,000.

Throughout October 2017 the Company issued 1,904,500 common shares on the exercise of 1,904,500 warrants for proceeds of \$476,125.

As of the date of this MD&A, the Company has a total of 26,917,530 common shares outstanding.

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

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

### **Transactions between Related Parties**

### **Key management personnel compensation**

Key management personnel includes directors and officers of the Company. The remuneration of directors and other members of key management are as follows:

	For the nine month period ended October 31, 2017	For the nine month period ended October 31, 2016
	\$	\$
Interest paid	1,667	-
Share-based payment	1,343,198	-
Director fees	15,000	-
Short-term benefits - management fees, salaries and benefits	113,857	13,400
	<hr/>	
	1,473,722	13,400
	<hr/>	

Due from/to related parties

Trade payables and accrued liabilities of the Company include the following amounts due to related parties:

	As at October 31, 2017 (Unaudited) \$	As at January 31, 2017 (Audited) \$
Directors of the Company	32,676	-
An officer and director of the Company	21,000	2,046
Total amount due to related parties	<hr/> 53,676	<hr/> (2,046)
	<hr/>	

The amounts due to an officer and director of the Company as at October 31, 2017 relates to management fees. The amounts due to directors of the Company relate to director fees and consulting fees.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **Use of Judgments, Estimates and Assumptions**

Preparing financial statements requires management to make estimates and assumptions that affect the reported results. The estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Critical accounting policies are disclosed in the Company's annual audited financial statements for the year ended January 31, 2017.

## **Financial Instruments and Other Instruments**

The carrying values of cash and cash equivalents, amounts receivable and trade payables approximate their fair values because of the short-term maturity of these financial instruments. The Company has no exposure to asset backed commercial paper.

### **Credit risk**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with high-related financial institutions as determined by rating agencies.

### **Liquidity risk**

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company had cash and cash equivalents of \$188,756 at October 31, 2017 (January 31, 2016 - \$238,451). The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at October 31, 2017, the Company had a negative working capital of \$155,063 (January 31, 2017 – \$197,504). Management believes that the Company must raise additional capital resources in order to continue operating and maintain its business strategy during the current fiscal year. If the Company is unable to raise additional capital in the near future, due to the Company's liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These condensed interim financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

### **Other risks**

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency risk, interest rate risk and commodity price risk arising from financial instruments.

## Disclosure of Outstanding Security Data

As of the date of this MD&A, the Company has: a total of 26,917,530 common shares outstanding; with the following warrants and options outstanding at the end of the most fiscal quarter of:

### Share Options

Exercise price	Expiry date	Number of options outstanding and exercisable	Weighted-average remaining contractual life (years)	Weighted average exercise price \$
\$0.62	October 23, 2022	850,000	4.98	0.62
\$0.33	June 30, 2022	1,000,000	4.67	0.33
\$0.10	October 20, 2019	170,000	1.97	0.10
<b>Total</b>		<b>2,020,000</b>	<b>3.56</b>	<b>0.43</b>

### Share Warrants

Exercise price	Expiry date	Number of options outstanding and exercisable	Weighted-average remaining contractual life (years)	Weighted average exercise price \$
\$0.52	October 12, 2019	4,484,300	1.95	0.31
\$0.52	August 8, 2019	500,000	1.77	0.05
\$0.40	October 4, 2019	675,000	1.93	0.03
\$0.25	December 6, 2018	1,850,000	1.10	0.06
<b>Total</b>		<b>7,509,800</b>	<b>1.72</b>	<b>0.45</b>

The Company has no other securities issued or outstanding that are convertible into, or exercisable or exchangeable for, voting or equity securities of the Company.

## **Outlook**

For the coming year, the Company's priorities are to raise the capital necessary to meet its short term operating requirements, continue evaluating its North American Lithium investment.

There are significant risks that might affect the Company's further development. These include but are not limited to: exploration programs that may not result in a commercial mining operation; negative cash flow from operations; the Company's ability to raise financing in the future for ongoing operations; market fluctuations in metal prices; government regulations; and other conditions that may be out of the Company's control.

## **Accounting Policies**

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited financial statements for the financial year ended January 31, 2017. The Company, in consultation with its Auditor, periodically reviews accounting policy changes implemented within its industry.