Overview

The following covers the operations of Canadian Energy Materials Corp. (formerly Canadian International Minerals Inc.) (the "Company" also referred to as "CHEM") for the nine months ended December 31, 2018, prepared as of February 28, 2019. This management discussion and analysis ("MD&A") should be read in conjunction with the Company's condensed interim consolidated financial statements for the nine months ended December 31, 2018 and related notes and the annual audited financial statements for the year ended March 31, 2018 and related notes. These documents are available for viewing on SEDAR at www.sedar.com. All dollar amounts therein and in the following MD&A are in Canadian dollars unless otherwise indicated. These financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Forward-Looking Statements

This MD&A contains certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in the forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change beyond the procedures required under applicable securities laws.

Description of Business

The Company is a junior resource company engaged in the acquisition, exploration and development of gold, silver and copper properties in British Columbia, Saskatchewan, New Brunswick and Quebec. The Company has its head office in Vancouver, British Columbia, and its shares trade on the TSX Venture Exchange under the symbol "CHEM". The Company shares commenced trading on the TSX Venture Exchange on September 29, 2010. Previously the Company traded on the Canadian National Stock Exchange (CNSX).

The Company was incorporated in March 2006, and in June 2008, it completed its initial public offering, raising gross proceeds of $800,000.

On October 26, 2017, the shareholders of the Company approved a common share consolidation on the basis of twenty pre-consolidation common shares for one post-consolidation common share of the Company. The consolidation was made effective on November 15, 2017. All references to the number of shares and per share amounts have been retroactively restated as if the consolidation had occurred April 1, 2016.

On August 31, 2018, the Company entered into a share exchange agreement (the "Agreement") to purchase 100% of the issued and outstanding common shares of CIN Energy Materials Inc., a Private Company, ("CIN"), which holds 100% interest in 3,846-hectare Grindstone Copper-nickel-cobalt project in an unexplored region of Northwestern New Brunswick, Canada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company agreed to issued to the Shareholders of CIN a total of 12,000,000 common shares of the Company valued at $1,800,000 ($0.15 per share) pursuant to the terms of the Agreement. The Company also issued 666,666 units as finders fees in connection with this transaction which was valued at the same price of the non-flow-through private placement of $0.15 per unit totalling $100,000. As a result of this transaction CIN became a wholly-owned subsidiary of the Company. This transaction was completed on December 21, 2018.

Selected Annual Information

The following is a summary of the Company's financial results for the Company's three most recently completed financial years:

	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2016
Total revenues	$Nil	$Nil	$Nil
Net and comprehensive loss	(595,464)	(324,015)	(515,629)
Loss per share – basic and diluted	(0.14)	(0.13)	(0.29)
Total assets	876,996	228,734	293,762
Long term liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

There were no significant changes in operations from the years noted above.

Exploration and evaluation assets

Grindstone properties, New Brunswick

On August 20, 2018, the Company entered into a mineral property acquisition agreement with Roland J.B. Lovesey, Dick Mann, Norm Pitre and David Mann (the "Vendors") in which the Company will acquire a 100% interest in five mineral claims located in New Brunswick, Canada (also known as "Grindstone claims") in exchange for cash plus renewal fees and claim transfer fees totalling $15,870 (paid). The Company paid $4,760 to transfer the claim and renewal fees. These claims are contiguous to the claims held by CIN Energy Materials Inc.

The Company will pay to the Vendors on commencement of Commercial Production relative to each Vendor's individual Vendor's interest, a Net Smelter return royalty of 2% ("NSR"). The Company shall have the right, at any time, to purchase one-half of the NSR from the Vendors in consideration of the aggregate payment of $1,000,000 to be distributed to each Vendor based on there individual Vendor interest thereby leaving the Vendors with a one percent (1%) NSR Royalty.

During the period ended December 31, 2018, the Company staked additional claims in New Brunswick, Canada for $3,200 which are contiguous to the Grindstone Claims.

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During the period ended December 31 ,2018, the Company had incurred $482,098 in exploration expenditures on the Grindstone project.

Cluff Lake Uranium/Cobalt Project, Saskatchewan

During the period ended December 31, 2018, the Company staked ten claims for a total of 26,842 hectares in Saskatchewan, Canada totalling $16,165.

JAM Beryllium Property, British Columbia

During the period ended December 31, 2018, the Company purchased two claims in JAM Beryllium Property in Northern British Columbia for $1,200 and incurred $45,651 in exploration expenditures.

Lac Manitou, Quebec

The Company has acquired a 100% interest in the Lac Manitou property for $3,000 cash and 125,000 common shares. The claims are subject to a 2% NSR, of which 1% can be bought back at any time for $750,000. Additional staking was done at a cost of $8,500.

The Property is located 100 km northeast of the town of Sept-Îles, 65 km north of Quebec Provincial Highway 138, and 45 km east of the Quebec North Shore and Labrador Railroad line. Sept-Îles has a population of over 25,000 and is one of North America's largest ore-handling ports, boasting state-of–the art facilities that allowed it to handle 23.9 million tonnes of iron ore, alumina, petroleum coke and limestone in 2014. Sept-Îles is also home to the Alouette aluminum smelter built in 1992, which produces 590,000 tonnes of aluminum metal a year.

The Company has no exploration plans for the property in the near future and has written off acquisition cost of $111,500 in accordance with IFRS 6 in the year ended March 31, 2018.

Carbo Property, British Columbia

On January 26, 2017, the "Company provided an update on the Company's 100% owned Wicheeda Alkaline-Carbonatite project (the "Project"), located approximately 80 kilometers northeast of Prince George, B.C., in the heart of the Rocky Mountain Rare Metal Belt.

Although the Company has written off the exploration costs in previous years, it still holds title to the Carbo property.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters.

For the quarter ended	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**
Net and comprehensive loss	($547,004)	($237,235)	($76,960)	($501,329)
Loss per share – basic and diluted	($0.05)	($0.03)	($0.01)	($0.06)
For the quarter ended	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Net and comprehensive loss	($65,592)	($19,576)	($8,967)	($41,455)
Loss per share – basic and diluted	($0.02)	($0.01)	($0.00)	($0.01)

During the three months ended September 30, 2017 the Company recorded a net loss of $19,576 as compared to a net loss of $8,967 an increase of approximately $10,000 which can be attributed to consulting fees and management fees paid or accrued during this quarter. During the three months ended December 31, 2017 the Company recorded a net loss of $65,592 as compared to a net loss of $19,576 for the previous quarter an increase of approximately $46,000 which can be attributed to the increase in consulting fees, and transfer agent and filing fees associated with the private placement that occurred during the quarter. During the three months ended March 31, 2018 the Company recorded a net loss of $501,329 as compared to the net loss $65,592 for the previous quarter an increase of approximately $436,000 which can be attributed to the write-off the Lac Manitou and the fair value of the stock options that was granted during the quarter. During the three months ended June 30, 2018, the Company recorded a net loss of $76,960 as compared to the net loss of $501,329 for the previous quarter a decrease of approximately $424,000 which can be attributed to the write-off the Lac Manitou and the fair value of the stock options that was granted in the previous quarter. During the three months ended September 30, 2018, the Company recorded a net loss of $237,235 as compared to the net loss of $76,960 for the previous quarter an increase of approximately $160,000 which can be attributed to an increase in professional fees of $20,000 for general legal and accounting fees, an increase in consulting fees of $10,000 and $130,000 in general exploration cost as the Company performed its due diligence on the Grindstone property in New Brunswick. During the three months ended December 31, 2018, the Company recorded a net loss of $547,007 as compared to the net loss of $237,235 for the previous quarter an increase of approximately $309,000 which can be attributed to an increase in general explorations of $275,000 and an increase in shareholders communication of $45,000 all incurred as a result of the acquisition of the Grindstone property.

Operations for the three months ended September 30, 2018

As at December 31, 2018, the Company had no material operations. The Company incurred a net loss of $547,004 for the three months ended December 31, 2018 as compared to a net loss of $65,592 for the three months ended December 31, 2017. The Company had total expenses of $547,004 for the three months ended December 31, 2018 as compared to $65,592 for the comparable period an increase of approximately $481,000. The increase in expenses can be attributed to the following:

Management fees paid to Michael Schuss have increased to $7,000 as compared to $Nil for the quarter.

Office and general have increased to $10,430 as compared to $1,666 for the prior period which is due to directors and liability insurance purchased and website cost.

Professional fees have increased to $12,836 as compared to $3,230 for the prior period which can be attributed to general legal matters and legal cost associated with the completion of the acquisition of CIN during this quarter.

Shareholder communications have increased to $45,478 as compared to $nil for the prior period as the Company engaged an external consultant firm to help promote the Company and its new venture with respects to the Grindstone project in News Brunswick.

During this quarter, general exploration costs have increased to $406,833 as compared to $nil as the Company voluntarily changed its accounting policy, effective December 31, 2018, for its exploration and evaluation expenditures ("E&E") to expense these costs in the Comprehensive Statement of Loss in the period in which they were incurred whereas previously all of the E&E expenditures had been capitalized on the Statement of Financial Position. The Company has determined that this change in accounting policy enhances the reliability of the financial statements because of the difficulty associated with demonstrating that these costs meet the definition of an asset and furthermore, expensing these costs is more consistent with the IFRS reporting framework. The Company also has determined that reflecting its E&E expenditures as line items in the Statement of Comprehensive Loss and the Statement of Cash Flows better reflects the economic substance of its operating activities during the fiscal periods presented. This change in accounting policy has been applied retrospectively.

Operations for the nine months ended December 31, 2018

As at December 31, 2018, the Company had no material operations. The Company incurred a net loss of $861,199 for the nine months ended December 31, 2018 as compared to a net loss of $94,135 for the nine months ended December 31, 2017. The Company had total expenses of $861,199 for the nine months ended December 31, 2018 as compared to $95,505 for the comparable period an increase of approximately $765,000. The increase in expenses can be attributed to the following:

Consulting fees have increased to $123,248 as compared to $53,500 for the comparable period an increase of approximately $70,000. The increase can be attributed to approximately $50,000 in fees to Zimtu Capital Corp for their assistance in marketing and coordinating tradeshows for the Company and another $10,000 to another media outlet to provide marketing, which includes digital advertising and media coverage. The Company also paid $27,000 in fees to a company controlled by the current CFO, and another $15,500 to directors of the Company, and the remaining balance are to third party consultants.

Management fees paid to Michael Schuss have increased to $31,500 as compared to $6,700.

Office and general have increased to $31,269 as compared to $2,858 for the comparable period which are due to directors and liability insurance purchased and website cost.

Professional fees have increased to $33,370 as compared to $10,330 for the comparable period which can be attributed to general legal matters and legal cost associated with the completion of the acquisition of CIN during this quarter.

Rent expenses have increase to $9,000 as compared to $Nil for the prior period as the Company is now renting office space on a month to month basis.

Shareholder communications have increased to $45,478 as compared to $nil for the prior period as the Company engaged an external consultant firm to help promote the Company and its new venture with respects to the Grindstone project in News Brunswick.

Travel and entertainment have increased to $16,794 as compared to $nil for the comparable period as the Company incurred travel cost associated with the trips to News Brunswick to view the Grindstone project and to manage the exploration program.

General exploration costs have increased to $543,209 as compared to $2,000 as the Company voluntarily changed its accounting policy, effective December 31, 2018, for its exploration and evaluation expenditures ("E&E") to expense these costs in the Comprehensive Statement of Loss in the period in which they were incurred whereas previously all of the E&E expenditures had been capitalized on the Statement of Financial Position. The Company has determined that this change in accounting policy enhances the reliability of the financial statements because of the difficulty associated with demonstrating that these costs meet the definition of an asset and furthermore, expensing these costs is more consistent with the IFRS reporting framework. The Company also has determined that reflecting its E&E expenditures as line items in the Statement of Comprehensive Loss and the Statement of Cash Flows better reflects the economic substance of its operating activities during the fiscal periods presented. This change in accounting policy has been applied retrospectively.

Liquidity and Capital Resources

The Company had cash of $451,308 at December 31, 2018, compared to $781,788 at March 31, 2018. The Company had a working capital of $358,850 at December 31, 2018 compared to working capital of $659,781 as at March 31, 2018.

The Company's current activities have been funded to date through the issuance of commons shares and obtaining loans from third parties.

As at December 31 2018, the Company completed its flow-through commitment on the flow-through financing from December 31, 2017.

The Company's budget is its working capital and to pay overhead expenses and exploration expenditures for the next twelve months and will seek additional funding to fund future overhead expenses and its future exploration program. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On December 21, 2018, the Company complete private placements for 1,150,000 flow-through units at a price of $0.20 and 2,142,733 non-flow-through units at a price of $0.15 per unit for total proceeds of $551,410. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of $0.35 per share expiring on December 21, 2020. Each non-flow-through unit consists of one non-flow-through common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of $0.25 per share expiring on December 21, 2020. In connection with the private placement the Company paid cash finders fees totalling $33,492 and issued 127,952 agent's finders warrants. Each finder's fee warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for a period of two years expiring on December 21, 2020. The Company fair valued the finder's fee warrants at $11,516. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price $0.15, risk-free interest rate of 1.91%, dividend yield of 0%, volatility of 146.47% and expected life of two years.

On December 28, 2018, the Company completed the second tranche of the private placement for 725,000 flow-through units at a price of $0.20 per unit for total proceeds of $145,000. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of $0.35 per share for a period of two years expiring on December 28, 2020. In connection with the private placement the Company issued 52,000 agent's finders warrants. Each finder's fee warrant entitles the holder to purchase one common share of the Company at a price of $0.35 per share for a period of two years expiring on December 28, 2020. The Company fair valued the finder's fee warrants at $4,680. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price $0.15, risk-free interest rate of 1.91%, dividend yield of 0%, volatility of 146.47% and expected life of two years.

The Company recognized a flow-through premium of $93,750 on the flow-through private placements and is included in Flow-through premium as at December 31, 2018 and has a commitment to incur $375,000 on exploration expenditures.

<u>Related Party Transactions</u>

The following expenses were incurred with key management personnel of the Company and companies controlled by key management personnel. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain current and former directors and officers. Key management compensation comprises:

	For the nine months ended December 31,	
	2018	**2017**
Professional fees		
– Casey Forward former CFO	$ -	$ 4,500
Consulting fees		
– Harmony Corporate Services – Geoff Balderson, CFO	27,000	9,000
– Michael Burns, Director	8,500	-
– Hard Rock Consulting – Rafael Vaudrim, Director	7,000	-
Management fees		
– Michael Schuss, CEO	31,500	6,700
	$ 74,000	$ 20,200

Included in prepaid expenses is $22,150 (March 31, 2018: $1,695) in prepaid expenses paid to directors of the Company for prepaid consulting fees and advances on expenses.

As at December 31, 2018 accounts payable and accrued liabilities included $17,496 (March 31, 2018 - $18,983) owing to a former officer, and directors of the Company for reimbursement of expenses and unpaid fees. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

Change in accounting policy

Effect of Change in Accounting Policy

Effective December 31, 2018, as permitted under IFRS 6, *Exploration for and Evaluation of Mineral Resources*, the Company voluntarily changed its accounting policy for its exploration and evaluation ("E&E") expenditures, to expense these costs in the Comprehensive Statement of Loss in the period in which they were incurred whereas previously all of the E&E expenditures had been capitalized on the Statement of Financial Position. The Company has determined that this change in accounting policy enhances the reliability of the financial statements because of the difficulty associated with demonstrating that these costs meet the definition of an asset and furthermore, expensing these costs is more consistent with the IFRS reporting framework. The Company also has determined that reflecting its E&E expenditures as line items in the Statement of Comprehensive Loss and the Statement of Cash Flows better reflects the economic substance of its operating activities during the fiscal periods presented.

This change in accounting policy has been applied retrospectively. The Company's accounting policies for the significant components of its exploration and evaluation expenditures are noted below.

Exploration and evaluation rights to explore

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Exploration and evaluation expenditures

Exploration and evaluation expenditures are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

The effect of the change in accounting policy in statement of financial position for the year ended March 31, 2018 have not been provided as there were no changes from the amounts previously reported.

The effect of the change in accounting policy in the financial statements for the nine-month period ended December 31, 2017 resulted in the following changes from the amounts previously reported in the Company's financial statements:

Statement of Financial Position as at December 31, 2017

	Note	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
Non-Current Assets				
Exploration and evaluation assets	(1)	219,867	(108,367)	111,500
Total assets		813,967	(108,367)	705,600
EQUITY				
Deficit	(1)	(13,656,883)	(108,367)	(13,765,250)
Total equity		471,116	(108,367)	362,749
Total liabilities and equity		813,967	(108,367)	705,600

(1) All deferred exploration and evaluation expenditures have been charged to deficit as at December 31, 2017.

The effect of the change in accounting policy in the condensed interim consolidated statement of comprehensive loss and the condensed interim consolidated statement of cash flow for the nine months ended December 31, 2017 have not been provided as there were no changes from the amounts previously reported.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimates of recoverable value of its mineral properties and related deferred expenditures as well as the value of stock-based compensation and the valuation of equity units issued in private placements. These estimates involve considerable judgment and are, or could be, affected by factors beyond the Company's control. The factors affecting stock-based compensation and valuation of equity units include estimates of the stock price volatility.

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds of disposition thereof.

The assessment of the Company's ability to continue as a going concern requires significant judgment.

Financial Instruments and Risks

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in notes to the financial statements.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred, and by disposing of its investments when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

As at December 31, 2018, the Company had a cash balance of $451,308 and amounts receivable of $78,504 to settle current liabilities of $215,839.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading and available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, available-for-sale, loans and receivables and other financial liabilities. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Interest rate risk

The Company has cash and no interest-bearing debt.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign currency rate fluctuations.

Price risk

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

Credit risk

Financial instruments that potentially expose the Company to credit risk are cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments include cash and accounts payable and accrued liabilities. The fair value of accounts payable and accrued liabilities approximates its carrying value due to its short term nature.

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Outstanding Claim

During the year ended March 31, 2016, a creditor filed a claim against the Company in the sum of $25,000 with the Small Claims Court of the Ontario Superior Court of Justice for unpaid services. This amount has been provided for in accounts payable and accrued liabilities at December 31, 2018 and March 31, 2018. The expected timing of settling the obligation is uncertain at this time.

Proposed Transactions

N/A

Disclosure of Outstanding Share Capital

The Company's outstanding share capital as at the date of the MD&A is as follows:

Common shares	

Balance, December 31, 2018	25,905,016
Balance, Date of MDA	25,905,016

Options	
Balance, December 31, 2018	922,000
Balance, Date of MDA	922,000

Warrants	
Balance, December 31, 2018	5,099,699
Balance, Date of MDA	4,924,699

Agent’s Warrants	
Balance, December 31, 2018	525,952
Balance, Date of MDA	525,952

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company’s properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.