

ADVANTAGE LITHIUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JANUARY 31, 2017

This discussion and analysis of financial position and results of operation is prepared as at March 27, 2017 and should be read in conjunction with the condensed consolidated interim financial statements and the accompanying notes for the six months ended January 31, 2017 of Advantage Lithium Corp. ("Advantage" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward Looking Statements

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual consolidated financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Company Overview

The Company was incorporated under the laws of the Province of British Columbia on March 1, 2007. On July 5, 2016 the Company changed its name from North South Petroleum Corp. to Advantage Lithium Corp. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "AAL" and on the OTCQB under the symbol "AVLIF". The Company's principal office is located at Suite 1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

The Company was previously considered to be a capital pool company by the TSXV. On June 16, 2016, as amended July 29, 2016, the Company entered into a binding agreement with Nevada Sunrise Gold Corp. ("Nevada Sunrise") to

acquire an interest of up to 70% in three Nevada lithium projects, 50% in two Nevada lithium projects and 100% of certain water rights.

On August 17, 2016 the Company filed its final Filing Statement (dated August 12, 2016) and its Technical Report (dated July 21, 2016) on the Jackson Wash property, on SEDAR. Final closing of the Qualifying Transaction occurred on August 30, 2016 and the Company met the requirements to be listed as a TSXV Tier 2 resource company engaged in the acquisition and exploration of unproven lithium mineral interests.

In August 2016 the Company completed a financing of 16,100,000 common shares for gross proceeds of \$4,025,000. In October 2016 the Company completed a further financing of 8,456,900 units for gross proceeds of \$5,074,140.

In September 2016 the Company entered into letters of intent to acquire interests in the Stella Marys Project in Argentina and the Radius Projects in Mexico.

On February 17, 2017 the Company completed a private placement offering of 26,667,000 transferrable subscription receipts ("Subscription Receipts") at a price of \$0.75 per Subscription Receipt (the "Offering Price") to raise aggregate proceeds of \$20,000,250 (the "Offering"). The Offering was led by Eight Capital and Canaccord Genuity Corp. (together the "Agents").

Each Subscription Receipt entitles the holder to receive one unit of the Company without payment of additional consideration or further action, provided that the Escrow Release Conditions have been satisfied prior to the Escrow Deadline (as defined below), upon the date (the "Qualification Date") which is the earlier of: (i) four months and a day after the closing of the Offering; and (ii) the third business day following the issuance of a receipt (the "Final Receipt") for a final prospectus qualifying the Units underlying the Subscription Receipts. Each unit comprises a share and half a warrant (the "Unit"), each whole warrant ("Warrant") exercisable for one additional share for 24 months after closing at \$1.00 a share.

Pursuant to the Subscription Receipt agreement, the gross proceeds from the Offering (less 50% of the Agents' cash commission and all of the Agents' expenses) (the "Net Escrowed Funds") is held in escrow pending satisfaction of the escrow release conditions (the "Escrow Release Conditions"), including: (i) completion of the Acquisition, as contemplated in Note 10(a), including receipt of all regulatory approvals, shall have been completed or waived on terms previously disclosed to or otherwise reasonably acceptable to the Agents; (ii) the receipt of all necessary regulatory approvals with respect to the Offering including conditional approval from the TSXV with respect to the listing of the Units underlying the Subscription Receipts; (iii) the Company having delivered a certificate to the Agents that the conditions set forth in (i) and (ii) have been satisfied; and (iv) the Company and the Agents having delivered the completion notice and direction pursuant to the Subscription Receipt agreement to the subscription receipt agent. Upon satisfaction of the Escrow Release Conditions, the remaining 50% of the cash commission will be released to the Agents plus any additional expenses of the Agents, if any, and the balance of the Net Escrowed Funds, together with any interest earned thereon, will be released to the Company. The Subscription Receipts will not convert into Units until the later of: (i) the Qualification Date and (ii) the satisfaction of the Escrow Release Conditions. The Agents were also issued 1,131,896 compensation warrants (the "Agents' Compensation Warrants"), 50% of which will be cancelled if the Escrow Release Conditions are not met. The Agents' Compensation Warrants entitle the Agents to subscribe for Units, exercisable at a price of \$0.75 per Unit for a period of 24 months following the closing of the Offering. Other finders (the "Finders") were paid finders' fees totalling \$154,185, 50% of which was paid on closing of the Offering and the other 50% of which will be paid upon satisfaction of the Escrow Release Conditions. The Finders were also issued 352,422 finders' warrants, 50% of which will be cancelled if the Escrow Release Conditions are not met. The finder's warrants have the same terms as the Agents' Compensation Warrants.

In the event that the closing sale price of the Company's common shares on the TSXV is greater than \$1.50 per share for a period of 20 consecutive trading days at any time after the Subscription Receipts are exchanged for Units, the Company may accelerate the expiry date of the Warrants by issuing a press release and in such case the Warrants will expire on the 30th day after the date on which such press release is issued. On March 17, 2017 the Company filed its final prospectus qualifying the Units and was issued the Final Receipt. Exchange of the Subscription Receipts into Units is expected to occur on or prior to March 31, 2017.

On November 23, 2016, as amended, the Company entered into a letter of intent with Orocobre Limited ("Orocobre") to acquire up to 75% of Orocobre's Cauchari Project and a 100% interest in five other lithium brine projects, located in the northern provinces of Jujuy, Salta and Catamarca in Argentina (the "Argentine Properties").

On February 24, 2017 the Company filed a NI 43-101 compliant technical report entitled “*Technical Report On The Cauchari Lithium Project, Jujuy Province, Argentina*” prepared by Murray R Brooker, MSc (Geol), MSc (Hydrogeol) MAIG, MIAH, RPGeo and Peter Ehren, MSc Mineral Processing, AusIMM dated December 5, 2016 and amended December 22, 2016 (the “Cauchari Technical Report”).

On March 16, 2017 the Company, Orocobre and Miguel Alberto Peral (“Peral”) entered into a definitive purchase agreement (the “Definitive Agreement”) to acquire an initial 50% interest in the Cauchari Project, with an option to acquire a further 25% interest, and a 100% interest in the Argentine Projects. On closing of the Definitive Agreement the Company will issue 46,325,000 common shares of the Company and 2,550,000 warrants to Orocobre and 8,175,000 common shares and 450,000 warrants to Peral to acquire a 100% interest in the issued and outstanding securities of South American Salars Minerals Pty. Ltd. (“SAS Australia”). SAS Australia owns 100% of the issued and outstanding shares of South American Salars S.A. (“SAS Argentina”), which owns the Cauchari Project and Argentine Properties. The Company may then increase its interest in the Cauchari Project by a further 25% by spending US \$5 million in exploration or completing a feasibility study. Each warrant will entitle the holder to purchase an additional common share of the Company, at a price of \$1.00 per share, expiring two years after closing.

Orocobre will retain a 1% royalty on the Cauchari Project and Argentine Properties, and will have a right of first refusal on brine production (and may enter into an offtake agreement in respect of such production).

The Company has agreed to pay a finder’s fee of \$50,000 cash and issue 150,000 common shares of the Company.

Closing of the Definitive Agreement is expected to occur on or prior to March 31, 2017.

As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties.

Exploration Projects

The Cauchari Project

Property Description, Location and Access

The Cauchari Project is located in the Puna region of the province of Jujuy, Argentina. The project is at an altitude of 3900 m above sea level, and is located 230 km west of the capital city of Jujuy. The project site sits astride the paved highway passing through the international border with Chile, approximately 80 kms by road to the west (Jama Pass). This road continues on to the major mining center of Calama and the port of Mejillones in northern Chile, a major port for the export of mineral commodities and import of mining equipment. There are a number of local villages within 50 kms of the project site. These include the village of Olaroz Chico 34 km NNE, Olacapato, 50 km south and Catua 37 km south west. The regional administrative center of Susques (population ~2000) is one hour’s drive northeast of the project site.

The Company will be the operator of the projects. Furthermore, a joint venture will be formed between the Company and Orocobre for the Cauchari Project which hosts an inferred resource of 470,000 tonnes of lithium carbonate equivalent (“LCE”) and 1,620,000 tonnes of potash (“KCL”) from the combined northern and southern resource from 230,000,000 cubic m of brine at ~380 mg/l Li and 3,700 mg/l K and a large exploration target of 5.6 mt to 0.25 mt of LCE and 19 mt to 0.9 mt of KCL. The Cauchari Project is located just 10-20 km south of Orocobre’s flagship Olaroz lithium facility.

Property	Province	Area (ha)	Interest
Cauchari	Jujuy	27,771	*50%
Antofalla	Salta	10,653	100%
Incahuasi	Salta	9,843	100%
Guayatayoc	Jujuy	21,276	100%
Two projects currently under application	**	**16,000	100%

* Initial 50%. Can be increased to 75%

** Application to acquire has been filed

Highlights of the Cauchari Project are as follows:

- (i) Substantial inferred resource: Host to an inferred resource in the combined northern and southern resource areas containing an estimated 230 million cubic metres of brine at ~380 mg/l Li and 3,700 mg/l K. This is equivalent to 470,000 tonnes of lithium carbonate (~88,000 tonnes lithium metal) and 1.62 million tonnes of potash (KCl - equivalent to ~840,000 tonnes of potassium).
- (ii) Near-surface. The initial resource estimate is based on five diamond holes in Orocobre's eastern Cauchari properties and tests only to an average depth of 170 m in the northern resource area and 50 m in the southern resource area.
- (iii) Exploration potential. Consideration of the western properties suggests continuation of the aquifers hosting brine at Olaroz continue beneath the Archibarca alluvial fan directly into the Cauchari JV tenements. Drilling by Lithium America Corporation (LAC) on adjacent properties shows that brine is present beneath the alluvial fan sediments. On that basis an additional exploration target has been defined further to that publicly released with the original resource estimate. The combined exploration target in the Cauchari JV properties both west and east of properties held by LAC is defined with a range of 0.25 to 5.6 mt of lithium carbonate and 0.9 mt to 19 mt of potash (KCl) for the lower and upper ranges applied for the combined exploration target. *It must be stressed that an exploration target is not a mineral resource. The potential quantity and grade of the exploration target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in the volume where the Exploration Target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume.*
- (iv) Close proximity to Orocobre's lithium facility. Proximity to Orocobre's Olaroz project and similarity in brine chemistry results in potential for Cauchari to be developed in conjunction with Olaroz.

Exploration and Exploitation Licenses

Orocobre, through its 85% owned indirect subsidiary South American Salars SA ("SAS"), owns 27,771 ha of mining properties (tenements) over the Cauchari salar. These tenements host brine containing elevated concentrations of lithium and potassium.

The Cauchari tenements consist of 22 applications for "minas" (exploitation licenses) which were applied for on behalf of SAS and are these properties are in the legal process of being transferred to SAS, with the transfers legally registered in favour of SAS. According to the authors of the Cauchari Technical Report, all Cauchari tenements are in the process of being granted as minas/exploitation permits, replacing the "Cateos" (exploration licenses) previously held by SAS. Provided that the title holder fulfils the legal requirements, in due time the pertinent exploitation license/concession should be granted. Independent legal review has confirmed the property obligations have been maintained to keep the properties in good standing.

Surface Rights and Legal Access

All the tenements have surface owners being, depending on the area, the communities of Catua, Termas de Tuzgle de Puesto Sey and/or Los Manantiales de Pastos Chicos. Pursuant to Argentina legislation, except for a few minerals that belongs to the surface owner, the others belong to the Provinces, which grant exploration and exploitation concession rights to the applicants. Article 13 of the Argentine Mining Code states that "the exploitation of mines, their exploration, concession and other consequent acts, have the nature of public benefit". Based on this principle the exploration and mining permits, have primacy over the surface rights provided certain legal requirements are met, basically consisting of due compensation for damages or the lodging of a surety when the amount of the compensation is not agreed with the surface owner or when the works to be done are urgent. Therefore, the applicant of an exploitation permit, as for the Cauchari Project tenements, has the right to access and carry out exploration activities provided that the pertinent environmental impact assessment is approved.

Environmental Liabilities

The Cauchari tenements are not subject to any known environmental liabilities. However, there has been ulexite/borax mining and there is active borate mining adjacent to the Cauchari tenements in the north of the salar. The borax mining operations are limited to within three metres of the surface and it is assumed the workings will naturally reclaim when mining is halted, due to wet season inflows.

Permit Status

Exploration and mining activities on minas are subject to regulatory authority approval of an environmental impact report (“EIR”) before the commencements of the activities. The authors of the Cauchari Technical Report were advised by SAS that SAS has obtained approvals for its activities both through approvals on the EIRs it has lodged with regulatory authorities and relevant local aboriginal communities, and also through prior approvals on properties it acquired. Subsequent EIR biannual updates have been presented to reflect the ongoing activities.

The authors of the Cauchari Technical Report were informed that the IIA Environmental report has been approved by the UGAMP (Unidad de Gestión Ambiental Minera Provincial - which is the environmental approvals authority in the province of Jujuy). The authors of the Cauchari Technical Report were informed by SAS that this document has been presented to the local communities and the document now remains to be signed by the DIA government authority to permit activities to commence on the properties.

Royalties

The Argentine federal government regulates ownership of mineral resources, although mineral properties are administered by the provinces. In 1993 the Federal Government established a limit of 3% on mining royalties to be paid to the provinces as a percentage of the “pit head” value of extracted minerals. The Company is subject to a 3% royalty payable to the Jujuy government based on earnings before income and tax.

In addition, as noted above, Orocobre will retain a 1% royalty on the Cauchari Project, and will have a right of first refusal on brine production (and may enter into an offtake agreement in respect of such production).

Exploration

Five diamond holes were drilled in the salar to depths up to 249 m, but on average 144 m deep. Diamond core samples were sent to the Independent British Geological Survey (“BGS”) laboratory, with a total of 147 samples analyzed for total porosity (“Pt”) and 118 for specific yield (“Sy”). An additional 155 samples were analyzed in the Company’s non-certified Salta laboratory for total porosity measurements. The Sy analyses provided mean values for sands (4%, due to variable halite cementation), silt mixes (5%), clays (2%), halite-sediment mixes (7%) and halite (2% for compact halite to 16% for porous halite), with a thick sequence of halite interpreted to underlie the resource area.

Resource Estimate

Brine sample results and lithological information from the 5 diamond drill holes was used to estimate a resource for the area drilled. Extensive QA/QC evaluation undertaken on the geochemical data and assays from Alex Stewart laboratories indicates the analyses are acceptable for use in the inferred resource estimate. The Sy (drainable porosity) values from the BGS analysis were used to calculate a weighted Sy value for each drill hole, based on the lithologies and thicknesses of each lithology. These results were compared with value of porosity calculated from the relationship established between porosity geophysical logs and Sy values measured for core samples. The results from the lithology-weighted Sy values and those calculated from porosity logs were averaged and used to calculate an equivalent brine thickness at each diamond hole.

The composite brine sample results as g/l values were multiplied by the equivalent brine thickness (litres contained over a m²), to produce a kg/m² value for each diamond hole. This data was kriged across the salar to produce a set of kg/m² concentration maps for Li and K.

These grids were then clipped with the Orocobre tenements. The sum of the grid values (accounting for the grid cell size) produced the total resource mass, presented in the table below.

Because drilling was carried out to different depths within the properties it was necessary to assign a different thickness to the calculated resource depending on the drilling depth. In the north of the properties a resource thickness of 170 m was used, based on the depth of the shallowest hole (CAU005D) in this area. In the south of the properties a resource thickness of 50 m was used, based on the shallowest hole (CAU004D) in that area.

An inferred resource from the combined northern and southern resource areas contains an estimated 230 million cubic metres of brine at ~380 mg/l Li and 3,700 mg/l K. This is equivalent to 470,000 tonnes of lithium carbonate (~88,000

tonnes lithium metal) and 1.62 million tonnes of potash (KCl - equivalent to ~840,000 tonnes of potassium), using conversion factors of 5.32 and 1.91 for lithium and potassium respectively.

Inferred Resource Area	Brine Body Parameters				Average Resource Concentrations		Tonnes Contained			
	Area (km ²)	Average Thickness (m)	Mean Specific Yield (%)	Brine Volume (million m ³)	Lithium (mg/l)	Potassium (mg/l)	Lithium	Potassium	Lithium Carbonate	Potash (KCl)
North 0-170m	19.69	170	6.1	204	400	3,800	81,000	780,000	430,000	1,500,000
South 0-50m	11.35	50	4.6	26	260	2,500	7,000	60,000	40,000	120,000
Combined	31.04			230	380	3,700	88,000	840,000	470,000	1,620,000

Extraction Assessment

The Cauchari brine has attractive chemistry, with low Mg/Li and high K/Li ratios and may be amenable to the process that is being used to produce lithium at the adjacent Olaroz lithium project. However, process test work has not yet been completed to determine the process that could be used for lithium production from the Cauchari brine. The Cauchari project is located between the Olaroz project, which is an operating lithium production facility (mine) since 2015, and the pre-development Cauchari project owned by Lithium Americas Corp. A definitive feasibility study has been completed on the Lithium Americas project and the company is in joint venture with major Chilean lithium brine producer, SQM, which is listed on the New York Stock Exchange. Although the lithium concentration of this project resource is lower than the adjacent Orocobre Olaroz (690 mg/l Li – Houston, 2011) and Lithium Americas Cauchari (600 mg/l, King et. al., 2012) resources drilling intersected potentially economic lithium concentrations as a likely extension of the Lithium Americas resource. The same aquifers hosting lithium brine in the adjacent Olaroz mine and advanced Cauchari pre-development project are likely to extend into the Company's Cauchari project.

Planned Exploration, Development, and Production

It is planned to initially drill five deep drill holes (to 400 m plus) in the Cauchari properties. Four holes are planned in the eastern properties, advancing the drilling program undertaken in 2011. A fifth hole is proposed in the western properties, to evaluate the possible extension of brine-bearing aquifers south from Olaroz into these properties. If the result of these holes is positive then additional drilling would be planned. A new resource estimate would be undertaken, based on the new drill holes and chemical and physical properties evaluation.

Pump testing is planned from the holes drilled in this program, to evaluate the chemical characteristics of the brine and to establish the brine flows which could be expected if the project were developed. Chemical test work on the brine is also planned, to confirm that the process currently being used in the nearby Olaroz project can be applied to the brine in the Cauchari project.

The following is a breakdown with the cost of the proposed Phase 1 exploration program:

Activities	Cost US \$
Drilling 5 rotary holes to 400 m deep, installing as wells, plus monitoring wells	\$2,000,000
Geophysics, surface and downhole	\$100,000
Pump tests, hydrogeological studies	\$150,000
Process test work and climate monitoring to evaluate applicability of the Olaroz process	\$200,000
Total cost Phase 1 program	\$2,450,000⁽¹⁾

Notes:

(1) Canadian dollar equivalent is \$3,160,000 converted at an exchange rate of \$0.76.

Additional project highlights are as follows:

Antofalla Project

The Antofalla salar is a north-south oriented closed basin which straddles the provinces of Catamarca to the south and Salta to the North. The project is located in the northern region of the salar, in Salta province. On September 12, 2016, Albemarle announced it has entered into an agreement with Bolland Minera S.A. to acquire its Salar de Antofalla project, which Albemarle Corporation states that it anticipates to be the largest lithium resource in Argentina. The Hombre Muerto Salar, where FMC currently produces lithium is located approximately 60 km to the southeast. The

Brazilian Major Vale previously spent several years defining potash and lithium resources on the project, drilling holes for resource estimation and pump testing of flow rates from the halite sequence hosting brine.

Incahuasi Project

The project is located near the border with Chile in the province of Salta, approximately 70 km to the southwest of Cauchari and 70 km to the southwest of the Salar de Atacama in Chile where both SQM and Albemarle produce lithium from brine.

Guayatoyoc Project

The Guayatoyoc Project is located in the province of Jujuy, approximately 70 km north-east from Cauchari. Guayatoyoc is a potassium discovery with lower grade lithium. Pit sampling shows potassium grades averaging 4,635 mg/l K (ranging from 39 mg/l K to 7,464 mg/l K) over the property. Potassium grades are high and potentially of economic interest.

Nevada Sunrise Project

On June 16, 2016, as amended July 29, 2016, the Company entered into a binding agreement (the “Nevada Sunrise Agreement”) with Nevada Sunrise in which the Company was granted an option to earn various working interests of up to 70% in five lithium exploration projects, located in the Clayton Valley and Lida Valley regions of Nevada, USA, and an option to acquire the State of Nevada Water Permit 44411 (the “Permit”).

The Company was granted the option to earn:

- (i) 100% of the water rights (the “Water Rights”);
- (ii) up to a 70% interest in each of Jackson Wash, Clayton Northeast and Aquarius properties; and
- (iii) up to a 50% in each of Gemini and Neptune properties.

Property details for the Jackson Wash, Clayton Northeast, Aquarius, Gemini and Neptune projects (the “Optioned Properties”) are as follows:

Property	Number of Claims	Acres (approximate)
Jackson Wash	166	3,300
Clayton Northeast	55	1,080
Aquarius	83	1,660
Gemini	247	4,940
Neptune	316	6,320
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
	867	17,300

On November 30, 2016 the Company was advised that the Nevada State Engineer issued a ruling of forfeiture against the Permit. The Company has determined not to make any payments or share issuances under the Water Rights option at this time. Nevada Sunrise is appealing the ruling and the Company has the right to maintain the Water Rights Option, pending the outcome of the appeal but will have no obligation to make any payments to maintain the Water Rights Option pending the decision of the courts.

Clayton Northeast (“Clayton NE”)

Phase 1

In October 2016 the Company announced the commencement of a drill program at the Clayton Northeast (“Clayton NE”) property. The 2016 drilling program comprised of reverse circulation (“RC”) drilling of in three holes focusing on high-priority lithium brine targets close to Albemarle Corporation’s (“Albermarle”) Silver Peak lithium brine production operation.

On November 1, 2016 the Company announced that lithium-bearing brines had been intersected in the first borehole. Hole CNE16-01 intercepted aquifer formations that host brines at depths between 553 and 1,200 feet. Lithium values in the first five grab samples taken within the aquifer zones are highly anomalous including up to 218 milligrams per

litre (“mg/l”) with three of the five samples averaging 209 mg/l lithium and total dissolved solid (“TDS”) results in the same samples were recorded up to 110,000 mg/l.

On December 5, 2016 the Company announced that lithium-bearing brines have also been intersected in the second borehole. Hole CNE16-02, intersected multiple aquifer formations, including a 188.9 m brine-producing strata averaging 164.2 mg/l lithium from a depth of 207.3 m to 396.2 m, including a higher grade interval averaging 202.8 mg/l lithium over 109.7 m.

On December 21, 2016 the Company announced the results of Hole CNE16-03, which was drilled to a total depth of 591.3 m (1,940 feet). Hole CNE16-03 intersected multiple aquifer formations, including 387.69 m of brine-producing strata averaging 243.66 mg/l lithium from a depth of 209.23 to 596.92 m, including a higher-grade interval averaging 299.5 mg/l over 36.92 m and a peak measurement of 322 mg/l.

Highlights of the Phase 1 drill program are as follows:

- (i) Lithium brines intercepted by the first drill hole at Clayton NE, CNE16-01, showing values up to 218 mg/l lithium in the first five groundwater samples. TDS values for the first five groundwater brine samples from hole CNE 16-01 were recorded up to 110,000 mg/l for samples containing the highest lithium values. This relationship of TDS to lithium grade indicates a direct correlation between higher lithium values and higher strength brine.
- (ii) Lithium brines intercepted by the second drill hole at Clayton NE, CNE16-02, have returned intervals up to 202.8 mg/l lithium over 109.7 m (286.5 m to 396.2 m), including peak values up to 227 mg/l lithium over a 6.1 m section (304.8 m to 310.9 m). Brine flows of up to 120 gallons per minute issued from borehole CNE 16-02 between 1,000 and 1,300 feet (304.8 to 396.2 m). Analysis shows this zone carries significant lithium concentrations.
- (iii) Lithium brines intercepted by the third drill hole at Clayton NE, CNE16-03, showing a peak value of 322 mg/l lithium, within 387.69 m averaging 243.66 mg/l. These results are the strongest to date at Clayton NE and are comparable to Albemarle’s brine samples from their Silver Peak mining operation immediately adjacent to Clayton NE. Hole CNE16-03 is one of the deepest boreholes drilled in the Clayton Valley and, based on results obtained, may have hit a previously untapped aquifer. Brine flows of up to 100 gallons per minute issued from borehole CNE16-03 between 350.76 to 436.92 m. Geochemical analysis shows this zone carries significant lithium concentrations.
- (iv) All three holes, which are located 3.43 kms apart, contain significant intervals of mineralized lithium brines.
- (v) Three more holes are already permitted and the Company plans to complete these holes in 2017 to continue building towards a resource in Nevada.
- (vi) The joint venture has staked additional land, increasing the overall land package to 437 ha.

Phase 2

On January 17, 2017 the Company announced that a Phase 2 drill program began at the Clayton NE property. Drilling will be comprised of a total of approximately 1,800 m (5,905 feet) in three Reverse Circulation (“RC”) holes expected to test depths of a minimum 600 m each. Using a similar approach to the successful Phase 1 program that hit wide intercepts of lithium brine with strong brine flow rates, these new holes will focus on high-priority conductive horizons identified and imaged in the 2016 3D Resistivity survey and confirmed by drilling to be lithium bearing brines. All three holes are adjacent to Albemarle’s Silver Peak lithium brine field operation, in close proximity to several of their production wells.

On March 1, 2017 the Company announced the results at Hole CNE17-04 which was drilled to a total depth of 609.6 m (2,000 feet). Hole CNE17-04 intersected multiple aquifer formations, including a total composite of 426.72 m of brine-producing strata averaging 243.44 milligrams per litre (“mg/l”) lithium between a depth of 140.21 m to 609.6 m metres, including a higher-grade interval averaging 274.6 mg/l lithium over 79.2 m from a depth of 530.35 m to 609.6 m.

Highlights of the Phase 2 drill program to date are as follows:

- (i) Hole CNE17-04 intersected multiple aquifer formations. A total composite of 426.72 m of brine producing strata at an average grade of 243.44 mg/l lithium was intersected, including 274.6 mg/l lithium over 79.2 m (530.35m to 609.6m).

- (ii) The highly-successful Phase 1 program defined a 3.43 km mineralized trend. The results of Phase 2 drilling to date, has extended this trend length to 4.46 km.
- (iii) Phase 2 holes are targeting possible deeper aquifers that may not have been intersected by previous drilling in the Clayton Valley. Previous hole CNE16-03, from the Phase 1 program, was one of the deepest boreholes drilled in the Clayton Valley and, based on results obtained, may have hit a previously untested aquifer.
- (iv) In November 2016, waivers were received from the Nevada Division of Water Resources for 5 of the 6 permitted holes, which allows for reaming a borehole to a larger diameter well, pump testing, and flow rate determination in order to provide the necessary technical information for development of an initial lithium brine resource at Clayton NE.

CNE16-01 Technical Details

CNE16-01 was completed to a depth of 512.1 m (1680 feet), intersecting the base of the Clayton Valley salar sedimentary basin at 506 m. Drilling intersected typical Clayton Valley strata consisting of alternating layers of gravel, volcanic ash and clay. A total of 27 grab groundwater samples were collected as brine formations were encountered. The table below presents a compiled summary of the depths of the Aquifer Systems with brine interval thickness and associated average lithium grades and TDSs concentration. Anomalous lithium results were obtained from brine formations intermittently intersected over a 331.3 metres section (from 168.6 m to 499.9 m) within the Main Ash, Lower Aquifer System, and Lower Gravel Aquifer systems. The highest grade results were obtained in the Lower Aquifer System with peaks up to 218 mg/l lithium (224.0 m to 227.1 m) while the widest intervals were reported in the deeper Lower Gravel Aquifer System, including a 103.7 m wide interval (from 396.2 m to 499.9 m) averaging 134.8 mg/l lithium. In addition, drill cuttings were collected for each 1.5 m interval and have been submitted for analysis. Analytical results for the drill cuttings are pending.

Results of brine samples for CNE16-01 are as follows:

Drill Hole	Aquifer System	Interval			Total Dissolved Solids (mg/l)	Lithium Range (mg/l)	Lithium Average Grade (mg/l)
		From (metres)	To (metres)	Width (metres)			
CNE-16-01	Main Ash	168.6	170.1	1.5	68,000	94.3	94.3
	Lower Aquifer System A	224.0	243.8	19.8	110,000	195 to 218	209.7
	Lower Aquifer System B	326.1	365.8	39.7	130,000 to 140,000	174 to 189	181.5
	Lower Gravel Aquifer	396.2	499.9	103.7	35,000 to 190,000	72.4 to 234	134.8
	<i>including</i>	457.2	481.6	24.4	58,000 to 190,000	72.4 to 234	187.5

CNE16-02 Technical Details

CNE16-02 was collared approximately 3.43 km northeast of CNE-16-01. The hole was terminated within a Massive Clay formation within the Clayton Valley salar sedimentary basin at a depth of 426.7 m (1,400 feet). As was observed in hole CNE16-01, drilling intersected typical Clayton Valley strata consisting of alternating layers of gravel, volcanic ash and clay. A total of 32 grab groundwater samples were collected as brine formations were encountered. The table below presents a compiled summary of the depths of the Aquifer Systems with brine interval thickness and associated average lithium grades and TDSs concentration. Anomalous lithium results were obtained from a 188.9 m wide brine formation intersected from 207.2 m to 396.2 m within the Lower Aquifer System. This 188.9 m interval averaged 164.2 mg/l lithium, including a higher grade interval averaging 202.8 mg/l lithium over 109.7 m (286.5 m to 396.2 m) and was associated with strong brine flows of up to 120 gallons per minute issued from 304.8 m to 396.2 m. In addition, drill cuttings were collected for each 6.1 m interval and have been submitted for analysis. Analytical results for the drill cuttings are pending.

Results of brine samples for CNE16-02 are as follows:

Drill Hole	Aquifer System	Interval			Total Dissolved Solids (mg/l)	Lithium Range (mg/l)	Lithium Average Grade (mg/l)
		From (metres)	To (metres)	Width (metres)			
CNE-16-02	Main Ash	190.5	199.6	9.1	No Water		
	Lower Aquifer System	207.3	396.2	188.9	50,000 to 380,000	72.4 to 228	164.2
	<i>including</i>	286.5	396.2	109.7	140,000 to 380,000	151 to 227	202.8

CNE16-03 Technical Details

CNE16-03 was completed to a depth of 591.3 m (1,940 feet), intersecting the base of the Clayton Valley salar sedimentary basin at 584.62 m. Drilling has intersected typical Clayton Valley strata consisting of alternating layers of gravel, volcanic ash and clay. A total of 62 grab groundwater samples were collected as brine-bearing formations were encountered. The table below presents a compiled summary of the depths of the aquifer systems with brine interval thickness and associated average lithium grades and TDS concentrations. Anomalous lithium results with average concentration of 243.66 mg/l were obtained from brine-bearing formations intersected over a 387.69 metre section (from 209.23 to 596.92 metres) within the Main Ash, Lower Aquifer System, and Lower Gravel Aquifer. The highest grade results were obtained in the Lower Aquifer System with peaks up to 322 mg/l lithium (332.31 to 338.46 metres), and in the deeper Lower Gravel Aquifer, with peaks up to 316 mg/l (504.62 to 510.77 m). In addition, drill cuttings were collected for each 1.5 m interval and have been submitted for analysis. Analytical results for the drill cuttings are pending.

Results of brine samples for CNE16-03 are as follows:

Drill Hole	Aquifer System	Interval			Total Dissolved Solids (mg/l)	Lithium Range (mg/l)	Lithium Average Grade (mg/l)
		From (metres)	To (metres)	Width (metres)			
CNE-16-03	Main Ash	209.23	246.15	36.92	72,150 to 84,970	114 to 130	124.33
	Lower Aquifer System	246.15	436.92	190.77	87,400 to 199,000	139 to 322	267.71
	<i>including</i>	313.85	350.77	36.92	137,000 to 181,000	279 to 322	299.50
	Lower Gravel Aquifer	436.92	596.92	160.00	120,000 to 165,000	181 to 316	268.17
	<i>including</i>	461.54	526.15	73.85	126,000 to 165,000	268 to 316	295.80

CNE17-04 Technical Details

The Phase 2 drilling program is comprised of a total of approximately 1,800 m (5,905 feet) in three reverse circulation (“RC”) holes expected to test depths of a minimum 600 m each. Using a similar approach to the successful Phase 1 program that hit wide intercepts of lithium brine with strong brine flow rates, these new holes are focused on high-priority conductive horizons identified and imaged in the 2016 3-D resistivity survey and confirmed by drilling to be lithium-bearing brines. All four holes drilled to date are adjacent to Silver Peak lithium brine field operation, North America’s only producing lithium mine, operated by Albemarle in close proximity to several of their production wells.

CNE-17-04 was completed to a depth of 609.6 m (2,000 feet), intersecting the base of the Clayton Valley salar sedimentary basin at 579.12 m (1,885 feet). Drilling has intersected typical Clayton Valley strata consisting of alternating layers of gravel, volcanic ash and clay as well as units consisting of carbonate deposits and other evaporites. A total of 80 grab groundwater samples were collected as brine-bearing formations were encountered. The table below presents a compiled summary of the depths of the aquifer systems with brine interval thickness and associated average lithium grades and TDS concentrations. Anomalous lithium results with average concentration of 243.44 mg/l were obtained from six discrete brine-bearing formations intersected over a 469.39 m section (from 140.21 to 609.6 m) within the Salt Aquifer, Main Ash Aquifer, Tufa Aquifer, Lower Aquifer System, Lower Gravel Aquifer, and a possible fractured bedrock aquifer.

Within this section, a 24.38 m interval composed of compacted, confining clay was intersected from depth of 158.50 to 182.88 m. Water was not produced from this unit. This zone is not included in the calculation of total average lithium concentrations. Recoverable water was not present in three 6.1 m intervals within this 469.39 m section because of excessive fine-grained solids content. The Salt Aquifer System contains two brine-bearing zones (A and B as shown in the table below) separated by an unsampled zone from 146.30 to 152.40 m. The Main Ash Aquifer contains two brine-bearing zones (A and B as shown in the Table below) separated by an unsampled zone from 188.98 to 195.07 m. The Lower Aquifer System contains one unsampled zone from 249.94 to 256.03 m. These three unsampled zones are not included in the calculation of total average lithium concentrations for these aquifers.

The highest-grade results were obtained in the Main Ash Aquifer with a peak concentration up to 310 mg/l lithium (182.88 to 201.17 m), and in the deeper Lower Gravel Aquifer, with a peak concentration up to 301 mg/l (219.46 to 225.55 m). In addition to brine samples, drill cuttings were collected for each 1.5 m interval and 87 samples have been submitted for analysis. Analytical results for the drill cuttings are pending.

Results of brine samples for CNE17-04 are as follows:

Drill Hole	Aquifer System	Interval			Total Dissolved Solids (mg/l)	Lithium Range (mg/l)	Lithium Average Grade (mg/l)
		From (metres)	To (metres)	Width (metres)			
CNE-17-0	Salt Aquifer System - A	140.21	146.30	6.10	230,000	N/A	182.00
	Salt Aquifer System - B	152.40	158.50	6.10	255,000	N/A	238.00
	Main Ash - A	182.88	188.98	6.10	310,000	N/A	310.00
	Main Ash - B	195.07	201.17	6.10	175,000	N/A	177.00
	Tufa Aquifer	201.17	219.46	18.29	114,000 to 183,000	63 to 105	89.17
	Lower Aquifer System - A	219.46	249.94	30.48	118,200 to 154,000	194 to 301	266.80
	Lower Aquifer System - B	256.03	469.39	213.36	161,000 to 234,000	162 to 274	242.29
	Lower Gravel Aquifer	469.39	579.12	109.73	200,000 to 268,000	223 to 283	260.11
	Bedrock	579.12	609.60	30.48	219,000 to 242,000	269 to 286	274.00

Regarding Sample Analysis

Groundwater samples were sent to Western Environmental Testing Laboratory in Reno, Nevada for analysis. General chemistry testing included analysis for specific gravity, total hardness and alkalinity, bicarbonate, carbonate, hydroxide, TDS and electrical conductivity. Anions (chloride, sulfate) were analyzed by ion chromatography. Trace metals (lithium, magnesium, boron, calcium, potassium and sodium) were analyzed by ICP-OES. TDS values obtained in the field are measured with a handheld YSI Model 556 Multiparameter Meter, which meets Good Laboratory Practice (as proscribed by the Organization for Economic Cooperation and Development) for calibration and measurement. All depth measurements reported, including sample and interval widths are down-hole. As holes are oriented vertical and geologic stratigraphy is primarily horizontal to sub-horizontal, downhole measurements are assumed to be close to true thickness.

Stella Marys Project

On September 8, 2016 the Company entered into a letter of intent (the “Santa Rita LOI”) with Minera Santa Rita S.R.L. (“Minera Santa Rita”) over the Stella Marys Project, located in Salta Province, Argentina. On October 28, 2016 the Company and Minera Santa Rita signed a definitive agreement. The Company can acquire the 100% interest in the Stella Marys Project by making total cash payments of US \$1,250,000 and issuance of a total of 1,500,000 common shares of the Company on or before September 20, 2017.

The Stella Marys Project is an advanced lithium brine project, comprising 1,472 ha, located in the western sector of the Salinas Grandes salar within Argentina’s “Lithium Triangle” of developing and producing projects, including the country’s two lithium producers. The property is adjacent to Orocobre Limited’s (“Orocobre”) Salar de Salinas Grandes lithium-potassium-boron brine project, which hosts a near-surface, low sulfate inferred resource estimate of 56.5 million cubic meters of brine grading 795 mg/l lithium (239,200 tonnes lithium carbonate equivalent (“LCE”)) and 9,547 mg/l potassium (1.03 million tonnes of potash equivalent) and 283 mg/l boron.

Orocobre’s shallow inferred mineral resource potentially extends onto the Stella Marys Project, where a previous operator is reported to have completed a comprehensive exploration program of mapping and sampling, geochemistry, some drilling with pump tests, and preliminary engineering.

Highlights of the Stella Marys Project are as follows:

- (i) The project is immediately adjacent to a significant shallow depth, inferred resource, which has substantial grades and good chemistry.
- (ii) Prior exploration work includes mapping, sampling, geochemistry, drilling with pump tests and preliminary engineering.
- (iii) Salta province of Argentina is ranked by the Fraser Institute (2015 survey) as one of the most favourable jurisdictions in Central and South America for exploration.
- (iv) Near to excellent infrastructure corridor of road, rail, and power.

Radius Projects

On September 12, 2016 the Company entered a letter of intent with Radius Gold Inc. (“Radius”) pursuant to which the Company has been granted an option to acquire up to 100% interests in each of three projects, known as the Santa Maria Project, Union Project and Viesca Project (collectively the “Radius Projects”) located in Chihuahua and Coahuila States, Mexico.

Highlights of the Radius Projects are as follows:

- (i) The projects, covering a total of approximately 37,000 hectares and held by claim applications, are located in the states of Chihuahua (La Union, La Union 2 and Santa Maria) and Coahuila (La Viesca).
- (ii) All the projects are located in large, salar closed basins, in geological settings analogous to the Clayton Valley Basin, Nevada host of Albemarle’s Silver Peak lithium producing mine operation.
- (iii) Historic work in the area by the Mexican Geologic Survey included a 1982 drill hole at La Union which returned a brine sample of 283 mg/l Li.\
- (iv) Radius conducted controlled surface samples which resulted in numerous anomalous lithium results including 189 mg/l Li at La Viesca.
- (v) The region is underexplored.
- (vi) Mexico is considered a mining friendly supportive jurisdiction. The area has excellent infrastructure and is road accessible, leading to potentially low exploration costs

The key geographical highlights, similar to Clayton Valley and/or associated with brine deposits, are as follows:

- (i) Projects are located in a desert climate with historic evaporate ponds.
- (ii) Large closed basin salar targets.
- (iii) Geothermal hot springs observed at La Union and Viesca salars.
- (iv) Suitable lithium source-rocks.
- (v) Subsurface highly saline aquifers described in historic data.
- (vi) Basin formation post Tertiary.

Qualified Person

The Qualified Person, as defined by National Instrument 43-101, for the Company’s projects, Mr. Ross McElroy, P.Geo., B.Sc., a director of the Company, has reviewed and verified the technical information contained in this MD&A.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed interim financial statements of the Company.

Three Months Ended	Fiscal 2017		Fiscal 2016				Fiscal 2015	
	Jan. 31, 2017 \$	Oct. 31, 2016 \$	Jul. 31, 2016 \$	Apr. 30, 2016 \$	Jan. 31, 2016 \$	Oct. 31, 2015 \$	Jul. 31, 2015 \$	Apr. 30, 2015 \$
Operations:								
Expenses (income)	(1,851,904)	(3,245,464)	(561,930)	1,100	(63,653)	(123,434)	(188,425)	(51,936)
Other items	6,615	23,557	(125,155)	(2,061)	5,508	3,061	5,473	2,450
Comprehensive loss	(1,845,289)	(3,221,907)	(687,085)	(961)	(58,145)	(120,373)	(182,952)	(49,486)
Basic and diluted loss per share	(0.04)	(0.08)	(0.03)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)
Dividend per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet								
Working capital	4,500,464	6,465,727	1,866,529	1,019,470	992,465	1,041,529	1,107,245	1,116,530
Total assets	9,523,479	10,496,550	2,099,685	1,023,605	1,010,698	1,069,928	1,113,189	1,124,441
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended January 31, 2017 Compared to Three Months Ended October 31, 2016

During the three months ended January 31, 2017 (“Q2”) the Company reported a net loss of \$1,845,289 (\$0.04 per share) compared to a net loss of \$3,221,907 (\$0.08 per share) for the three months ended October 31, 2016 (“Q1”), a decrease in loss of \$1,376,618. The decrease in loss in Q2 was due to the recognition of share-based compensation of \$1,977,500 in Q1 from the granting of 3,025,000 share options compared to \$414,000 recognized on the granting of 600,000 share options in Q2. In addition during Q1 the Company recognized \$672,968 as professional fees expense, of which \$660,550 was attributed to compensation, bonuses and special fees paid to the Company’s directors and officers. During Q2 the Company recognized \$234,104 as professional fees expense, of which \$168,580 was attributed to compensation paid to the Company’s directors and officers.

The decrease in loss was partially offset by an increase in corporate activities incurred in Q2 compared to Q1, mainly in public relations and advertising expenditures. During Q2 the Company incurred significant costs for public relations and advertising. The Company announced its transaction with Orocobre on November 22, 2016 and substantially all of the advertising costs were incurred providing information on the Company through various Canadian, United States and European media. In regards to public relations, substantially all of the costs were incurred with one arm’s length contractor who implemented various programs to provide information on the Company and its assets.

Six Months Ended January 31, 2017 Compared to Six Months Ended January 31, 2016

Operations

During the six months ended January 31, 2017 (the “2017 period”) the Company reported a net loss of \$5,067,196 (\$0.11 per share), compared to a net loss of \$178,518 (\$0.00 per share) for the six months ended January 31, 2016 (the “2016 period”), an increase in loss of \$4,888,678. The increase in loss in the 2016 period was partially due to the recognition of share based compensation of \$2,391,500 in the 2017 period compared to \$63,738 in the 2016 period and an increase in general and administrative activities.

General and administrative expenses, excluding share-based compensation, increased by \$2,582,519, from \$123,349 in the 2016 period to \$2,705,868 in the 2017 period. During the 2016 period the Company had limited financial resources and was considered to be a capital pool company. On June 16, 2016 the Company entered into a binding agreement with Nevada Sunrise to earn various working interests in lithium exploration projects and an option in a water permit in Nevada, USA. On August 30, 2016 the Company completed its Qualifying Transaction and met the requirements to be listed as a TSXV Tier 2 resource company engaged in the acquisition and exploration of unproven lithium mineral interests. The Company subsequently identified and negotiated additional agreements for mineral property interest in Argentina and Mexico and engaged in corporate activities to secure additional equity financings. In November 2016 the Company identified and entered into agreements to acquire the Cauchari Project from Orocobre and negotiated the terms to a \$20,000,000 financing. The Company incurred significant legal, professional fees and travel expenses for the review of property acquisitions and business and financing opportunities in the 2017 period. In addition the Company had significant increases in advertising and public relations expenditures.

Specific expenses of note are as follows:

- (i) incurred \$57,700 (2016 - \$14,300) for accounting and administrative services provided by Chase Management Ltd. (“Chase”) a private corporation owned by Mr. DeMare the CFO of the Company. See also “Related Party Transactions”;
- (ii) incurred \$739,688 (2016 - \$nil) for public relations for various programs to provide information on the Company and its assets, mainly regarding the Orocobre transaction and ongoing drilling in Nevada;
- (iii) during the 2017 period the Company recorded share-based compensation of \$2,391,500 (2016 - \$63,738) on the granting and vesting of 3,625,000 share options;
- (iv) during the 2017 period the Company incurred \$907,072 (2016 - \$87,000) for professional services related to the identification and assessment of various corporate opportunities for the Company. Of this amount \$709,545 (2016 - \$nil) was paid to directors and officers and \$197,527 (2016 - \$87,000) was paid to various parties for advisory services;
- (v) during the 2017 period the Company incurred \$138,706 (2016 - \$nil) in general exploration expenses;

- (vi) during the 2017 the Company incurred \$130,338 for legal expenses, an increase of \$125,749 from \$4,589 in the 2016 period, for services relating to preparation and review of property acquisitions and business opportunities; and
- (vii) during the 2017 period the Company recorded an increase of \$295,381 in travel expenses, from \$833 in the 2016 period to \$296,214 in the 2017 period, the increase was primarily due to trips made by Company management to review and identify property acquisitions, business opportunities and for general corporate activities.

Exploration and Evaluation Assets

During the 2017 period the Company capitalized a total of \$4,393,683 on the acquisition, exploration and evaluation of its unproven lithium mineral interests, of which \$3,410,051 was incurred for options payments, associated finders' fees and claims staking and \$983,632 for exploration activities. See also "Exploration Projects" and "Financial Condition/Capital Resources". Details of the costs of the exploration activities conducted during the 2017 period are as follows:

	United States						Argentina	Mexico	Total
	Jackson Wash	Clayton NE	Aquarius	Gemini	Neptune	Water Rights			
	\$	\$	\$	\$	\$	\$	\$	\$	
Exploration costs									
Assay analysis	-	60,040	-	-	-	-	-	-	60,040
Consulting	2,378	24,565	1,296	775	1,397	30,724	-	-	61,135
Drilling	-	370,786	-	-	-	-	-	-	370,786
Environmental	13,055	-	5,902	-	404	-	-	-	19,361
Geological	16,266	131,989	5,444	4,191	1,336	-	-	-	159,226
Geophysical	54,130	60,438	1,450	-	-	-	-	-	116,018
Insurance	942	942	942	471	942	-	-	-	4,239
Land survey	-	29,030	5,798	4,250	-	-	-	-	39,078
Legal	498	509	212	45	45	53,885	-	-	55,194
Mapping	588	2,710	207	164	17	84	-	-	3,770
Project management	6,045	44,157	2,299	1,069	719	5,878	-	8,043	68,210
Rent / utilities	202	13,130	1,329	202	1,532	-	-	-	16,395
Travel	2,213	2,211	1,771	1,771	2,214	-	-	-	10,180
Total for the 2017 period	96,317	740,507	26,650	12,938	8,606	90,571	-	8,043	983,632

	United States						Argentina	Mexico	Total
	Jackson Wash	Clayton NE	Aquarius	Gemini	Neptune	Water Rights			
	\$	\$	\$	\$	\$	\$	\$	\$	
Acquisition costs									
Issuance of common shares for:									
- option payments	229,962	234,242	199,377	199,377	368,151	142,411	330,000	260,000	1,963,520
- finder's fees	17,583	17,583	17,583	17,583	17,583	12,559	-	-	100,474
Cash payments for:									
- option payments	87,500	87,500	87,500	87,500	87,500	62,500	460,215	75,000	1,035,215
- finder's fees	9,902	10,059	7,992	7,992	15,574	5,710	35,753	-	92,982
Claims staking	53,746	13,416	23,535	27,058	69,231	-	1,979	28,895	217,860
Total for the 2017 period	398,693	362,800	335,987	339,510	558,039	223,180	827,947	363,895	3,410,051

Financing Activities

During the 2017 period the Company completed non-brokered private placements as follows:

- (i) 16,100,000 common shares for gross proceeds of \$4,025,000; and
- (ii) 8,456,900 units of the Company for gross proceeds of \$5,074,140.

In addition the Company issued 1,433,484 common shares on the exercise of finders' warrants and share options for gross proceeds of \$371,821.

No financing were completed during the 2016 period.

Financial Condition / Capital Resources

As at January 31, 2017 the Company had working capital in the amount of \$4,500,464. Subsequent to January 31, 2017 the Company completed the Offering to raise gross proceeds of \$20,000,250. See “Company Overview”. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

Subsequent to January 31, 2017 the Company made a further option payment of US \$250,000 to Minera Santa Rita regarding the Stella Marys Project.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company expects to close on the Definitive Agreement and the exchange of the Subscription Receipts into Units of the Company on or before March 31, 2017. See also “Company Overview”.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company’s significant accounting policies is included in Note 3 to the July 31, 2016 and 2015 annual financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company’s Board of Directors and executive officers.

(a) During the 2017 and 2016 periods the following compensation was incurred:

	2017	2016
	\$	\$
Mr. Sidoo - professional fees ⁽¹⁾	392,000	-
Mr. Sidoo - share based compensation	252,000	7,079
Mr. DeMare - professional fees ⁽²⁾	79,920	-
Mr. DeMare - professional fees ⁽³⁾	33,500	-
Mr. DeMare - share based compensation	94,500	-
Mr. McElroy - professional fees ⁽⁴⁾	72,000	-
Mr. McElroy - share based compensation	126,000	-
Mr. Randhawa - professional fees ⁽⁵⁾	93,500	-

	2017 \$	2016 \$
Mr. Randhawa - share based compensation	126,000	-
Hon. Dhaliwal - share based compensation	-	2,124
Mr. Marsh - professional fees	16,000	-
Mr. Marsh - share based compensation	226,000	-
Mr. Grant - professional fees ⁽⁶⁾	22,625	-
Mr. Taylor - share based compensation	-	1,416
Mr. Cernovitch - share-based compensation	-	4,247
	<u>1,534,045</u>	<u>14,866</u>

- (1) Paid to Siden Investments Ltd., a private company owned by Mr. Sidoo.
- (2) Paid to DNG Capital Corp. a private company owned by Mr. DeMare.
- (3) Paid to Chase Management Ltd. ("Chase") a private company owned by Mr. DeMare.
- (4) Paid to Edge Geological Consulting Inc., a private company owned by Mr. McElroy.
- (5) Paid to RD Capital Inc., a private company owned by Mr. Randhawa.
- (6) Paid to AuEx Consultants Ltd., a private company owned by Mr. Grant.

During the 2017 period the Company expensed \$660,550 of key management compensation to professional fees, \$34,995 to general exploration costs and capitalized \$14,000 to exploration and evaluation assets based on the nature of the services provided. As at January 31, 2017, \$111,500 (July 31, 2016 - \$20,000) remained unpaid.

- (b) During the 2017 period \$57,700 (2016 - \$14,300) was incurred for accounting and administration services provided by Chase a private company owned by Mr. DeMare, the Company's CFO. As at January 31, 2017, \$15,000 (July 31, 2016 - \$16,500) remained unpaid.

During the 2017 period the Company also recorded \$31,500 (2016 - \$4,247) for share-based compensation for share options granted to Chase.

- (c) During the 2017 period the Company completed private placements of which directors and officers of the Company and close family members purchased a total of 536,000 common shares for \$134,000 and 389,000 units for \$233,400. The breakdown is as follows:

	Number of Common Shares	Total \$
Common shares purchased at \$0.25 per share		
Mr. Sidoo and family members	316,000	79,000
Mr. McElroy	100,000	25,000
Mr. DeMare	20,000	5,000
Mr. Cernovitch	100,000	25,000
	<u>536,000</u>	<u>134,000</u>
	Number of Units	Total \$
Units purchased at \$0.60 per unit		
Mr. Sidoo and family members	256,000	153,600
Mr. McElroy	83,000	49,800
Mr. Marsh	50,000	30,000
	<u>389,000</u>	<u>233,400</u>

Risk and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company believes that it is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Argentina, USA and Mexico and consequently the Company is subject to certain risks, including currency fluctuations which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by governmental regulations relating to the mining industry.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at March 27, 2017 there were 53,139,471 issued and outstanding common shares, warrants to purchase 5,287,356 common shares at exercise prices ranging from \$0.25 to \$0.75 per share and share options to purchase 4,976,000 common shares at exercise prices ranging from \$0.20 to \$1.02 per share. See also "Company Overview".

Other Information

The Company's Annual Information Form, for the year ended July 31, 2016, was filed on December 22, 2016 and can be viewed at www.sedar.com.