

**Canadian Zeolite Corp. (formerly Canadian Mining Company Inc.)  
Management Discussion and Analysis  
For the three months ended September 30, 2017**

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The following discussion and analysis of the operations, results, and financial position of Canadian Zeolite Corp. (the "Company") for the three months ending September 30, 2017 should be read in conjunction with our Audited Consolidated Financial Statements and Related Notes for the years ended June 30, 2017 and June 30, 2016 which have been prepared under International Financial Reporting Standards ("IFRS"). This MD&A has been prepared as at November 29, 2017 unless otherwise indicated. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company's new website is at [www.canadianzeolite.com](http://www.canadianzeolite.com).

**Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

**Structure and Business Description**

Canadian Zeolite Corp. (the "Company" or "Canadian Zeolite") was incorporated in Alberta under the name "Adamas Resources Inc." by Certificate of Incorporation dated June 5, 1987 issued pursuant to the provisions of the Business Corporations Act (Alberta). Since incorporation, the Company has undergone a number of name changes -- to "Zeacan Products Ltd." on March 1, 1989, to "Canadian Zeolite Ltd." on June 15, 1993, to "The Canadian Mining Company Ltd." on November 19, 1996, to "Zeo-Tech Enviro Corp." on April 10, 2000, and to "Canadian Mining Company Inc." effective January 31, 2007.

Effective February 9, 2016 the Company continued into British Columbia from Alberta and changed its name from Canadian Mining Company Inc. to Canadian Zeolite Corp. At the same time, the Company's wholly-owned British Columbia subsidiary, formerly Canadian Zeolite Corp., changed its name to Canadian Mining Company Inc.

The head office of the Company, as well as its registered and records office, is located at Suite 1400, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta. The common shares of the Company are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol "CNZ", the Frankfurt Exchange under the trading symbol "ZEON" and are quoted on the OTCQB in the United States under the symbol "CNZCF".

The common shares of the Company have not been registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and the Company does not file periodic reports with the United States Securities and Exchange Commission (the "SEC") pursuant to the requirements of Sections 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "1934 Act").

Canadian Zeolite incorporated on April 17, 2007, a wholly-owned subsidiary company, Canadian Mining Company of Arizona Inc. for the purpose of evaluating, acquiring, exploring, development and operation of mineral properties in the United States. Canadian Zeolite incorporated on April 26, 2013, a wholly-owned subsidiary company, Canadian Mining Company Inc. for the purpose of evaluating, acquiring, exploring, development and operation of mineral properties in British Columbia, Canada.

On February 17, 2017 the Company announced that it had entered into a Vend-In Agreement and an Arrangement Agreement (the "Arrangement") with its wholly owned subsidiary, Canadian Mining Corp., ("Canadian Mining") pursuant to which the Company agreed to transfer the shares it held in Canadian Mining Company of Arizona Inc. ("CMCA"), which holds title to the Bullard Pass Property, located in Arizona, USA, to Canadian Mining in exchange for cash and shares in Canadian Mining. Pursuant to the Arrangement, Canadian Mining and its wholly-owned subsidiary, CMCA, were spun out of the Company whereby the existing shareholders of the Company received one share of Canadian Mining for every five shares of the Company held at the record date. The Company's shareholders also received one warrant in Canadian Mining for every five warrants of the Company held at the record date.

Closing of the Arrangement was subject to a number of condition precedents, including but not limited to the following:

1. Canadian Mining Corp. completing an offering of at least \$650,000;
2. The Arrangement being approved by two-thirds of the Company's shareholders, warrant holders and option holders at an Annual General and Special Meeting;
3. The granting from the Supreme Court of British Columbia of an interim order authorizing the securities holders to approve the Arrangement and a final order approving the Plan of Arrangement;
4. The common shares of Canadian Mining being listed for trading on the TSX Venture Exchange.

The conditions precedent were complied with and the transaction was completed on June 2, 2017.

## Mineral Properties

### ***Bromley Creek Zeolite Project***

The Company has a Zeolite project in the Bromley Creek area located near Princeton, British Columbia (the "Bromley Creek Zeolite Project"). The zeolite claims are subject to a \$1.50 per tonne royalty payable to an unrelated third party and a royalty payable to the government of British Columbia. The zeolite claims have been leased from the British Columbia government and have expiration dates through to July 2018, all of which may be renewed for varying amounts. During the current year, the Company acquired an additional claim covering 378.29 hectares. A thirty year mining lease for two of the zeolite claims was granted in 2000 and a quarry permit was issued in 2001 and in 2015.

The Bromley Creek Zeolite Project consists of a total of one mineral lease and seven mineral claims as follows:

<b>Tenure No.</b>	<b>Claim Name</b>	<b>Owner</b>	<b>Map No</b>	<b>Expiry Date</b>	<b>Area (Hectares)</b>
380929	Mineral Lease	142965 (100%)	092H048	2018/ Dec /15	30.800
510001	Bromley #4	142965 (100%)	092H	2018/ Jul /11	294.221
510002	Bromley #5	142965 (100%)	092H	2018/ Jul /11	189.097
510003	Bromley #6	142965 (100%)	092H	2018/ Jul /11	189.087
510004	Bromley #1	142965 (100%)	092H	2018/ Jul /11	189.115
510006	Bromley #2	142965 (100%)	092H	2018/ Jul /11	84.063
510007	Bromley #3	142965 (100%)	092H	2018/ Jul /11	168.146
1048113	Zeo-Tech	142965 (100%)	092H	2018/ Jul /11	378.290
<b>TOTAL:</b>					<b>1,522.819</b>

On November 30, 2015, the Company entered into a mining operations agreement, with a purchase option, with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Bromley Creek Zeolite Project for a total purchase price of \$725,000. The purchase price may be paid by APL through cash or earn-in by payment of royalties to the Company of \$9.00 per metric ton mined and removed from the site. The parties have also entered into an Agency Agreement

pursuant to which APL will pay to the Company a commission on all applicable sales of mineral mined or zeolite processed from the Bromley Creek Zeolite Project.

Shipping of material from the mine site proved challenging during the initial months of the current year due to a late spring thaw in the Bromley Creek area, and additional restrictions and road closures caused by rampant wild fires hampered operations further.

During the period ending September 30, 2017, royalties received from APL under the mining operations agreement amounted to \$6,675 (2016 - \$4,822), which have been applied to reduce the capitalized costs of the Bromley Creek zeolite project.

As at September 30, 2017, the Company has a stockpile of approximately 4,300 tonnes of material available for shipping to the APL processing facility at Kamloops, British Columbia, on which royalties of \$9.00 per tonne are generated on shipments from the quarry.

**Sun Group, British Columbia, Canada**

The Company acquired the contiguous Sun Group claims group located in the Similkameen Mining District of British Columbia in March 2004. The total claim area is 948.935 hectares.

The Sun Group claims consist of the following:

Claim Name	Owner	Map No:	Expiry Date:	Area (Hectares)	
544975	ZEO-TECH 1	142965 (100%)	092H	2020/ Jan /31	21.087
563611	SUNDAY CREEK 1	142965 (100%)	092H	2020/ Jan /31	84.349
563612	SUNDAY CREEK 2	142965 (100%)	092H	2020/ Jan /31	189.758
563613	SUNDAY CREEK 3	142965 (100%)	092H	2020/ Jan /31	126.505
563614	SUNDAY CREEK 4	142965 (100%)	092H	2020/ Jan /31	126.525
1012692	SUNDAY CREEK 5	142965 (100%)	092H	2020/ Jan /31	84.379
601475	SUNDAY CREEK 6	142965 (100%)	092H	2020/ Jan /31	42.180
602468	SUNDAY	142965 (100%)	092H	2020/ Jan /31	21.089
733004	ZEO-TECH 2	142965 (100%)	092H	2020/ Jan /31	21.090
733005	ZEO-MAR 3	142965 (100%)	092H	2020/ Jan /31	231.973
<b>TOTAL:</b>					<b>948.935</b>

During the year ending June 30, 2012, the Company renewed its interest in the claims, filed a Notice of Work Application to conduct a 5,000 ft. drill program in order to bring this property to 43-101 compliance, and expended \$32,930 to this end.

During the year ending June 30, 2013, the Company completed a 2-phase drill program. Data obtained from this exercise has been used in the completion of the 43-101 resource report and has confirmed the size and grade of the Zeolite deposit.

On November 30, 2015, the Company entered into a mining operations agreement, with a purchase option, with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Sun Group Zeolite Project for a total purchase price of \$725,000. The purchase price may be paid by APL through cash or earn-in by payment of royalties to the Company of \$9.00 per metric ton mined and removed from the site. The parties have also entered into an Agency Agreement pursuant to which APL will pay to the Company a commission on all applicable sales of mineral mined or zeolite processed from the Sun Group Zeolite Project.

## ***Bullard Pass Property***

During the year ended June 30, 2017, the Company transferred its interest in the Bullard Pass Property to Canadian Mining Corp. pursuant to a Vend-In Agreement and an Arrangement Agreement (see Note 5 of the audited consolidated financial statements for the year ended June 30, 2017).

### **Results of Operations**

The Company incurred a \$382,044 loss during the three months ended September 30, 2017 compared to a \$275,765 loss during the same period of the prior year. The increase in the loss is primarily attributable to a share-based compensation charge of \$251,913 in the current period compared to \$20,102 for the same period in the prior year. This was off-set by the decrease in amount of \$104,905 paid to consultants who were involved with introductions to capital markets in Europe and the USA in the prior year period. Promotional expenditures decreased by \$21,817 compared to the same period of the previous year as management conducted fewer site visits to its properties. Secretarial and accounting fees increased \$3,500 whereas legal fees relating to the listing requirements on foreign exchanges decreased by \$6,125 on the administration expense front. The Company reduced interest charges on short term loans by \$775 as a result of negotiating a lower rate on long term loans secured. On the income front, the Company received \$6,675 compared to \$4,822 in 2016 in royalty income as product was shipped from the mine site in Princeton. General office expenses decreased marginally by \$355 compared to the prior year period. The Company had a net foreign exchange gain of \$538 compared with same period last year.

### **Investor Relations**

The Company has secured the services of an independent investor relations company for a six month period ending February 28, 2018.

### **Selected Quarterly Financial Data**

<b>Financial results:</b>	<b>Sep 30, 2017</b>	<b>Jun 30, 2017</b>	<b>Mar 31, 2017</b>	<b>Dec 31, 2016</b>	<b>Sep 30, 2016</b>	<b>Jun 30, 2016</b>	<b>Mar 31, 2016</b>	<b>Dec 31, 2015</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Net loss for the period	382,044	787,843	438,680	352,895	275,765	142,114	83,579	83,060
Basic/Diluted loss per share	0.01	0.03	0.02	0.02	0.01	0.01	0.005	0.005
Exploration and evaluation expenditures	722	2,577	10,813	2,431	5,741	2,245	7,109	3,299

Balance sheet data:	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Cash and cash equivalents	783,877	641,694	402,084	444,002	348,878	390,440	3,693	16,977
Mineral properties	236,927	242,880	238,400	227,587	241,898	243,826	247,241	259,260
Total assets	1,056,107	1,019,073	740,841	713,545	621,771	661,772	275,425	300,719
Shareholders' equity (deficiency)	168,342	165,743	(98,239)	(363,053)	(448,292)	(551,460)	(901,763)	(833,074)

### Liquidity and Solvency

The Company has a history of losses, a working capital surplus of \$704,865 at September 30, 2017 (2016 deficit of \$712,230) and an accumulated deficit of \$14,764,818 (2016 - \$12,803,356).

The Company's mineral properties are in the exploration and development stage. Royalties and commissions of \$6,675 (2016 - \$4,822) were earned in the current period on product shipped from these operations. The royalties received have been applied to reduce the capitalized costs of the Company's Bromley Creek zeolite property.

Historically, the Company's activities have been funded mainly through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it identifies a feasible resource and develops cash flow from operations.

### Related party transactions

During the three months ending September 30, 2017, the Company entered into various transactions with related parties. The related parties consist of officers, directors and shareholders or companies controlled directly or indirectly by them. Details of the transactions and balances owing or receivable are as follows:

The Company recorded management fees of \$27,000 (2016 - \$27,000) to a director and officer.

The Company repaid loans and advances owing to a director and officer amounting to \$10,144 (2016 - \$5,404).

The Company has accrued interest expense of \$7,750 (2016 - \$8,500) in respect of promissory notes owing to a director and officer of the Company.

The Company paid fees to an officer of the Company for accounting services included in administrative expenses of \$6,000 (2016 - \$4,500).

The Company paid fees to an officer of the Company for corporate secretarial services included in administrative expenses of \$6,000 (2016 - \$4,500).

At September 30, 2017, amounts totaling \$30,710 (2016 - \$626,000) owing to related parties are included in accounts payable and accrued liabilities.

The above transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

Compensation paid to key management personnel and non-executive directors is as follows:

	2017		2016	
Senior management compensation	\$	39,000	\$	36,000
Interest on promissory notes	\$	7,750	\$	8,500

### **Commitments**

During November 2016, the Company terminated its office lease agreement and entered into a lease agreement at a new location for a two year period commencing January 01, 2017 with monthly payments of \$1,550 per month. At September 30, 2017, the commitment in terms of the lease amounted to \$23,250.

In addition, the Company has entered into two consulting agreements that have three year terms expiring June 30, 2020 and require aggregate monthly payments of \$16,500 or \$198,000 per annum.

On August 31, 2017, the Company entered into an investor relations agreement for an initial six month term ending February 28, 2018. At September 30, 2017, the commitment in terms of this agreement amounted to \$25,000.

### **Significant Accounting Policies**

The Company's significant accounting policies are provided in Note 3 to the consolidated financial statements.

### **Future Accounting Changes**

#### **Standards and interpretations issued but not yet effective**

The following accounting standards and amendments are effective for future periods.

#### **Amendments to IAS 7 Statement of Cash Flows**

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

These amendments are effective for reporting periods beginning on or after January 1, 2017.

#### **Amendments to IAS 12 Income Taxes**

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value.

These amendments are effective for reporting periods beginning on or after January 1, 2017.

#### **IFRS 9 Financial Instruments**

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive

income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

This standard is effective for reporting periods beginning on or after January 1, 2018.

### **IFRS 15 Revenue from Contracts with Customers**

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

This standard is effective for reporting periods beginning on or after January 1, 2018.

### **Amendments to IFRS 2 Share-based Payment**

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions.

These amendments are effective for reporting periods beginning on or after January 1, 2018.

### **IFRS 16 Leases**

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company is currently reviewing the impact of these standards and does not anticipate a significant impact on the consolidated financial statements.

### **Additional Information**

Other additional information relating to Canadian Zeolite Corp. may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.canadianzeolite.com](http://www.canadianzeolite.com).

### **Critical Accounting Estimates**

The preparation of consolidated financial statements requires the Company, in conformity with Canadian International Financial Reporting Standards, to select from possible alternative accounting principles, and to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the periods reported. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. The Company's accounting policies and estimates used in the preparation of the consolidated financial



statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

The consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiaries, Canadian Mining Company of Arizona Inc. and Canadian Mining Corp. All significant inter-Company transactions and balances have been eliminated upon consolidation.

During the year ending June 30, 2017, the Company entered into a Vend-In Agreement and Arrangement Agreement with Canadian Mining Corp., which resulted in Canadian Mining Company of Arizona and Canadian Mining Corp. no longer being subsidiaries of the Company at June 30, 2017.

## **Mineral exploration and evaluation expenditures**

### **Pre-exploration Costs**

Pre-exploration costs are expensed in the period in which they are incurred.

### **Exploration and Evaluation Expenditures**

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

## **Disclosure and Internal Controls**

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IRFS.

## **Risks and Uncertainties**

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same type of business. Some of the possible risks include the following:



- The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development.
- Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue its exploration and development activities in the future.
- There is no certainty that the properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined.

### **Management's Responsibility for Financial Statements**

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these consolidated statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The Company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at September 30, 2017 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

### **Approval**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the consolidated financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

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

The Company did not enter into any off-balance sheet arrangements during the year.

## Share Capital Information

The Company is authorized to issue an unlimited number of common shares without par value.

At November 29, 2017:

The Company had 33,339,462 common shares issued and outstanding.

The Company had granted the following incentive stock options pursuant to its Stock Option Plan:

<b>Number</b>	<b>Exercise price</b>	<b>Expiry date</b>
350,000	\$ 0.135	June 22, 2018
50,000	\$ 0.370	August 25, 2018
200,000	\$ 0.300	October 31, 2018
100,000	\$ 0.730	November 30, 2018
100,000	\$ 0.640	March 1, 2019
1,400,000	\$ 0.485	May 29, 2019
466,000	\$ 0.500	July 18, 2019
200,000	\$ 0.420	August 25, 2019
300,000	\$ 0.380	November 9, 2018
<b>3,166,000</b>		

The Company had the following share purchase warrants outstanding:

<b>Number</b>	<b>Exercise price</b>	<b>Expiry date</b>
2,947,267	\$ 0.75	November 10, 2018
<b>2,947,267</b>		

## Subsequent Events

On November 7, 2017, the Company closed a non-brokered private placement of 2,947,267 share units at \$0.30 per unit for gross proceeds of \$884,180. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at \$0.75 until November 10, 2018. Each warrant is subject to an acceleration condition which may be instituted by the Company in the event of the Company's common shares trading at or above \$1.00 for ten consecutive days.

The Company entered into a binding Letter of Intent ("LOI") to acquire a 100% interest in Earth Innovations Inc. ("Earth Innovations") from a privately held Canadian company (the "Seller"). Pursuant to the terms of the LOI, the Company will issue to the Seller 3,000,000 common shares of the Company, which shares shall be subject to an 18-month escrow schedule. In addition, the Company will pay \$100,000 in cash, payable \$50,000 upon closing and \$50,000 in six months from the closing date of the transaction. The agreement is subject to various other terms and conditions. The Company anticipates closing this transaction on or about November 30, 2017. The acquisition is subject to various approvals, including by shareholders of the Seller and the TSX Venture Exchange.

On November 7, 2017, the Company granted 300,000 options with an exercise price of \$0.38 and a one year expiry term, to a consultant.