FORM 51-102F1

PELE MOUNTAIN RESOURCES INC.
(the "Company" or **"Pele")**

MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(the "Reporting Period")

This Management Discussion and Analysis ("**MD&A**") made as of January 28, 2019, should be read in conjunction with the audited consolidated financial statements of the Company for the year ended September 30, 2018 and the related notes thereto (the "Financial Statements"). The Company's audited financial statements are presented on a consolidated basis with its five wholly-owned subsidiaries, Eco Ridge Development Corporation ("**ERDC**"), Pele Gold Corporation ("**Pele Gold**"), Pele Diamond Corporation ("**Pele Diamond**"), Mountain Pass Resources Inc. ("**Mountain Pass**") and Sage Power Corporation ("**Sage Power**"). The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise noted.

The Company's comparative information included in this MD&A has been prepared in accordance with IFRS.

Additional information relating to the Company is also available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. The Company's common shares are listed on the TSX Venture Exchange under the symbol "**GEM**".

Description of Business

The Company is a Canadian mineral company that was formed to acquire mineral resource properties in Canada and to carry out mineral exploration and development activities thereon in search of economic deposits of metals and minerals and has focused on generating and selling interests in mineral projects in Northern Ontario since 1996. The Company, either directly or through its wholly-owned subsidiaries, holds a number of mineral properties. As a result of the ongoing protracted bear market in uranium and rare earth prices, Pele has reviewed its future strategic direction and on June 1, 2017 the Company entered into a non-binding letter of intent with Enirgi Group Corp. ("**Enirgi Group**") to potentially gain exclusive North American access to Enirgi Group's direct extraction process lithium processing technology. On November 24, 2017, the Company received written notification that Energi Group was terminating the non-binding letter of intent.

The technical information included in this MD&A related to the resources properties, unless otherwise stated, has been reviewed by Peter Dimmell, P.Geo. (NL, ON,), a Director of the Company and a Qualified Person under National Instrument 43-101.

The Eco Ridge Project

During the year ended September 30, 2017, the Company sold its interest in the Eco Ridge project for $380,000.

The Eco Ridge Project, formerly owned 100% by Eco Ridge Development Corporation, a wholly owned subsidiary of the Company, is located in Elliot Lake, Ontario. The Eco Ridge property included over 7,800 contiguous hectares comprised of a combination of real estate and mineral rights tenures including 394 mining claim units covering over 6,300 hectares, three Mining Leases with the Province of Ontario covering a total of 1,500 hectares, and a lease of Surface Patents (with an option to purchase) from the City of Elliot Lake covering about 800 hectares.

In May 2011, the Company was granted two mining leases by the Province of Ontario for its Eco Ridge Project. During fiscal 2014, the Company acquired a key mining lease for mining rights on certain lands below small lakes located within the boundaries of the Eco Ridge Project. This acquisition filled in a gap within the higher grade zone of the Main Conglomerate Bed. The Company then owned a 100% interest in the mineral rights throughout the more than 7,800 contiguous hectares that comprise the Eco Ridge Project Property.

In October 2014, the Company announced an expansion of its business model to include processing of high-grade rare earth bearing monazite, in Elliot Lake. Pele's plan was to source monazite from mineral sands mines in countries that embrace sustainable mining practices and were allied trading partners with Canada. Pele's objective was to process the monazite to produce mixed rare earth concentrates that would be separated into high-purity, individual rare earth oxides that can be used in downstream value added processing and manufacturing.

Following an internal review of its Eco Ridge project, Pele's Board concluded that due to continuing weak uranium and rare earth prices, Eco Ridge remained uneconomic and offered limited short or mid-term benefit to shareholders. Moreover, due to prevailing weak rare earth prices, Pele had also been unable to generate the necessary support for its proposed monazite processing facility in Elliot Lake. Therefore, the Company entered into a sale agreement with an arm's-length purchaser to sell the claims, surface rights and leases comprising Eco Ridge for gross proceeds of $380,000 payable in cash, which closed on June 1, 2017.

Sage Energy

During the fiscal year ended September 30, 2016, the Company expanded its business model to pursue electricity generation and energy storage projects, beginning in Elliot Lake. Management envisaged opportunities in this rapidly growing sector and worked with leading energy industry professionals and suppliers of advanced technologies to offer a range of customized benefits to municipal and industrial electricity consumers in Northern Ontario.

At the time the Company incorporated Sage Power Corporation, a wholly owned operating subsidiary, set up to own and manage the Company's interests in energy projects, Sage Power's mandate was to identify, design, develop, and operate energy projects that provide smart, sustainable, customized power solutions. Sage Power's focus is on local, distributed energy and energy storage projects in Northern Ontario that reduce electricity costs, boost energy efficiency, improve reliability of service, and conserve grid electricity.

On May 2, 2018 Pele extended its Sustainable Energy Development Agreement with the City of Elliot Lake, Ontario for an additional two years.

Under the terms of the Agreement, the Elliot Lake City Council has appointed Pele, on an exclusive basis, to be the developer of renewable energy and energy storage projects on City Lands until May 1, 2020.

Joint Venture Mineral Exploration Projects

Two of the Company's projects are currently funded through option or joint venture agreements with strategic partners including the Sudbury Project, which is targeting base metals (nickel and copper) and platinum group elements and is currently being funded and operated by the Company's joint venture partner, Wallbridge Mining Company Limited ("**Wallbridge**"); and the Festival Project joint venture, which is being operated and funded by Goldcorp Inc. The Company's other mineral projects are the Timmins and Mountain Pass Projects, which are owned 100% by the Company, and more particularly described below.

The Ardeen Project

Prior to the disposition of the Ardeen Gold Project during the year ended September 30, 2016, the Company had a 49% undivided legal and beneficial interest in 290 mining claim units and 4 patented mining claims located within Moss Township in the district of Thunder Bay, Ontario.

The Company acquired 41 mining claim units and 2 patented mining claims from a group of vendors pursuant to a purchase and sale agreement dated June 3, 1997. Under the terms of the purchase and sale agreement, the Company is required to issue an aggregate of 24,000 common shares to the vendors contingent on the property going into commercial production. The balance of the property was acquired through a series of acquisition agreements (some of which are subject to royalty interests to the vendors) and through staking campaigns.

During the year ended September 30, 2009, Pele Gold entered into a definitive option agreement (the “Definitive Agreement”) for the Ardeen Gold Project with Coventry Resources Limited (“Coventry”), pursuant to which, Coventry funded enough expenditures to earn a 51% interest in the project.

In February 2014, Coventry reported that it had sold its stake in the project to Chalice Gold Mines (“Chalice”).

During the year ended September 30, 2016, the Company entered into a purchase agreement, along with Chalice Gold Mines ("Chalice"), pursuant to which their respective operating subsidiaries sold their respective interests in the Ardeen Gold Project to Kesselrun Resources Ltd. In consideration for the sale, Kesselrun issued Chalice and the Company 4,000,000 common shares of Kesselrun and a package of Net Smelter Return (NSR) royalties. The Company (and Chalice) was granted certain NSR royalties over certain mining claims. In combination with pre-existing NSRs, the property will be subject to an overall 2.5% NSR royalty over certain mining claims and a 2% NSR royalty on the remaining mining claims. The NSRs are subject to certain buyback clauses, which going forward will be for the benefit of Kesselrun. As 49% owner of the Ardeen Gold Project, the Company received 1,960,000 shares of Kesselrun and a pro rata share of the royalty package. The shares have since been sold.

The Sudbury Project

The Sudbury Project is comprised of 52 mining claim units covering approximately 830 hectares of mining claims in Harty and Foy Townships, which extend from the northern boundary of Levack Township, located about 40 km northwest of the City of Greater Sudbury, Ontario.

Wallbridge has incurred exploration expenditures to increase its ownership interest in the Joint Venture to approximately 64% as of June 30, 2018, and accordingly, the Company owns an interest of approximately of 36%.

Subsequent to the year ended September 30, 2018, the Company entered into a termination and release agreement with Wallbridge, pursuant to which the Company transferred its 36% interest in and to the underlying mining claims and interests to Wallbridge in exchange for a mutual termination of the Option Agreement and Joint Venture and mutual full and final releases in respect of same.

The Festival Project

In 2013, the Company and Goldcorp reactivated a previously existing joint venture on the Festival Project. Goldcorp entered into a License Agreement on behalf of the joint venture for a Licensed Area covering a total area of 52 square kilometres. The Licensed Area straddles the interpreted western extension of the Goudreau Localsh Deformation Zone (“GLDZ”), host to Richmont’s Island Gold Mine as well as several past-producing gold mines including Argonaut’s Magino Mine. The term of the License is for five years commencing on January 1, 2013 and may be extended for an additional 5-year term. All minerals produced and marketed from the Licensed Area are subject to a 3% royalty payable to the Licensor.

Goldcorp is funding and operating the Festival Project Joint Venture with Pele electing not to contribute its pro rata share so far. Accordingly, Goldcorp's interest has increased to over 50% of the joint venture and Pele's interest is currently less than 50%. The License expired on January 1, 2018 without being renewed. Goldcorp and the Company are in the process of terminating the Festival Project joint venture pending final reconciliation of the joint venture accounts. In this regard, to the extent there is any funding shortfall on the Company's behalf, the Company shall exercise its right to elect to satisfy its obligations, if any, though further dilution of its joint venture interest as it has done in the past.

The Timmins Project

The Timmins Project consists of 11 mining claim units located 35 kilometres south of Timmins in northern Ontario. The project ties on to the southern and eastern property boundaries of the past producing Texmont Nickel Mine.

There are no plans to start up a new work program at the Timmins Project in the foreseeable future.

The Mountain Pass Project

During the year ended September 30, 2012, the Company, through Mountain Pass Resources Inc., a wholly-owned subsidiary of the Company incorporated in Nevada, USA, acquired mining claims comprising approximately 75 contiguous hectares located in Mountain Pass, California in exchange for 4,000,000 common shares of the Company. The seller has retained a 2% production royalty (the "Production Royalty") on all minerals mined on the property, subject to the right of the Company to buy back 1% of the Production Royalty for 2,000,000 United States Dollars, escalated annually by a factor equal to the Producer Price Index.

If the Company sells the mining claims to an arm's length third party, the original vendor will receive 10% of the proceeds from the sale and a minimum royalty (the "Minimum Royalty") of $12,000 per year will become payable to the seller, increasing by $12,000 per year until it reaches a maximum of $120,000 per year. The Minimum Royalty shall not apply in the case of an earn-in agreement with a third party while work on the property is advancing.

The seller has been granted a security interest in the mining claims to secure performance of certain terms in the Agreement. The Company issued a total of 200,000 common shares to two arm's length individuals as a fee for services related to the introduction of the Company to the seller.

The Company was required to complete a total of $2,000,000 United States Dollars of exploration work on the property by September 26, 2017, which included a Phase 1 Exploration Program. The Phase 1 Exploration Program which included compilation of historic data, geological mapping, radiometric survey, sampling of pits and trenches, surface sampling, petrological analysis, mineralogical analysis and drill program planning was completed, on schedule, during fiscal 2014. The Company failed to meet its 2,000,000 United States Dollars expenditure requirement by September 26, 2017, and the claims are in the process of being transferred back to the original owner.

Economic Outlook

The Company's management believes that there are considerable uncertainties relating to the macro economy, which could impact on commodity pricing.

The economic success of the Company will be dependent upon the market price of resources which fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are, in turn, influenced by changes in international investment patterns monetary systems and political developments. The price of resources has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and results of operations.

Letter of Intent and Definitive Transaction Agreement

During the Reporting Period, the Company entered into a non-binding letter of intent with Bhang Corporation ("Bhang"), a privately-held Nevada corporation to acquire a 100% interest in Bhang via a business combination transaction that would constitute a reverse take-over and a change of control of the Company. The original letter of intent was set to expire on June 30, 2018, but was extended to August 15, 2018 and then to September 30, 2018. In partial consideration for a mutual non-solicitation and exclusivity provision included in the letter of intent, the Company received non-refundable payments from Bhang of $97,280, in aggregate, for working capital purposes during the twelve months ended September 30, 2018.

On November 8, 2018, the Company entered into a definitive agreement (the "Definitive Agreement") with Bhang to acquire a 100% interest in Bhang via a business combination transaction (the "Transaction"). The Company will acquire the 100% interest in Bhang by way of a share exchange between the Company and all of the shareholders of Bhang, which will constitute a reverse takeover of Bhang (the "Bhang Acquisition"). Pursuant to the Bhang Acquisition, the issued and outstanding shares of Bhang will be exchanged for approximately 90,000,000 post-consolidated shares of the Company for a deemed anticipated price of $0.50 per share, with a portion of the shares being allocated as multiple voting shares.

Prior to the completion of the Transaction, the Company will effect a consolidation which is anticipated to result in a consolidation of 10 pre-consolidated shares common shares of the Company for 1 post-consolidated share, but in any event shall not exceed 15 pre-consolidated common shares of the Company for 1 post-consolidated common share.

As provided for in the Definitive Agreement, Bhang shall continue funding the Company $10,000 per month to meet the Company's working capital needs, as well as agreeing to be responsible for all of the Company's reasonable costs and expenses associated with the Transaction pending its completion.

Bhang is a California-based intellectual property company which licenses rights to a full range of cannabis and hemp products, including chocolates, gums and oral sprays, isolates, vapes and vape cartridges and accessories. Upon completion of the Transaction, the combined entity will continue to carry on the business of Bhang.

Overall Performance

At this time the Company does not own or operate any revenue producing mineral properties and, accordingly, does not have cash flow from operations. Historically, the Company has raised funds for development and general overhead and other expenses primarily through the issuance of shares from treasury. This method of financing has been the principal source of funding for the Company's on-going operations since it was founded over 20 years ago. Funding for exploration at the Sudbury Project and Festival Project is provided under joint venture agreements at each respective Project.

The Company received shareholder approval in March 2017 to implement a share consolidation, in order to raise Pele's share price to above $0.05 so that the Company may raise funds for future development and on-going overhead and other working capital expenses through the issuance of shares from treasury in compliance with the TSX Venture Exchange requirements. The consolidation of the share consolidation took effect on July 24, 2017.

Going Concern

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its development programs and general and administrative expenses, discharge its liabilities as they become due and generate positive cash flows from operations. There is no certainty that the Company will be successful in raising financing given the current challenging condition of the junior resource financial markets, and as such there is significant uncertainty the Company will be able to continue as a going concern.

Selected Annual Information

The following selected financial data for each of the three most recently completed financial years are derived from the audited annual financial statements of the Company.

Year Ended September 30	**2018**	**2017**	**2016**
	$	**$**	**$**
Interest income	766	-	9
Net income (loss) and comprehensive income (loss)	110,392	(137,809)	(1,156,842)
Earnings (loss) per share - basic and diluted	0.003	(0.007)	(0.06)
Total assets	90,773	236,712	520,846
Cash dividends	Nil	Nil	Nil

The Company has no resource properties in production and, consequently, has no current operating income or cash flow from its mineral properties.

The Company has recorded losses in two of the three most recently completed fiscal years and expects to continue to record losses unless and until such time as an economic resource or project is identified, developed and brought into profitable commercial operation on one or more of the Company's properties and other projects or otherwise disposed of at a profit. Acquisition costs and deferred exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. Since the Company has no revenue from operations, annual operating losses typically represent the sum of business expenses plus any write-offs of mineral properties abandoned during the period.

Results of Operations

The Company had net income of $110,392 or $0.003 per share on a fully diluted basis for the Reporting Period, compared to a net loss of $137,809 or $0.007 per share on a fully diluted basis for the year ended September 30, 2017. The decrease in net loss is due to a general reduction in overall spending. There were several other items of income and expense that fluctuated year-over-year that were not specifically related to the Company's operational activities.

The Company's expenses (excluding share-based compensation, change in fair value of portfolio investments, gain (loss) on portfolio investments) totaled $331,005 for the Reporting Period compared to $1,069,106 for the year ended September 30, 2017. There were general decreases across all expense categories, but most notably salaries and wages, publicity and investor relations, professional fees, and administrative expenses.

Also contributing to the Company's net income for the Reporting Period, was a recovery of exploration expenses in the amount of $43,740 related to forgiven debt, as well as a gain of $246,760 on the settlement of outstanding debt. During the Reporting Period, the Company entered into several debt settlement agreements, the result of which was the issuance of 15,143,843 common shares of the Company in full and final satisfaction of $1,009,000 of indebtedness. In addition, the Company wrote off $96,591 of accounts payable during the year ended September 30, 2018.

During the Reporting Period, the Company received non-refundable payments of $97,280, in aggregate, related to the letter of intent signed during the Reporting Period with Bhang Corporation as discussed previously.

Salaries and benefits expenses decreased by $268,551 (84%) during the Reporting Period when compared to the year ended September 30, 2017. The decrease is a function of the lack of significant fees charged by the Company's CEO, as well as the fact that several of the Company's employees were terminated during the year ended September 30, 2017.

Publicity and investor relations decreased by $20,207 (77%) during the Reporting. The decrease relates to a marketing initiative that the Company had undertaken during the year ended September 30, 2016, that extended into the three month period ended December 31, 2016, to communicate to shareholders and the public that the Company planned to diversify into the clean energy industry and its supply chains that did not impact the Reporting Period. The expenditures related to corporate development with a focus on rebranding and the creation of new marketing and promotional materials. This marketing initiative was terminated during the year ended September 30, 2017 and did not recur during the Reporting Period.

There was a decrease of $37,558 (60%) in listing and filing fees during the Reporting Period when compared to the year ended September 30, 2017. The Company incurred additional fees related to the private placements that were completed during the prior period that were not incurred during the current Reporting Period. There were also filing fees incurred in the prior period with the exchanges that were not incurred in the Reporting Period.

Share-based compensation decreased during the year ended September 30, 2017 amounted to $63,823 as a result of the modification of the expiry date of some options issued to employees that were terminated during the year ended September 30, 2017. As no stock options were granted during the Reporting Period, or the year ended September 30, 2017, the Company did not incur any share-based compensation expense during the Reporting Period.

Exploration and evaluation amounted to $109,931 during the year ended September 30, 2017. In addition, the Company received cash proceeds of $380,000 upon disposition of the Eco Ridge property during fiscal

2017. The only spending related to exploration and evaluation during the Reporting Period was $1,138 spent on the Mountain Pass property. The Company disposed of its Eco Ridge and Ardeen properties during prior fiscal years and was inactive on its other projects during the Reporting Period. As a result of a debt settlement with a vendor during the Reporting Period, the Company had a recovery of exploration expenses in the amount of $43,740.

Administrative fees decreased by $141,978 (73%) during the Reporting Period as a result of an overall decrease in the Company's operations.

During the year ended September 30, 2017, the Company incurred directors' fees of $25,350 and energy project expenses of $35,060. The Company did not have any such spending during the year ended September 30, 2018.

During the year ended September 30, 2017, the Company realized a gain on the sale of the Eco Ridge project for gross proceeds of $380,000, as well as a gain of $797,841 on the settlement of outstanding debt. The Company also earned $25,000 of consulting income from a related party and received a non-refundable deposit of $20,000 in connection with a non-binding letter of intent with respect to a potential transaction involving one of the Company's properties. This non-binding letter of intent expired during the year ended September 30, 2017.

In addition, the Company disposed of all of its portfolio investments during the year ended September 30, 2017, which included the common shares of Kesselrun Resources Ltd, discussed previously. The Company realized aggregate losses of $227,750 upon the disposition of all of these portfolio investments.

During the year ended September 30, 2017, the Company issued 40,000 common shares to an arm's length lender pursuant to a loan agreement as described in Note 7(a) of the Financial Statements at an issue price of $0.50 per share. The Company recognized a finance charge expense of $20,000 and a gain on settlement of debt of $10,000 during the year ended September 30, 2017 with respect to the issuance of these shares. The Company also incurred a finance charge of $40,872 and interest expense of $4,124 in connection with this loan agreement. The Company also borrowed $35,000 from a company controlled by a director of the Company (see Note 7 (c) of the Financial Statements) upon which a finance charge expense of $5,000, and interest expense of $2,094 were recorded during the year ended September 30, 2017.

Quantitative breakdowns of the property expenditures by category are included in the following tables:

Year ended September 30, 2018

	Eco Ridge Project	Mountain Pass Project	Total
Acquisition	$ Nil	$ Nil	$ Nil
Consulting	Nil	Nil	Nil
Exploration/Drilling	Nil	Nil	Nil
Processing Development	Nil	Nil	Nil
General Overhead	Nil	Nil	Nil
Project Management	Nil	Nil	Nil
Other	Nil	1,138	1,138
Total expenditures	$ Nil	$ 1,138	$ 1,138
Less:			
Recoveries	$ (44,878)	$ Nil	$ (44,878)
Total expenditures less recoveries	$ (44,878)	$ 1,138	$ (43,730)

Year ended September 30, 2017

	Eco Ridge Project	Mountain Pass Project	Total
Acquisition	$ 7,314	$ 1,541	$ 8,855
Consulting	30,600	Nil	30,600
Exploration/Drilling	Nil	Nil	Nil
Processing Development	25,350	Nil	25,350
General Overhead	14,550	Nil	14,550
Project Management	30,000	Nil	30,000
Other	558	18	576
Total expenditures	$ 108,372	$ 1,559	$ 109,931
Less:			
Recoveries	$ (380,000)	$ Nil	$ (380,000)
Total expenditures less recoveries	$ (271,628)	$ 1,559	$ (270,069)

Summary of Quarterly Results

The following table sets out selected quarterly results of the Corporation for the eight quarters ended on or before September 30, 2018. The information contained herein is drawn from the interim financial statements of the Corporation for each of the aforementioned eight quarters.

Fiscal Year Quarter	2018				2017			
	Sep	Jun	Mar	Dec	Sep	Jun	Mar	Dec
	$	$	$	$	$	$	$	$
Interest income	0	0	0	0	0	0	0	0
Net income (loss)	(57,650)	53,187	(110,713)	225,568	(191,320)	838,686	(341,279)	(443,896)
Net income (loss), per share basic and diluted	(0.004)	0.001	(0.003)	0.009	(0.007)	0.04	(0.02)	(0.02)

The quarterly fluctuations in the Company's net income (loss) result primarily from stock-based compensation expenses recognized on stock options granted to directors, officers, employees and consultants of the Company, general administrative expenses and realized gain or loss on sale of investments. In addition to the items mentioned above, the current quarterly fluctuation is a result of mineral exploration recoveries and the settlement of debt.

Liquidity and Capital Resources

The Company's cash and cash equivalents position was $52,597 as at September 30, 2018 (September 30, 2017 - $173,892). The Company had a working capital deficiency of $257,192 as at September 30, 2018 compared to a working capital deficiency of $1,387,213 as at September 30, 2017.

During the Reporting Period, the Company issued 15,143,843 common shares of the Company in full and final satisfaction of $1,229,679 of indebtedness.

The Company's current operating expenditures, excluding exploration expenditures on resource property work programs, are approximately $15,000 per month. See Going Concern discussed earlier in this MD&A. The Company does not have any externally imposed capital requirements.

To date, the Company has not paid any dividends on its shares and it is unlikely that dividends will be payable in the foreseeable future. The Company anticipates that dividends would only be considered in the event it successfully brings one of its properties into commercial production.

On December 31, 2017, the Company's lease contracts for the rental of its office premises in Toronto expired.

The Company's capital requirements to maintain its properties and fund exploration and general overhead expenses have been met primarily through the completion of private placements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Outstanding Share Data

The Company's shares are traded on the TSX Venture Exchange under the symbol GEM. As of the date of this MD&A, there are a total of 36,143,196 shares issued and outstanding.

As of the date of this MD&A, the Company has the following stock options outstanding:

Number of Options	Exercisable	Exercise Price	Expiry Date
320,000	320,000	$0.50	December 31, 2019
121,300	121,300	$0.50	December 31, 2020
441,300	**441,300**		

As of the date of this MD&A, the Company has the following warrants outstanding:

Number of Warrants	Series	Type of Share	Exercise Price	Expiry Date
504,900	HHH	Common Shares	$0.50	February 4, 2019
100,000	HHH	Common Shares	$0.50	February 5, 2019
604,900				

Transactions with Related Parties

During the Reporting Period, the Company was involved in the following transactions with related parties:

a) Salary of $19,000 was earned by Martin Cooper, a director and officer of the Company. Pursuant to a debt settlement agreement, this director and officer agreed to a final payment of $42,750, in full satisfaction of total indebtedness of $157,500, $17,750 of which was paid during the year ended September 30, 2018. As at September 30, 2018, accounts payable and accrued liabilities included $40,000 payable to this director and officer. Included in this balance is the remaining $25,000 included in the debt settlement and salary of $15,000 earned during the year ended September 30, 2018.

b) Legal fees of $167,415 were incurred with a law firm in which Steven Rukavina, a director and officer of the Company is a partner. Pursuant to a debt settlement agreement, the Company issued 3,238,072 common shares to this law firm to settle debt of $220,189. As at September 30, 2018, accounts payable and accrued liabilities included $154,465 payable to this law firm.

c) Accounting fees of $51,000 were incurred with an accounting firm in which Paul Andersen, an officer of the Company is a partner. Pursuant to a debt settlement agreement, the Company issued 2,961,469 common shares to this accounting firm to settle debt of $201,380. As at September 30, 2018, accounts payable and accrued liabilities included $71,850 accrued to this accounting firm.

d) Pursuant to a debt settlement agreement with a company in which John Wilkinson, a director of the Company, is an officer, the Company waived debt of $39,089 and the company issued 383,227 common shares to this company to settle the remaining debt of $26,059. As at September 30, 2018, accounts payable and accrued liabilities included $Nil payable to this director.

e) Compensation earned by directors and other members of key management personnel for the year ended September 30, 2018 were as follows:

Salaries and benefits (CEO and CFO)	$49,000
Share-based compensation (Officers and Directors)	-
Directors' fees	-
	$49,000

As at September 30, 2018, accounts payable and accrued liabilities included $Nil of directors' fees and $15,000 of wages payable. Pursuant to various debt settlement agreements, directors of the Company waived accrued directors' fees owed to them in the aggregate amount of $29,730, and accepted 312,097 common shares of the Company to settle the remaining accrued directors' fees of $21,370.

Critical Accounting Judgments and Estimation Uncertainties

The preparation of the consolidated financial statements in conformity with IFRS requires that the Company's management make critical judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the consolidated financial statements.

Property, Plant and Equipment - Estimated Useful Lives

Management estimates the useful lives of PPE based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of PPE for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's PPE in the future.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the consolidated financial statements when applicable.

Deferred Taxes

The Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include costs which are directly attributable to acquisition, surveying, geological, geochemical, geophysical, exploration and resource drilling, land maintenance, sampling and assessing technical feasibility and commercial viability. These expenditures are expensed as incurred.

Fair Value of Common Shares Issued Pursuant to Settlement of Debt

The Company estimates the fair value of common shares issued pursuant to settlement of debt based on the quoted market price of the Company's shares on the date the common shares are issued.

Recent Accounting Pronouncements

The accounting pronouncements detailed below have been issued but are not yet effective.

IFRS 9, Financial instruments (“IFRS 9”) was issued by the IASB in July 2014 and will replace IAS 39, Financial Instruments: recognition and measurement” (“IAS 39”). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce an expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently evaluating the impact of this standard and amendments on its consolidated financial statements.

IFRS 16, Leases (“IFRS 16”) was issued by the IASB in January 2016, and will replace IAS 17 Leases. IFRS 16 specifies the methodology to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases except for short-term leases and leases with low value assets. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been adopted. A lessee will apply IFRS 16 to its leases either retrospectively to each prior Reporting Period presented; or retrospectively with the cumulative effect of initially applying IFRS 16 being recognized at the date of initial application. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

Financial Instruments and Other Risk Factors

The Company's financial instruments consist of cash and equivalents and accounts payable. It is management's opinion that the Company is not exposed to significant interest, credit or currency risks arising from these financial instruments and that the fair value of these instruments approximates their carrying value due to their short-term maturities. Investments available for sale are carried at fair market value. The Company is exposed to equity price risks related to its investments available for sale and investments held for trading. In conducting its business, the principal risks and uncertainties faced by the Company relate to exploration and development success, as well as metal and mineral prices and market sentiment to a lesser extent.

The prices of metals and other commodities are subject to market fluctuations and are affected by many factors outside of the Company's control. The prices of metals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements. To manage its risks the Company holds a diverse portfolio of uranium, gold, base metal, and diamond properties which provide exposure and leverage both to discovery and to the global demand for a variety of natural resources, and limits the Company's overall risk exposure to the market fluctuations of a specific metal or commodity.

Forward-Looking Statements

Some of the statements contained in this document are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they have inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Subsequent Event

Subsequent to the year ended September 30, 2018:

a) 170,000 stock options expired unexercised.

b) 525,000 series EEE warrants expired unexercised.

c) The Company entered into the Definitive Agreement with Bhang as discussed earlier in this MD&A.

d) The Company entered into a termination and release agreement with respect to its Sudbury Project as discussed earlier in this MD&A.

e) Completed an amalgamation of its subsidiaries, ERDC, Pele Diamond, Pele Gold and Sage to form one subsidiary effective January 1, 2019. The name of the amalgamated subsidiary is Sage Power Corporation.

Internal Control over Financial Reporting and Disclosure Controls

Management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("ICFR") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO and CFO have evaluated whether there were changes to the ICFR during the year ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company's internal control over financial reporting during the year ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.