

**CRYSTAL PEAK MINERALS INC.**  
**(Formerly EPM Mining Ventures Inc.)**

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Three and Nine Months Ended September 30, 2016**

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This Management Discussion and Analysis (“MD&A”) of Crystal Peak Minerals Inc. (“CPM”, formerly EPM Mining Ventures Inc. or “EPM”), together with its subsidiaries (collectively the “Company”), is dated November 17, 2016 and provides an analysis of the Company’s performance and financial condition for the three and nine months ended September 30, 2016. CPM is listed on the TSX Venture Exchange and its common shares trade under the symbol “CPM”. The Company’s common shares also trade on the OTCQX International under the ticker symbol “CPMMF”.

This MD&A should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements (the “Interim Financial Statements”) for the three and nine months ended September 30, 2016, including the related note disclosures.

The Company’s Interim Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The Interim Financial Statements have been prepared under the historical cost convention, except in the case of fair value of certain items, and unless specifically indicated otherwise, are presented in U.S. dollars. The Interim Financial Statements, along with Certifications of Annual and Interim Filings, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

Michael Blois, MBL Pr. Eng., is the Qualified Person in accordance with Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) who is responsible for the mineral processing and metallurgical testing, recovery methods, infrastructure, capital cost, and operating cost estimates described in this MD&A. Mr. Blois is an independent consultant contracted by the Company.

Lawrence D. Henchel, P. Geo., Vice President Geological Services with Norwest Corporation, is the Qualified Person in accordance with NI 43-101 who is responsible for the resource estimate in this MD&A. Mr. Henchel is an independent consultant contracted by the Company.

Michael Hardy, P. Eng., President with Agapito Associates, Inc., is the Qualified Person in accordance with NI 43-101 who is responsible for the mining methods described in this MD&A. Mr. Hardy is an independent consultant contracted by the Company.

Scott Effner, P.G., Principal Geochemist/Hydrogeologist with Whetstone Associates, is the Qualified Person in accordance with NI 43-101 who is responsible for the hydrogeological modeling content in this MD&A. Mr. Effner is an independent consultant contracted by the Company.

David Waite, P.E., Senior Engineer with CH2M HILL is the Qualified Person in accordance with NI 43-101 who is responsible for the environmental and permitting content of this MD&A. Mr. Waite is an independent consultant contracted by the Company.

**Cautionary Statement Regarding Forward-Looking Information**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements related to

activities, events or developments that the Company expects or anticipates will or may occur in the future, including, without limitation: statements related to the release of a feasibility study; the economic analysis of the Sevier Playa Project in southwestern Utah (the “Sevier Playa Project”); mineral resource estimates; the permitting process; environmental assessments; business strategy; objectives and goals; and development of the Sevier Playa Project. Forward-looking statements are provided to allow readers the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating the Company.

Forward-looking information is often identified by the use of words such as "plans", "planning", "planned", "expects" or "looking forward", "does not expect", "continues", "scheduled", "estimates", "forecasts", "intends", "potential", "anticipates", "does not anticipate", or "belief", or describes a "goal", or variation of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is based on a number of factors and assumptions made by management and considered reasonable at the time such information is provided. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements to be materially different from those expressed or implied by the forward-looking information.

This MD&A contains information taken from a technical report titled “NI 43-101 Technical Report Preliminary Feasibility Study of the Sevier Lake Playa Sulphate of Potash Project Millard County, Utah”, filed on November 18, 2013 and dated effective October 25, 2013 (the “PFS”). The PFS is, by definition, preliminary in nature and should be considered speculative. It is based upon a process flow sheet that may change, which would impact all costs and estimates. Operating costs for the Sevier Playa Project were based upon assumptions including future energy costs, natural gas costs, water costs, labor, and other variables that are likely to change. Capital costs were based upon a list of equipment thought to be necessary for production and are likely to change. Sulfate of potash (“SOP”) price forecasts were based upon third-party estimates and management assumptions that may change due to market dynamics. The mineral resource estimates were based upon assumptions outlined in the “Brine Resource” section. Some figures were calculated using a factor to convert short tons to metric tonnes. Changes in estimated costs to acquire, construct, install, or operate the equipment, or changes in projected pricing, may adversely impact project economics.

Among other factors, the Company’s inability to complete further mineral resource and mineral reserve estimates; the inability to complete a feasibility study; the inability to obtain sufficient playa recharge; the inability to anticipate changes in brine volume or grade due to recharge or other factors; changes to the economic analysis; the failure to obtain necessary permits to develop the Sevier Playa Project; environmental issues or delays; the inability to successfully complete additional drilling and other field testing at the Sevier Playa Project; the inability to secure project financing; factors disclosed in the Company's current MD&A; as well as information contained in other public disclosure documents available on SEDAR at [www.sedar.com](http://www.sedar.com) may adversely impact the Sevier Playa Project. Although CPM has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. There can be no assurance that forward-looking information will prove to be accurate. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's plans, objectives, and goals and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. CPM does not undertake to update forward-looking information, except in accordance with applicable securities laws.

## **OVERALL PERFORMANCE**

### **Principal Business and Corporate History**

On May 26, 2011, EPM, 44907 Yukon Inc. (“44907 Yukon”) – a wholly-owned subsidiary of EPM incorporated to effect a business amalgamation, and 44170 Yukon Inc. (“44170 Yukon”), completed a triangular amalgamation (the “Amalgamation”) whereby investors exchanged their 44170 Yukon voting and non-voting common shares for voting and non-voting common shares of EPM on a one-for-one basis. Pursuant to the terms of the Amalgamation, 44170 Yukon and 44907 Yukon amalgamated to form Peak Minerals Canada Limited (“Peak Minerals Canada”). Peak Minerals Canada became a wholly owned subsidiary of EPM. The Amalgamation was accounted for as a purchase of net assets and assumption of liabilities of 44170 Yukon. On June 25, 2015, the Company changed its name from “EPM Mining Ventures Inc.” to “Crystal Peak Minerals Inc.”

Pursuant to the Amalgamation, which resulted in the Company’s acquisition of a significant mineral property, the Company operates as an exploration stage entity focused on the development, construction and operation of a major SOP project on the Sevier Playa in southwestern Utah. The Company is currently engaged in engineering, permitting, and financing activities on its Sevier Playa Project with the objective of providing a feasibility study and reserve estimates in accordance with the standard of NI 43-101. Although a PFS of the Sevier Playa Project has been completed, no claim for mineral reserves has been made at this time.

### **Sevier Playa Project Overview**

CPM, through its indirect wholly-owned subsidiary, Peak Minerals Inc. (“Peak Minerals”), has direct control over mineral leases on approximately 95,802 acres of land leased from the Bureau of Land Management (“BLM”); agreements on about 6,409 acres of School and Institutional Trust Land Administration (“SITLA”) lands leased to Emerald Peak Minerals, LLC (“Emerald Peak”); as well as agreements that provide for the development and operational control, subject to approval of final unitization agreements, on about 22,012 acres of BLM land leased to LUMA Minerals, LLC (“LUMA”); the total of which constitutes the approximate 124,223-acre land package for the Sevier Playa Project.

The Sevier Playa has been explored intermittently by various entities over the last several decades. Consequently, it is considered a likely source of SOP, as well as bitterns such as magnesium chloride (“MgCl<sub>2</sub>”) and magnesium sulfate (“MgSO<sub>4</sub>”); halite (“NaCl”); salt cake (“Na<sub>2</sub>SO<sub>4</sub>”); and possibly other ancillary minerals, such as lithium, all derived from the harvesting and processing of salts precipitated from brines found in the Sevier playa sediments.

### **Brine Resource**

Commencing in August 2011, the Company began its own drilling and exploration program on the Sevier Playa to confirm the existence and extent of potash-containing brines in accordance with NI 43-101 standards. CH2M HILL provided over-all engineering support and Norwest handled well-site logging, sampling, and analytical assistance. The Phase 1 drilling program produced brine samples for independent chemical assay and analysis as well as materials necessary to define the stratigraphy of the sediments in the Sevier playa and included geotechnical studies, hydrological work, geological interpretations, core logging, and other studies.

On May 31, 2012 the results of the Phase 1 drilling program were filed in a NI 43-101 technical report entitled “Technical Report, Mineral Brine Resources of Sevier Lake Playa, Millard County, Utah” (the “Resource Report”). The Resource Report defined an in-situ measured, indicated, and inferred mineral

resource estimate within approximately the first 100 feet (30.5 meters) of the Sevier Playa Project at an average resource depth of approximately 65 feet (20.0 meters).

In conjunction with the PFS, the Company undertook an expansion of its Phase 1 drilling program, during February and March 2013, with additional hydrology drilling around the perimeter of the Sevier playa as well as an expansion of the exploration drilling into the LUMA lease area and other areas throughout the playa (collectively “Phase 2”).

The results of the Phase 2 drilling program were combined with the Phase 1 drilling results, and were used to produce the updated mineral resource estimate (“the Updated Resource Estimate”) in Table 1:

**Table 1 – Brine Mineral Resource Summary and  
Major Dissolved Cations and Anions (In-Situ)  
Dated Effective October 25, 2013**

| CATEGORY                       | BRINE RESOURCE | POTASSIUM (K) |               | SULFATE (SO <sub>4</sub> ) |                | CHLORINE (CL) |                | SODIUM (NA)  |                | MAGNESIUM (MG) |               |
|--------------------------------|----------------|---------------|---------------|----------------------------|----------------|---------------|----------------|--------------|----------------|----------------|---------------|
|                                | MT             | WT %          | MT            | WT %                       | MT             | WT %          | MT             | WT %         | MT             | WT %           | MT            |
| Measured                       | 1,937          | 0.261         | 5.063         | 2.161                      | 41.854         | 8.072         | 156.332        | 6.627        | 128.353        | 0.326          | 6.321         |
| Indicated                      | 3,755          | 0.241         | 9.036         | 2.009                      | 75.414         | 7.175         | 269.411        | 6.353        | 238.533        | 0.308          | 11.546        |
| <b>Measured plus Indicated</b> | <b>5,691</b>   | <b>0.248</b>  | <b>14.099</b> | <b>2.060</b>               | <b>117.268</b> | <b>7.480</b>  | <b>425.743</b> | <b>6.446</b> | <b>366.886</b> | <b>0.314</b>   | <b>17.866</b> |
| Inferred                       | 476            | 0.241         | 1.148         | 2.101                      | 9.993          | 7.007         | 33.332         | 6.675        | 31.751         | 0.334          | 1.586         |

The brine resource listed in Table 1 allows the calculation of theoretical tonnages of mineral-equivalent compounds that could be created using the available ions shown in the table. Given that sufficient sulfate is present in the brine beyond that needed to utilize all potassium ions present to make SOP, it may be possible to produce additional potassium sulfate compounds by adding supplemental potassium during processing that could result in quantities of SOP beyond those shown in Table 2:

**Table 2 – Mineral Equivalent Compounds from brine resource (In-Situ)  
Dated Effective October 25, 2013**

| LEASE AREA | CLASSIFICATION          | MT (MILLION METRIC TONNES)     |                   |                   |                                 |         |
|------------|-------------------------|--------------------------------|-------------------|-------------------|---------------------------------|---------|
|            |                         | POTASH                         | BITTERNS          | BITTERNS          | SALT CAKE                       | HALITE  |
|            |                         | K <sub>2</sub> SO <sub>4</sub> | MgCl <sub>2</sub> | MgSO <sub>4</sub> | Na <sub>2</sub> SO <sub>4</sub> | NaCl    |
| State      | Measured                | 0.376                          | 0.416             | 0.526             | 0.384                           | 7.524   |
|            | Indicated               | 0.754                          | 0.840             | 1.061             | 0.732                           | 14.653  |
|            | Measured plus Indicated | 1.130                          | 1.256             | 1.586             | 1.115                           | 22.177  |
|            | Inferred                | 0.004                          | 0.004             | 0.005             | 0.008                           | 0.087   |
| Federal    | Measured                | 10.471                         | 11.391            | 14.391            | 32.981                          | 225.649 |
|            | Indicated               | 16.272                         | 17.998            | 22.738            | 53.577                          | 346.196 |
|            | Measured plus Indicated | 26.774                         | 29.389            | 37.129            | 86.558                          | 571.846 |
|            | Inferred                | 1.212                          | 1.259             | 1.591             | 4.389                           | 25.889  |
| LUMA       | Measured                | 0.497                          | 0.657             | 0.830             | 1.067                           | 10.492  |
|            | Indicated               | 3.116                          | 3.803             | 4.804             | 7.027                           | 55.327  |
|            | Measured plus Indicated | 3.613                          | 4.460             | 5.634             | 8.094                           | 65.819  |
|            | Inferred                | 1.344                          | 1.848             | 2.335             | 3.654                           | 25.137  |
| Total      | Measured                | 11.344                         | 12.464            | 15.746            | 34.432                          | 243.666 |
|            | Indicated               | 20.142                         | 22.641            | 28.604            | 61.335                          | 416.176 |
|            | Measured plus Indicated | 31.486                         | 35.104            | 44.350            | 95.768                          | 659.841 |
|            | Inferred                | 2.560                          | 3.111             | 3.931             | 8.051                           | 51.113  |

The total measured plus indicated resource for SOP increased from 29.485 million tonnes (“Mt”) in the Resource Report, to 31.486 Mt in the PFS, an increase of approximately 7%, primarily due to the results of the Phase 2 drilling program.

Preliminary Feasibility Study

The Company commissioned the PFS in late 2012, the results of which were published in the PFS released on November 18, 2013.

### *Economic Highlights*

The PFS forecasts average annual SOP production of 300,000 tonnes with an estimated Net Present Value (“NPV”) of \$629 million (after tax, inflated, 8% discount rate) and an estimated internal rate of return (“IRR”) of 20% (after tax, inflated).

| <b>ECONOMIC INDICATORS</b>                       |                |
|--|----------------|
| NPV (pretax, 8%)                                 | \$957 million  |
| NPV (after tax, 8%)                              | \$629 million  |
| IRR (pretax)                                     | 24%            |
| IRR (after tax)                                  | 20%            |
| Average Annual SOP Production                    | 300,000 tonnes |
| Mine Life  | 30 years       |
| Initial Direct Capital Costs                     | \$292 million  |
| Initial Indirect Capital Costs                   | \$50 million   |
| Initial Capital Contingency                      | \$36 million   |
| Operating Cost                                   | \$180.91/tonne |
| Production Royalties (% of gross revenues)       | 5.61%          |
| Year 3 EBITDA (nameplate production)             | \$143 million  |
| Payback Period (from commencement of production) | 5.5 years      |
| Measured Plus Indicated SOP Resource             | 31.486 Mt      |

The economic analysis in the PFS was based upon the following assumptions:

- 100% equity
- Construction on playa beginning in preproduction year three (“PP-3”)
- Production ramp-up over two years, reaching full production in year three
- 50,000 tonnes in year one
- 100,000 tonnes in year two
- 300,000 tonnes in year three
- Effective tax rate of approximately 29%

The economic analysis was based upon measured and indicated mineral resources only. No inferred resources were included in the analysis. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Although a PFS has been completed, no claim for mineral reserves has been made at this time pending additional testing planned during the Sevier Playa Project’s feasibility study phase.

### *Ancillary Minerals*

Although the Sevier playa brine contains dissolved ions which could be potentially utilized to create ancillary mineral products, the Company elected to maintain the focus of its PFS on the production of SOP. The Company anticipates completing analysis in its feasibility study (“FS”) that will consider mineral extraction in addition to SOP, including products such as magnesium sulfate, magnesium chloride, sodium sulfate, and lithium. Given the presence of these other mineral constituents in the brine

resource, ancillary minerals may provide the Company with a source of additional value if such minerals prove to be economic as the result of further studies.

### Feasibility Study

Upon receipt of funding from EMR Capital Resources Fund 1, LP (“EMR”) on May 29, 2015, work began to develop a field program to address information required to complete a FS (the “FS Field Program”). The FS Field Program was completed in the first quarter of 2016. Primary objectives of the FS Field Program included improving the understanding of playa hydrology, continuing the development of a numeric model to evaluate playa hydrology and resource recovery, improving geotechnical understanding, and advancing permitting. Norwest and CH2M HILL were retained to develop and oversee the program.

The primary objectives of the FS Field Program included improving the Company's understanding of playa hydrology, geotechnical data collection, continuing the development of a numeric model to evaluate playa hydrology and resource recovery, and the advancement of environmental permitting. The Company completed trench tests and a drill program that provided brine and sediment analysis needed to improve the understanding of the brine resource zones. It also completed an aerial survey of the playa, continued evaporation analysis, laboratory work, and a potentiometric survey to support the numeric model. Trench and well tests were concluded in December 2015. Flow tests were then performed that will be used to finalize the FS, the environmental impact statement, and other required permits.

The findings from this fieldwork confirmed or exceeded many technical metrics used to develop PFS. Based upon meeting these technical markers, the Board of Directors approved going forward with the remaining phases of the FS and permitting process.

In June 2016, the Company engaged CH2M HILL, Norwest and Novopro Projects ("Novopro") to complete the FS. CH2M HILL assumes the role of lead FS consultant and will be responsible for coordinating the overall delivery of the FS. The 43-101 compliant technical report will build on the results of the PFS and on the FS fieldwork already completed. It is intended to further define the Project to AACE Class 3 standards and to typical FS levels of confidence. The technical report will incorporate engineering design for all facets of the project required to reach a minimum mine life of 30 years and target production of 300,000 tonnes per year of potassium sulfate, as well as the production of any associated minerals such as lithium compounds that may prove to be economic.

The FS scope of work is designed to support project financing and will be organized around three primary work areas:

- Playa: Mining plan including extraction trenches and wells, and the water recharge system;
- Process facilities: Process ponds and product refinery from salt harvest to load out, warehouse, administration, and process yard facilities; and
- Infrastructure: Power, gas, water, communication, access roads, and load-out facility.

The FS will include early work to evaluate opportunities for project optimization with the potential to significantly improve project economics. These options include evaluating associated minerals, optimizing the mine plan, and improving process design to defer capital costs and accelerate time-to-production.

As announced previously, the Company has selected a lithium development team that includes Branson Hamilton, Dr. James W. Patten and Stephen Styler, J.D. This team has substantial experience in mineral production, technology, and business development strategies. The lithium development team will seek to



accelerate the evaluation of technical processes for lithium production and pursue business partnership and off-take agreements as the Company completes the FS and environmental permitting necessary to begin construction.

### Permitting

In addition to the Company's FS Field Program activities, its permitting efforts continue as follows:

*Mining Plan* – The BLM has determined that the Mining Plan is substantially complete and can be used as the basis for the Environmental Impact Statement (“EIS”) analysis. The Mining Plan will be updated to incorporate Utah Division of Oil, Gas, and Mining (“DOG M”) Large Mine Permit requirements to create a combined Mine Plan. The Company anticipates approval of the combined Mining Plan through both the DOGM and BLM processes by the fourth quarter of 2017.

*BLM Plan of Development (“POD”)* – Preliminary POD reports were submitted to the BLM in September 2013 for the off-playa right-of-way elements. The draft POD reports were combined into one draft POD document when it was submitted to BLM in July 2015. Although the draft POD report is a working document and will require revisions before it is considered complete by BLM, it is anticipated that the POD will be approved by the fourth quarter of 2017.

*EIS* –An EIS public scoping open house was held in Delta, Utah on August 5, 2015. The purpose of the public scoping process was to determine relevant issues that will influence the scope of the environmental analysis, including alternatives, and guide the process for developing the EIS. The open house gave local residents and the public the opportunity to learn about the project, ask questions and submit comments on the project. The public scoping period ended September 5, 2015 with minimal public comments. The Company anticipates the approval of the EIS in early 2018.

*Air Permit* – The Minor Source permit application was approved by the Utah Division of Air Quality (“UDAQ”) on May 9, 2014 to allow construction of on-playa structures such as ponds and trenches. Due to updates to regulations and lapse in time from approval and when the on-playa construction is scheduled to begin, UDAQ requires that the Minor Source permit be updated and resubmitted for approval. The Company anticipates approval of the Minor Source permit by the fourth quarter of 2017.

The 12-month air monitoring on the south end of the lake concluded in November 2014. This monitoring was conducted in support of the Major Source permit application with UDAQ. The Company anticipates approval of the Major Source permit in 2018.

## Interest in Mineral Property

The costs associated with the Company's interest in the Sevier Playa Project mineral property balance consists of:

|   | Acquisition costs    | Planning and design | Field operations and expenses | Legal costs and environmental obligations | Technical reports and permitting activities | Total                |
|---|----------------------|---------------------|-------------------------------|---|---|----------------------|
| <b>As of January 1, 2016</b>                |                      |                     |                               |   |   |                      |
| Cost  | \$ 22,812,227        | \$ 656,302          | \$ 10,046,222                 | \$ 1,197,517                              | \$ 12,161,951                               | \$ 46,874,219        |
| Accumulated amortization and impairment     | -                    | -                   | -                             | -   | -   | -                    |
| <b>Net book amount</b>                      | <b>22,812,227</b>    | <b>656,302</b>      | <b>10,046,222</b>             | <b>1,197,517</b>                          | <b>12,161,951</b>                           | <b>46,874,219</b>    |
| <b>Nine months ended September 30, 2016</b> |                      |                     |                               |   |   |                      |
| Opening net book amount                     | 22,812,227           | 656,302             | 10,046,222                    | 1,197,517                                 | 12,161,951                                  | 46,874,219           |
| Additions                                   | 140,370              | 450                 | 790,973                       | 96,372                                    | 3,065,047                                   | 4,093,212            |
| Exchange differences                        | 15,950               | -                   | -                             | -   | -   | 15,950               |
| <b>Closing net book amount</b>              | <b>22,968,547</b>    | <b>656,752</b>      | <b>10,837,195</b>             | <b>1,293,889</b>                          | <b>15,226,998</b>                           | <b>50,983,381</b>    |
| <b>As of September 30, 2016</b>             |                      |                     |                               |   |   |                      |
| Cost  | 22,968,547           | 656,752             | 10,837,195                    | 1,293,889                                 | 15,226,998                                  | 50,983,381           |
| Accumulated amortization and impairment     | -                    | -                   | -                             | -   | -   | -                    |
| <b>Net book amount</b>                      | <b>\$ 22,968,547</b> | <b>\$ 656,752</b>   | <b>\$ 10,837,195</b>          | <b>\$ 1,293,889</b>                       | <b>\$ 15,226,998</b>                        | <b>\$ 50,983,381</b> |
| <b>As of January 1, 2015</b>                |                      |                     |                               |   |   |                      |
| Cost  | \$ 22,480,628        | \$ 654,167          | \$ 9,022,229                  | \$ 1,150,588                              | \$ 8,631,650                                | \$ 41,939,262        |
| Accumulated amortization and impairment     | -                    | -                   | -                             | -   | -   | -                    |
| <b>Net book amount</b>                      | <b>22,480,628</b>    | <b>654,167</b>      | <b>9,022,229</b>              | <b>1,150,588</b>                          | <b>8,631,650</b>                            | <b>41,939,262</b>    |
| <b>Nine months ended September 30, 2015</b> |                      |                     |                               |   |   |                      |
| Opening net book amount                     | 22,480,628           | 654,167             | 9,022,229                     | 1,150,588                                 | 8,631,650                                   | 41,939,262           |
| Additions                                   | 40,000               | 450                 | 655,934                       | 39,234                                    | 1,740,278                                   | 2,475,896            |
| Exchange differences                        | (46,127)             | -                   | -                             | -   | -   | (46,127)             |
| <b>Closing net book amount</b>              | <b>22,474,501</b>    | <b>654,617</b>      | <b>9,678,163</b>              | <b>1,189,822</b>                          | <b>10,371,928</b>                           | <b>44,369,031</b>    |
| <b>As of September 30, 2015</b>             |                      |                     |                               |   |   |                      |
| Cost  | 22,474,501           | 654,617             | 9,678,163                     | 1,189,822                                 | 10,371,928                                  | 44,369,031           |
| Accumulated amortization and impairment     | -                    | -                   | -                             | -   | -   | -                    |
| <b>Net book amount</b>                      | <b>\$ 22,474,501</b> | <b>\$ 654,617</b>   | <b>\$ 9,678,163</b>           | <b>\$ 1,189,822</b>                       | <b>\$ 10,371,928</b>                        | <b>\$ 44,369,031</b> |

## SELECTED QUARTERLY INFORMATION

The following tables set out financial performance highlights for the previous twelve quarters.

| Quarter ended      | Revenues | Expenses     | Other Items  | Net loss total | Net loss per share | Working Capital | Non-Current Assets |
|--------------------|----------|--------------|--------------|----------------|--------------------|-----------------|--------------------|
| September 30, 2016 | \$ -     | \$ (485,274) | \$ (103,609) | \$ (538,893)   | nil                | \$ 7,876,543    | \$ 57,258,221      |
| June 30, 2016      | -        | (447,386)    | 55,109       | (392,277)      | nil                | 10,689,020      | 54,852,330         |
| March 31, 2016     | -        | (408,375)    | 71,169       | (337,206)      | nil                | (3,346,285)     | 54,351,792         |
| December 31, 2015  | -        | (477,261)    | (264,606)    | (741,867)      | (0.02)             | (1,712,158)     | 53,176,018         |
| September 30, 2015 | -        | (395,072)    | (399,163)    | (794,235)      | nil                | 1,333,257       | 50,687,755         |
| June 30, 2015      | -        | (412,186)    | (215,082)    | (627,268)      | nil                | 3,661,929       | 48,860,450         |
| March 31, 2015     | -        | (288,032)    | (416,773)    | (704,805)      | (0.01)             | 298,621         | 48,356,664         |
| December 31, 2014  | -        | (394,202)    | (488,719)    | (882,921)      | (0.04)             | 678,506         | 48,259,125         |
| September 30, 2014 | -        | (483,500)    | (621,250)    | (1,104,750)    | (0.04)             | 767,973         | 48,487,244         |
| June 30, 2014      | -        | (704,115)    | (274,838)    | (978,953)      | (0.01)             | 1,364,535       | 48,246,436         |
| March 31, 2014     | -        | (447,568)    | (4,549)      | (452,117)      | nil                | (674,821)       | 47,988,649         |
| December 31, 2013  | -        | (1,119,661)  | 743,270      | (376,391)      | nil                | (154,737)       | 47,849,168         |

Working capital generally consists of cash net of accounts payable and short-term debt, while non-current assets are primarily made up of the Company's investment in the Sevier Playa Project and the Company's investment in Emerald Peak. The major variances in working capital and non-current assets are mainly attributable to equity placements and the funding of the Company's exploration and evaluation activities on the Sevier Playa Project, as well as administrative expenses. Other items are generally related to financing expenses. As the Company is in the exploration stage, it does not generate operating revenue.

## RESULTS OF OPERATIONS

### Nine months ended September 30, 2016

During the nine months ended September 30, 2016, the Company's total operating expenses were \$1,291,045 compared to \$1,095,290 for the comparative period ended September 30, 2015, an increase of \$195,755. A categorical breakdown of the significant components and changes has been provided below.

#### General and Administrative Expenses

General and administrative expenses during the nine months ended September 30, 2016, were \$589,892, compared to \$610,196 for the comparative period ended September 30, 2015, a decrease of \$20,304. The primary components of the Company's general and administrative expenses are as follows:

- *Short-term salaries and benefits ("Short-Term Benefits")* for the nine months ended September 30, 2016, were \$345,203, compared to \$468,509 for the comparative period ended September 30, 2015, a decrease of \$123,306 resulting primarily from some employees being replaced by consultants. Short-Term Benefits comprises salaries, employee benefits, accrued bonuses, accrued vacation, payroll taxes and insurance. During the nine months ended September 30, 2016, the Company also capitalized project-related Short-Term Benefits of \$246,058 compared to \$268,760 for the comparative period ended September 30, 2015, a decrease of \$22,702.
- *Office-related expenses and rent* for the nine months ended September 30, 2016, were \$91,440, compared to \$82,151 for the comparative period ended September 30, 2015, an increase of \$9,289.

- *Other expenses* for the nine months ended September 30, 2016 were \$76,502 compared to \$48,019 for the comparative period ended September 30, 2015, an increase of \$28,483 related to an increase in lodging and transportation expenses in Q1 2016.

### Depreciation

The Company recognized depreciation expense of \$4,738 during the nine months ended September 30, 2016, compared to \$6,558 for the comparative period ended September 30, 2015. During the nine months ended September 30, 2016, the Company also capitalized depreciation expense of \$57,459 for project-related vehicles and equipment, compared to \$50,350 for the comparative period ended September 30, 2015.

### Investor Relations Expenses

Investor relations expenses during the nine months ended September 30, 2016 were \$121,249 compared to \$110,776 for the comparative period ended September 30, 2015, an increase of \$10,473. This increase was due primarily to increased marketing activity in the current period.

### Professional Fees

Professional fees, which primarily include legal, accounting, lobbying, and business development expenses, were \$463,306 during the nine months ended September 30, 2016 compared to \$250,816 for the comparative period ended September 30, 2015, an increase \$212,419. This increase was primarily due to temporary contracted finance personnel replacing employees that were on staff in 2015.

### Share-based Compensation

Share-based compensation expense during the nine months ended September 30, 2016 was \$111,861 compared to \$116,954 for the comparative period ended September 30, 2015, a decrease of \$5,093. This is due to a decrease in the weighted average fair value of the awards and the Company recognizing share-based compensation using graded vesting. Further, the Company did not grant any options during the first half of 2016, which also contributed to the decrease. During the nine months ended September 30, 2016, the Company capitalized project-related share-based compensation of \$15,906 compared to \$15,358 for the comparative period ended September 30, 2015. Similar to the decrease in share-based compensation expense, the decrease in capitalized project-related share-based compensation is due to a decrease in the fair value of the awards and graded vesting.

### **Three months ended September 30, 2016**

During the three months ended September 30, 2016, the Company's total operating expenses were \$438,795 compared to \$395,072 for the comparative period ended September 30, 2015, an increase of \$43,723. A categorical breakdown of the significant components and changes has been provided below.

### General and Administrative Expenses

General and administrative expenses during the three months ended September 30, 2016, were \$178,821, compared to \$212,827 for the comparative period ended September 30, 2015, a decrease of \$34,006. The primary components of the Company's general and administrative expenses are as follows:

- *Short-Term Benefits* for the three months ended September 30, 2016, were \$119,115, compared to \$156,957 for the comparative period ended September 30, 2015, a decrease of \$37,842. This decrease was resulting primarily from some employees being replaced by consultants. During the

three months ended September 30, 2016, the Company also capitalized project-related Short-Term Benefits of \$87,055 compared to \$88,058 for the comparative period ended September 30, 2016.

- *Office-related expenses and rent* for the three months ended September 30, 2016, were \$31,670, compared to \$30,882 for the comparative period ended September 30, 2015, an increase of \$788.
- *Other expenses* for the three months ended September 30, 2016, were \$2,535 compared to \$13,471 for the comparative period ended September 30, 2015, a decrease of \$10,936. The year over year decrease was due to a decrease in travel-related expenses during the three months ended September 30, 2016.

#### Depreciation

The Company recognized depreciation expense of \$1,407 during the three months ended September 30, 2016, compared to \$1,966 for the comparative period ended September 30, 2015. During the three months ended September 30, 2016, the Company also capitalized depreciation expense of \$15,589 for project-related vehicles and equipment, compared to \$18,724 for the comparative period ended September 30, 2015.

#### Investor Relations Expenses

Investor relations expenses during the three months ended September 30, 2016 were \$35,007 compared to \$20,242 for the comparative period ended September 30, 2015, an increase of \$14,765. This increase was due primarily to increased marketing activity in the current period.

#### Professional Fees

Professional fees, which primarily include legal, accounting, lobbying, and business development expenses, were \$139,121 during the three months ended September 30, 2016 compared to \$83,376 for the comparative period ended September 30, 2015, an increase \$55,745. This increase was primarily due temporary contracted finance personnel replacing employees that were on staff in 2015.

#### Share-based Compensation

Share-based compensation expense during the three months ended September 30, 2016 was \$84,439 compared to \$76,661 for the comparative period ended September 30, 2015, an increase of \$7,778 as a result of a stock option grant in August of 2016. During the three months ended September 30, 2016, the Company also capitalized project-related share-based compensation of \$15,906, compared to \$3,603 for the comparative period ended September 30, 2015.

### **CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES**

#### **Operating Activities**

During the nine months ended September 30, 2016, the Company's cash outflow for operating activities was \$1,750,488 compared to \$1,098,609 for the comparative period ended September 30, 2015, an increase in cash outflows of \$651,879. The increase in cash outflows for operating activities for the nine months ended September 30, 2016, was primarily due to increased cash outflow associated with the payment of accrued interest associated with the repayment of the Credit Financing (see below) during the period.

## **Investing Activities**

During the nine months ended September 30, 2016, the Company's cash outflow for investing activities was \$3,383,335 compared to \$1,662,637 for the comparative period ended September 30, 2015. The increase in cash outflows for investing activities was primarily a result of increased spending on the Company's Sevier Playa Project as the Company moved ahead with the FS and related work. The Company invested \$3,374,314 in its Sevier Playa Project during the nine month period compared to \$1,620,776 for the comparative period ended September 30, 2015.

## **Financing Activities**

During the nine months ended September 30, 2016, the Company's cash inflow from financing activities was \$11,879,474, compared to \$7,791,839 for the comparative period ended September 30, 2015.

On May 29, 2015, CPM closed a private placement with EMR pursuant to which CPM issued EMR 34,516,129 units at C\$0.30 per unit for gross proceeds of \$8,306,652, with each unit being comprised of one common share and one common share purchase warrant (the "EMR Warrants"). Each of the 34,516,129 EMR Warrants entitled EMR to subscribe for one common share at a price of C\$0.4243 per common share until May 29, 2017.

On May 3, 2016, EMR exercised 34,516,129 EMR Warrants at C\$0.4243 per common share for gross proceeds of \$11,544,806 and on May 25, 2016, CPM closed a private placement with EMR, pursuant to which CPM issued EMR 12,620,331 common shares at C\$0.42 per common share for gross proceeds of \$4,090,536.

During the year ended December 31, 2014, the Company closed a \$3,200,000 financing (the "Credit Financing") with the Company entering into a \$2,500,000 credit agreement with Extract Advisors LLC and its affiliate, Extract Capital LP and entering into a \$700,000 credit agreement with certain Directors. The Credit Financing was repaid in May 2016.

## **Liquidity**

At September 30, 2016, the Company had working capital of \$7,876,543 compared to \$(1,712,158) at December 31, 2015, with cash of \$9,272,048 as at September 30, 2016 compared to \$2,566,577 as at December 31, 2015.

The Company intends to use its cash towards funding its fieldwork and FS activities, project permitting activities, corporate operations, and ongoing fundraising.

The Company's future is dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its ongoing operations, permitting and FS study work, and ultimate project development and construction. The Company's ability to raise such financing in the future will depend on the prevailing market conditions, as well as the Company's business performance. As there can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company, there is substantial doubt about the Company's ability to continue as a going concern. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities to develop this project or any new projects, or to otherwise respond to competitive pressures. See "Risk Factors."

## Outstanding Share Data

As of November 17, 2018, the Company's fully diluted share capital is as follows:

|   | <b>Number of shares</b> |
|---|-------------------------|
| Voting and non-voting common shares outstanding - September 30, 2016  | 196,378,478             |
| Unexercised share purchase warrants (weighted average of exercise price of \$0.36 and average weighted average remaining life of 2.58 years.            | 750,000                 |
| Unexercised share purchase options (weighted average of exercise price of \$0.47 and average weighted average remaining life of 3.258 years.            | 11,977,076              |
| <b>Total common shares outstanding, assuming exercise of all share purchase warrants and share purchase options - Outstanding at September 30, 2016</b> | <b>209,105,554</b>      |

Details of share purchase warrants and share purchase options can be found in Note 7 to the Interim Financial Statements.

## OTHER INFORMATION

### Significant Accounting Policies

As described in Note 2 to the Interim Financial Statements, the Company's Interim Financial Statements were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

As described in Note 3 to the Interim Financial Statements, the Company has not adopted any new or revised standards during the nine months ended September 30, 2016.

The Company's critical accounting estimates and judgments are described in Note 4 to the Interim Financial Statements.

### Off Balance Sheet Transactions

The Company has not entered into any off-balance-sheet arrangements.

### Proposed Transactions

There are no proposed transactions at this time.

### Investment in Associate

In connection with the May 26, 2011 Amalgamation, the Company acquired the net assets and liabilities of a private company, which assets included an investment in Emerald Peak, a related party. The investment was recorded using the equity method, and represented a 40% interest in Emerald Peak. For the nine months ended September 30, 2016, the Company's share of Emerald Peak's net income was \$13,056, compared to \$11,897 for the comparative period ended September 30, 2015.

### **Related Party Transactions**

The Company's related party transactions are disclosed in Note 11 to the Company's Interim Financial Statements and include:

- the Company's investment in Emerald Peak;
- compensation paid or payable to the Company's seniors officers and directors; and
- CPM's equity transactions with EMR.

### **Commitments and Contingencies**

The Company's commitments and contingencies are disclosed in Note 12 to the Company's Interim Financial Statements and include details concerning:

- the Company's commitments under its agreement with LUMA; and
- the Company's office lease commitments.

### **Risk and Uncertainties**

The Company risk factors and uncertainties have not materially changed since December 31, 2015 and are described in its annual management discussion and analysis for the year ended December 31, 2015 as filed by the Company on SEDAR.