

CRYSTAL PEAK MINERALS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2020

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This Management Discussion and Analysis (“MD&A”) of Crystal Peak Minerals Inc. together with its subsidiary (collectively “CPM” or the “Company”), is dated May 19, 2020 and provides an analysis of the Company’s performance and financial condition for the three months ended March 31, 2020. 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 OTCQB International under the ticker symbol “CPMMF”.

This MD&A should be read in conjunction with the Company’s unaudited interim consolidated financial statements (the “Financial Statements”) for the three months ended March 31, 2020 and March 31, 2019, including the related note disclosures.

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

Qualified Persons

Each of the qualified persons shown below has reviewed and approved the scientific and technical disclosures contained in their respective Feasibility Study report sections, and is independent of the Company. Qualified persons have reviewed or verified all data including sampling, analytical, and test results underlying the information or opinions contained therein.

The qualified persons are:

- Mr. J. Brebner P. Eng., QP, (Novopro) is the qualified person responsible for the infrastructure, market studies and contracts, capital cost, environmental studies, permitting, social/community impact, and the overall preparation of the report.
- Mr. A. Lefaivre P. Eng., QP, (Novopro) is the qualified person responsible for the mineral processing and metallurgical testing and recovery methods.
- Mr. D. Bairos P. Eng., QP, (Novopro) is the qualified person responsible for the capital cost and operating cost estimates, and risk analysis portions of the report.
- Mr. C. Laxer P. Eng., QP, (Novopro) is the qualified person responsible for the economic analysis portions of the report.
- Mr. L. Henchel, P. Geo., (Stantec) is the qualified person responsible for the history, geology, exploration, drilling, sample preparation, analyses and security, data verification, and mineral resource estimate portions of the report.
- Mr. R. Reinke, P. Geo., (Stantec) is the qualified person responsible for the mineral reserve estimate, groundwater modelling, and mining methods portion of the report.

The content of this MD&A has been read and approved by Dean Pekeski, P. Geo, Vice President- Project Development of the Company, a Qualified Person as defined by NI 43-101.

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 reserve and 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"), as well as a technical report titled "NI 43-101 Technical Report Feasibility Study of the Sevier Lake Playa Sulphate of Potash Project Millard County, Utah" filed on February 21, 2018 and dated effective January 11, 2018 (the "FS"). Both the PFS and FS are preliminary in nature and should be considered speculative. They are based upon process flow sheets 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 reserve and resource estimates were based upon assumptions outlined in the "Brine Resource" section of the FS. 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 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; and information contained in other public disclosure documents available on SEDAR at 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.

Response to Coronavirus (COVID-19) and health crises

On March 11, 2020, the World Health Organization expanded its classification of the novel strain of coronavirus (COVID-19) to worldwide pandemic and federal, state, provincial and municipal governments in Canada and the United States have begun legislating measures to combat the spread of COVID-19. As a result, the Company may experience some short/medium term negative impacts from the COVID-19 outbreak. The Company is closely monitoring the impact of the COVID-19 virus and is preparing for the potential impacts on its project and operations. As part of its COVID-19 response planning, the Company is putting particular focus on the health and safety of all its employees and contractors as well as its host communities.

These measures, which include the implementation of travel bans, self-imposed quarantine periods, and social distancing, have caused material disruption to business in the United States and around the world resulting in a global economic slowdown. Equity markets have experienced significant volatility and weakness and governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. There is significant uncertainty as to the likely effects of this outbreak which may, among other things, impact our ability to raise further financing. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the Company in future periods.

The Company has and is working on refining its business continuity plans that can be invoked if the outbreak significantly worsens and threatens its supply chain or workforce capabilities. Although the Company has not experienced any disruptions in its operations to date, it is conducting a careful review of its operations, supply chain, contractors and service providers.

OVERALL PERFORMANCE

Principal Business and Corporate History

On May 26, 2011, EPM Mining Ventures Inc. (“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 a development stage entity focused on the development, construction and operation of a large-scale SOP project on the Sevier Playa in southwestern Utah. The Company is currently engaged in engineering, permitting, and financing activities on the Sevier Playa Project.

Sevier Playa Project Overview

CPM, through its wholly-owned subsidiary, Peak Minerals Inc. (“Peak Minerals”), has direct control over mineral leases on approximately 95,800 acres of land leased from the Bureau of Land Management

("BLM"); control over about 6,400 acres of Utah School and Institutional Trust Land Administration ("SITLA") lands leased to Emerald Peak Minerals, LLC ("Emerald Peak"), which became a wholly-owned subsidiary in 2019 (see Financial Statement Note 6); and agreements that provide for the development and operational control, subject to approval of final unitization agreements, on about 22,000 acres of BLM land leased to LUMA Minerals, LLC ("LUMA"). The combined total of these leases constitutes the approximate 124,200-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 ("MgCl₂") and magnesium sulfate ("MgSO₄"); halite ("NaCl"); salt cake ("Na₂SO₄"); and possibly other ancillary minerals, all derived from the harvesting and processing of salts precipitated from brines found in the Sevier Playa sediments.

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 overall engineering support and Norwest handled well-site logging, sampling, and analytical assistance. The 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 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").

In conjunction with the PFS, the Company undertook an expansion of the 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. The Company completed the PFS in late 2013 and published the results of the PFS on November 18, 2013.

Feasibility Study

Upon receipt of funding from EMR Capital Resources Fund 1, LP ("EMR") on May 29, 2015, work began to complete the FS, the results of which were published on February 21, 2018. Novopro Projects Inc. ("Novopro") served as lead engineering consultant for the FS.

The FS includes significant changes implemented by Novopro in the coupling of the solar evaporation ponds and the process plant, resulting in a major increase in the utilization of natural evaporation and the elimination of an energy-intensive forced evaporation circuit. Improvements to the processing circuit were also introduced that transformed waste sulfate into SOP through the addition of muriate of potash (MOP) resulting in a significant contribution to plant output and positively impacting project economics. The FS forecasts average annual SOP production over the 30-year life of the Project of approximately 328,000 tons.

Other key project metrics are represented in the table below.

Economic Indicators	
NPV (pretax, 8%)	\$ 900 M
NPV (after tax, 8%)	\$ 730 M
IRR (pretax)	23%
IRR (after tax)	21%
Mine Life	30 years
Initial Direct Capital Costs	\$ 288 M
Initial Indirect Capital Costs	\$ 70 M
Contingency (@P50)	\$ 32 M
Risk (@P50)	\$8 M
Inflation	\$14 M
Total Capital Costs	\$412 M
Deferred Capital Costs	\$9 M
Sustaining Capital Costs (LoM)	\$248 M
Average Operating Cost (over LoM)	\$205/ton
SOP Price @ Rail Loadout Facility	\$575/ton
Production Royalties (% of gross revenues)	5.61%
After- tax Payback Period (from initial production)	4.5 years
Proven & Probable K ₂ SO ₄ Produced Reserves	6.802 M tons

The economic analysis in the FS is based upon the following assumptions:

- 100% equity financing
- Construction beginning 2019 and completed 2022
- SOP production ramp-up over three years, from first production of 30,300 tons in 2022 to full capacity of at least 372,000 tons in 2025
- Effective tax rate of approximately 15.6%, which includes changes related to the Tax Cuts and Jobs Act
- Annual production royalties estimated at 5.61% of gross revenue, less allowable reagent costs
- Post-performance tax credit from the State of Utah of approximately \$112.5 million

Reserve Estimate

Mineral reserve and resource estimates demonstrated by the FS work program are as shown in Tables 1, 2, and 3 below. Column totals may not be exact as a result of rounding.

Table 1: Available Potassium and K₂SO₄ Reserves

Aquifer	Proven		Probable		Total	
	K ⁺	Equivalent K ₂ SO ₄ ¹	K ⁺	Equivalent K ₂ SO ₄ ¹	K ⁺	Equivalent K ₂ SO ₄ ¹
	Tons '000	Tons '000	Tons '000	Tons '000	Tons '000	Tons '000
Fat Clay	0	0	333	742	333	742
Marl Clay	475	1,059	2,061	4,594	2,536	5,654
Siliceous Clay	43	97	912	2,033	955	2,130
Total	518	1,156	3,306	7,369	3,824	8,526

¹ K⁺ to K₂SO₄ production based on ratio of 2.2285 (rounded) based on atomic weights. Any variances in the table are due to rounding.

Table 2: Available and Produced Reserves of K₂SO₄

Category	Proven	Probable	Total
	Tons '000	Tons '000	Tons '000
Available Reserves	1,156	7,369	8,525
Produced Reserves ¹	923	5,880	6,802

¹ Produced reserves include losses due to evaporation pond and processing factors and are based on overall recovery factor of 79.79%

Table 3: Remaining In-Place Potassium and K₂SO₄ Resource

Aquifer	Measured Plus Indicated		Inferred		Total	
	K ⁺	Equivalent K ₂ SO ₄ ¹	K ⁺	Equivalent K ₂ SO ₄ ¹	K ⁺	Equivalent K ₂ SO ₄ ¹
	Tons '000	Tons '000	Tons '000	Tons '000	Tons '000	Tons '000
Fat Clay	2,956	6,589	157	349	3,113	6,938
Marl Clay	1,635	3,644	240	535	1,875	4,179
Siliceous Clay	8,675	19,332	416	926	9,091	20,258
Total	13,266	29,565	813	1,810	14,079	31,375

¹ K⁺ to K₂SO₄ production based on ratio of 2.2285 (rounded) based on atomic weights.

The full FS technical document can be found on SEDAR (www.sedar.com) as well as on the Company's website (www.crystalpeakminerals.com).

Permitting

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

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 would influence the scope of the environmental analysis, including alternatives, and to 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 comment.

A Draft Environmental Impact Statement (“DEIS”) was published in the Federal Register on November 30, 2018, initiating a 45-day period for the public to review the DEIS and provide comments to the BLM. The public comment period ended on January 14, 2019. The BLM addressed the comments received regarding the DEIS in the *Final EIS (FEIS)* document. Notice of Availability (NOA) of the FEIS was published in the Federal Register on July 26, 2019. The Assistant Secretary of the Interior for Land and Minerals Management signed the Record of Decision (ROD) in a ceremony held on August 27, 2019 in Salt Lake City, Utah.

Mining Plan – The draft BLM Mining Plan, (“Mining Plan”) was updated with the FS information in October 2017. The Mining Plan was updated in August 2018 based on the FS design published in January 2018, and was used as the basis for the DEIS analysis. In October 2018, the Mining Plan was updated to incorporate Utah Division of Oil, Gas, and Mining (“DOG M”) Large Mine Operations (“LMO”) permit requirements to create a combined Mining Plan.

The BLM approved the combined Mining Plan through the ROD process on August 27, 2019. DOGM conditionally approved the LMO or combined Mining Plan on September 3, 2019 following a 30-day public review. DOGM will provide a full approval when a reclamation bond in an amount adequate to cover the reclamation liabilities for the first year of activities is submitted.

BLM Plan of Development (“POD”) – Preliminary POD reports were submitted to BLM in September 2013 for the off-playa right-of-way elements. The draft POD reports were combined into one draft POD document and resubmitted to BLM in July 2015. The draft POD was updated with FS information in October 2017. The POD was updated in August 2018 with additional information provided in the FS. The POD was approved through the ROD process on August 27, 2019.

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. In 2016, UDAQ required that the minor source permit be updated and resubmitted for approval, due to updates to regulations and lapse in time from approval and when the on-playa construction is scheduled to begin. However, CPM did not submit a revised minor source permit application because the 2014 permit would not support an updated Mining Plan. In 2017, the Company presented the updated Mining Plan to UDAQ for their review. A new minor source permit application to capture emissions related to construction and operations activities based on the updated Mining Plan was developed. A minor source permit application was not submitted in 2016. In 2017, the Company presented the updated Mining Plan to UDAQ. Due to the changes to the Mining Plan, UDAQ required that a new minor source permit application be submitted for construction and operations activities. The new minor source permit application was filed in September 2018. A 30-day public review period for the minor source permit commenced in June 2019. No public comments were submitted. UDAQ approved the minor source permit on July 11, 2019.

SELECTED QUARTERLY INFORMATION

The following table sets 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
March 31, 2020	\$ -	\$ (869,989)	\$ (341,517)	\$ (1,211,506)	\$ -	\$ (12,242,809)	\$ 84,412,786
December 31, 2019		(941,308)	(179,619)	(1,120,927)	(0.02)	(10,900,460)	84,123,171
September 30, 2019	-	(618,074)	(363,185)	(981,259)	-	(9,315,203)	83,650,029
June 30, 2019	-	(965,685)	(124,906)	(1,090,591)	-	(7,151,515)	82,357,172
March 31, 2019	-	(609,327)	(514,984)	(1,124,311)	-	(9,664,613)	80,976,113
December 31, 2018	-	(1,349,210)	(976,456)	(2,325,666)	(0.01)	(10,794,226)	79,366,107
September 30, 2018	-	(1,182,821)	(656,785)	(1,839,606)	(0.01)	(11,761,748)	76,961,161
June 30, 2018	-	(747,049)	(457,252)	(1,204,301)	nil	(11,222,062)	72,016,703
March 31, 2018	-	(2,674,747)	(504,071)	(3,178,818)	nil	(8,099,369)	69,991,079
December 31, 2017	-	(1,129,592)	(518,019)	(1,647,611)	nil	(6,470,512)	68,374,068
September 30, 2017	-	(642,682)	(305,104)	(947,786)	nil	8,552,252	76,291,577
June 30, 2017	-	(594,780)	(86,987)	(681,767)	nil	12,348,485	63,365,906

Working capital generally consists of cash, net of accounts payable and other current liabilities and the current portion of convertible debt, while non-current assets are primarily made up of the Company's investment in the Sevier Playa Project. The major variances in working capital and non-current assets are mainly attributable to equity placements and the funding of the Company's exploration, evaluation, and development 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 development stage, it does not generate operating revenue.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2020

During the three months ended March 31, 2020, the Company's total operating expenses were \$869,989 compared to \$609,327 for the three months ended March 31, 2019, an increase of \$260,662. 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 March 31, 2020 were \$422,840 compared to \$395,443, for the three months ended March 31, 2019, an increase of \$27,397. The primary components of the Company's general and administrative expenses are as follows:

- *Salaries and benefits* for the three months ended March 31, 2020 were \$270,888, compared to \$250,783 for three months ended March 31, 2019, an increase of 20,105. The increase was related to an increase in accrued vacation. Salaries and benefits include salaries, employee benefits, severance, accrued bonuses, accrued vacation, payroll taxes, and insurance. During the three months ended March 31, 2020, the Company capitalized project-related salaries and benefits of \$85,073, compared to \$65,000 for the three months ended March 31, 2019, an increase of \$20,073 primarily related to an increase in accrued vacation.
- *Office-related expenses and rent* for the three months ended March 31, 2020 were \$38,359, compared to \$41,534 for the three months ended March 31, 2019, a decrease of \$3,175.

- *Director fees* for the three months ended March 31, 2020 were \$97,500 compared to \$81,250 for the three months ended March 31, 2019. This increase was related to a milestone increase for director compensation when the company obtained the Record of Decision.
- *Other expenses* for the three months ended March 31, 2020 were \$16,093, compared to \$21,876 for the three months ended March 31, 2019, a decrease of \$5,783.

Depreciation

The Company recognized depreciation expense of \$1,991 for the three months ended March 31, 2020, compared to \$586 for the three months ended March 31, 2019 an increase of \$1,405. During the three months ended March 31, 2020, the Company capitalized depreciation expense of \$4,376 for project-related vehicles and equipment, compared to \$4,377 for the three months ended March 31, 2019.

Investor Relations Expenses

Investor relations expenses during the three months ended March 31, 2020 were \$82,233, compared to \$69,683 for the three months ended March 31, 2019, an increase of \$19,550. This increase is related to advisory fees for financing activities.

Professional Fees

Professional fees, which primarily include legal, accounting, lobbying, marketing, and business development expenses, were \$261,462 during the three months ended March 31, 2020, compared to \$213,534 for the three months ended March 31, 2019, an increase of \$47,928. This increase was primarily related to legal fees associated with financing.

Restricted Share Unit Compensation

Restricted share unit compensation for the three months ended March 31, 2020 was \$71,050, compared to \$(93,112) for the three months ended March 31, 2019, an increase of \$164,162, which was directly related to the vesting schedules of the outstanding RSUs.

Share-based Compensation

Share-based compensation expense during the three months ended March 31, 2020 was \$24,413, compared to \$23,193 for the three months ended March 31, 2019. During the three months ended March 31, 2020, the Company capitalized project-related share-based compensation of \$9,187, compared to \$10,532 for the three months ended March 31, 2019, a decrease of \$1,345.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

During the three months ended March 31, 2020, the Company's cash used in operating activities was \$847,348 compared to \$1,154,794 for the three months ended March 31, 2019, a decrease in cash outflows of \$307,446. The decrease was primarily related to the Company's net loss for the year, compensation related to restricted share units, finance expenses, and the timing of trade accounts payable and receivable.

Investing Activities

During the three months ended March 31, 2020, the Company's cash used in investing activities was \$212,870, compared to \$1,770,981 for the three months ended March 31, 2019, a decrease in cash outflows of \$1,558,111. The decrease in cash used in investing activities was primarily a result of decreased spending on the Company's Sevier Playa Project. The Company invested \$212,835 in its Sevier Playa Project during the three months ended March 31, 2020, compared to \$1,770,917 for the three months ended March 31, 2019.

Financing Activities

During the three months ended March 31, 2020, the Company's cash provided by financing activities was \$2,000,000, compared to \$nil for the three months ended March 31, 2019.

On June 29, 2017, CPM entered into a convertible loan agreement (the "Loan Agreement") with EMR, its largest shareholder, pursuant to which EMR lent CPM \$12,000,000 (the "Loan"). The Loan matured 18 months from the date of issuance, and bore interest at the rate of 12%, compounded quarterly. The principal amount of the Loan, in whole or in part, was convertible into common shares of the Company at EMR's option, at a price per common share of C\$0.55. In addition, interest on the Loan was payable in common shares at the market price of the Company's shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange.

The conversion feature of the Loan meets the definition of a derivative liability instrument because the conversion feature is denominated in a currency other than the Company's U.S. dollar functional currency, thus making the number of shares in a conversion scenario variable. Accordingly, the conversion feature does not meet the "fixed-for-fixed" criteria outlined in IAS 32. As a result, the conversion feature of the Loan is required to be recorded as a derivative liability recorded at fair value and marked to its market value each period, with the changes in fair value each period being reflected on the Consolidated Statement of Loss.

The Loan was separated into a convertible debt component and a derivative liability, both of which were initially recorded at fair value. The convertible debt is classified as other financial liabilities and measured at amortized cost using the effective interest method.

On January 2, 2019, the Company issued 29,201,455 common shares at a deemed value of C\$0.55 per common share to settle in full the principal amount and 7,758,401 common shares at a deemed value of C\$0.21 to settle an interest payment pursuant to the Loan Agreement. On January 11, 2019, the Company remitted \$212,748 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the Loan Agreement (both of which were accrued in 2018).

The following tables disclose the components and assumptions associated with this transaction on the closing date:

Black-Scholes option pricing model assumptions	Loan inception June 30, 2017
Market price	C\$0.45
Conversion price per common share	C\$0.55
Risk-free interest rate	1.09%
Expected volatility	25.95%
Expected dividend yield	0%
Expected life (years)	1.50

The following table discloses the components associated with this transaction on the closing date:

Face value of convertible debt	\$ 12,000,000
Less derivative component	(590,569)
Value assigned to convertible debt	\$ 11,409,431

The changes in the derivative liability are as follows:

Convertible debt balance as at December 31, 2018	\$ 12,000,000
Conversion of principal into common shares	(12,000,000)
Convertible debt balance as at December 31, 2019	\$ -

On July 19, 2018 the Company entered into a second convertible loan agreement with EMR (the “2018 Loan Agreement”), pursuant to which EMR agreed to lend the Company up to \$10,000,000 in two tranches (the “2018 Loan”). In addition, the closing of the first tranche of the 2018 Loan was completed in the amount of \$5,000,000, and bore interest at the rate of 12%, compounded quarterly. The principal amount of the 2018 Loan, in whole or in part, was convertible into common shares of the Company at EMR’s option, at a price per common share of C\$0.50. In addition, interest on the 2018 Loan was payable in common shares at the market price of the Company’s shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange. The 2018 Loan matured on January 19, 2020, at which time the Company revised and amended the 2018 Loan.

When estimating the initial fair value of the first tranche of the debt host and embedded derivative liability components of the EMR convertible debt, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, which resulted in an implied volatility of 25.5% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Tranche 1 inception July 19, 2018	December 31, 2019
Market price	C\$0.31	C\$0.055
Conversion price per common share	C\$0.50	C\$0.50
Risk-free interest rate	1.92%	1.69%
Expected volatility	25.50%	47.14%
Expected dividend yield	0%	0%
Expected life (years)	1.50	0.083

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$	5,000,000
Less derivative component		(40,432)
Value assigned to convertible debt	\$	4,959,568

The changes in the convertible debt are as follows:

Opening balance	\$	-
Value assigned to convertible debt		4,959,568
Accretion		13,441
Convertible debt balance as at December 31, 2018		4,973,009
Accretion		26,991
Convertible debt balance as at December 31, 2019		5,000,000
Conversion of principal into 2020 Loan		(5,000,000)
Convertible debt balance as at March 31, 2020	\$	-

The changes in the derivative liability are as follows:

Opening balance	\$	-
Fair value assigned at loan inception		40,432
Change in fair value of derivative liability		(40,432)
Balance as at December 31, 2019	\$	-

On October 29, 2018 the Company closed the second tranche of the 2018 Loan in the amount of \$5,000,000. When estimating the initial fair value of the second tranche of the debt host and embedded derivative liability components of the 2018 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, which resulted in an implied volatility of 40.5% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Tranche 2 inception October 29, 2018	December 31, 2019
Market price	C\$0.225	C\$0.055
Conversion price per common share	C\$0.50	C\$0.50
Risk-free interest rate	2.25%	1.69%
Expected volatility	40.50%	47.14%
Expected dividend yield	0%	0%
Expected life (years)	1.30	0.083

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$	5,000,000
Less derivative component		(29,722)
Value assigned to convertible debt	\$	4,970,278

The changes in the convertible debt are as follows:

Opening balance	\$	-
Value assigned to convertible debt		4,970,278
Accretion		5,930
Convertible debt balance as at December 31, 2018		4,976,208
Accretion		23,792
Convertible debt balance as at December 31, 2019		5,000,000
Conversion of principal into 2020 Loan		(5,000,000)
Convertible debt balance as at March 31, 2020	\$	-

The changes in the derivative liability are as follows:

Opening balance	\$	-
Fair value assigned at loan inception		29,722
Change in fair value of derivative liability		(29,722)
Balance as at December 31, 2019	\$	-

On March 29, 2019, the Company issued 4,275,581 common shares at a deemed value of C\$0.185 per common share to settle an interest payment pursuant to the 2018 Loan Agreement. On April 1, 2019, the Company remitted \$104,476 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the 2018 Loan Agreement.

On May 2, 2019, the Company closed a private placement with EMR, wherein the Company issued EMR 39,215,686 units at a price of C\$0.17 per unit for gross proceeds of \$4,960,667 (C\$6,666,667). Each unit is composed of one common share, and one-half of one common share purchase warrant for an aggregate of 39,215,686 common shares and 19,607,843 warrants (the “EMR Warrants”). Each warrant entitles EMR to subscribe for one common share at a price of C\$0.21 per share for a period of 18 months following closing. The fair values of the EMR Warrants were used to determine the financing proceeds allocated to the equity components based on relative fair values. A discount of 15% was applied to account for the four-month hold-back period, as required by the TSX Venture Exchange. As the warrants do not meet the “fixed-for-fixed” criteria outlined in IFRS 9, they are classified as a derivative financial liability, and re-valued each reporting period. The following table outlines the assumptions used to calculate the fair value of the EMR Warrants.

Black-Scholes option pricing model assumptions	Private placement inception May 2, 2019	March 31, 2020
Market price	C\$0.18	C\$0.035
Subscription price per common share	C\$0.21	C\$0.21
Risk-free interest rate	1.61%	0.44%
Expected volatility	48.84%	83.93%
Expected dividend yield	0%	0%
Expected life (years)	1.50	0.67

Components associated with the transaction on the closing date:

Fair market value of common shares	\$	4,535,538
Warrant liability		425,129
Gross Proceeds	\$	4,960,667

Changes in the warrant liability are as follows:

Opening balance	\$	-
Fair value assigned at private placement inception		425,129
Change in fair value of warrant liability		(420,618)
Balance as at December 31, 2019	\$	4,511
Change in fair value of warrant liability		(3,129)
Balance as at March 31, 2020	\$	1,382

The 2018 Loan matured on January 19, 2020, at which time the Company revised and amended the 2018 Loan. The Company entered into a revised convertible loan agreement (“2020 Loan”) with EMR, pursuant to which EMR agreed to lend the Company \$13,124,422. Proceeds from the 2020 Loan were used to repay the \$10,000,000 principal and \$1,124,421 accrued interest amounts under the 2018 Loan. The remaining \$2,000,000 will be used for ongoing engineering and permitting activities and to fund general corporate costs. The 2020 Loan accrues interest at a rate of 12% per annum and matures in 12 months. The principal amount of the 2020 Loan, in whole or in part, is convertible into common shares (estimated issuance of 311,478,309 shares) of the Company at the option of the holder at a price of C\$0.055 per common share.

When estimating the initial fair value of the debt host and embedded derivative liability components of the 2020 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, using a Black-Scholes valuation model, which resulted in an implied volatility of 23.5% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Loan inception January 20, 2020	March 31, 2020
Market price	C\$0.045	C\$0.035
Conversion price per common share	C\$0.055	C\$0.055
Risk-free interest rate	1.65%	0.44%
Expected volatility	23.50%	31.68%
Expected dividend yield	0%	0%
Expected life (years)	1.00	0.750

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$	13,124,422
Less derivative component		(67,170)
Value assigned to convertible debt	\$	13,057,252

The changes in the convertible debt are as follows:

Opening balance	\$	-
Value assigned to convertible debt		13,057,252
Accretion		16,760
Convertible debt balance as at March 31, 2020		13,074,012

The changes in the derivative liability are as follows:

Opening balance	\$	-
Fair value assigned at loan inception		67,170
Change in fair value of derivative liability		(53,214)
Balance as at March 31, 2020	\$	13,956

Interest in the amount of \$314,986 was accrued and compounded as at March 31, 2020.

Liquidity

At March 31, 2020, the Company had working capital of (\$12,242,809), compared to (\$9,664,613) at March 31, 2019, with cash of \$1,958,425 as at March 31, 2020, compared to \$1,388,808 as at March 31, 2019.

The Company intends to use its cash for funding its fieldwork, engineering, 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 technical 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. There are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern given its history of losses, accumulated deficit, limited operating history in the fertilizer sector, and dependence upon future financing. 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 at March 31, 2020, the Company's fully diluted share capital is as follows:

	Number of shares
Voting and non-voting common shares outstanding as at March 31, 2020	294,590,388
Restricted share units (average remaining life of 8.38 years)	3,941,926
Share purchase warrants (weighted average exercise price of C\$0.21 and average remaining life of .59 years).	19,607,843
Share purchase options (weighted average exercise price of C\$0.34 and average remaining life of 2.45 years).	6,378,400
Total common shares outstanding, assuming exercise of all restricted share units, share purchase warrants and share purchase options - as at March 31, 2020	324,518,557

As at May 19, 2020, the Company's fully diluted share capital is as follows:

	Number of shares
Voting and non-voting common shares outstanding as at May 19, 2020	295,590,388
Restricted share units (average remaining life of 7.86 years)	2,941,926
Share purchase warrants (weighted average exercise price of C\$0.21 and average remaining life of .49 years).	19,607,843
Share purchase options (weighted average exercise price of C\$0.34 and average remaining life of 2.35 years).	6,378,400
Total common shares outstanding, assuming exercise of all restricted share units, share purchase warrants and share purchase options - as at May 19, 2020	324,518,557

Details of share capital can be found in Note 7 to the Company's Financial Statements.

OTHER INFORMATION

Significant Accounting Policies

As described in Note 2 to the Financial Statements, the Company's Financial Statements were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The Company did not adopt any new or revised accounting standards during the three months ended March 31, 2020.

The Company's critical accounting estimates and judgments are described in Note 3 to the Consolidated 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.

Effective March 1, 2019, the Company purchased all of the membership interests of Emerald Peak held by both the Estate of Jeff Gentry, and Lance D'Ambrosio (former directors and officers of the Company) for \$349,452. Peak Minerals also received an assignment of membership interests and that portion of the capital account attributable to the purchased interests, but did not receive the rights to their combined 4.5% future overriding royalties. As a result, Emerald Peak became a direct, wholly-owned subsidiary of the Company. Emerald Peak's capital was then reduced to zero, and the mineral leases, previously held by Emerald Peak, were transferred to Peak Minerals. For the three months ended March 31, 2019 the Company's share of net (loss) was (\$441). The LLC was dissolved in April 2019 (see Note 6).

Related Party Transactions

The Company's related party transactions are disclosed in Note 12 to the Company's Financial Statements and include:

- compensation paid or payable to the Company's senior officers and directors; and
- convertible note agreements and private placement transaction with EMR.

Commitments and Contingencies

The Company's commitments and contingencies are disclosed in Note 13 to the Company's Financial Statements and include details concerning:

- the Company's commitments under its agreement with LUMA

Risk Factors and Uncertainties

The Company's risk factors and uncertainties have not materially changed since December 31, 2019 and are described in its annual management discussion and analysis for the year ended December 31, 2019 as filed by the Company on SEDAR.

SUBSEQUENT EVENTS

Share Release

On May 1, 2020, RSU vesting requirements were met and 1,000,000 common shares were released to employees.