

FORM 51-102F1

**MANAGEMENT'S DISCUSSION & ANALYSIS
PURE ENERGY MINERALS LIMITED.
(THE "COMPANY")**

November 26, 2015

The following management's discussion & analysis ("MD&A") provides a review of activities, results of operations and financial condition of the Company for the three months ended September 30, 2015 in comparison with those for the three months ended September 30, 2014. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements. The following discussion and analysis should be read in conjunction with the Company's unaudited consolidated interim financial statements for the three months ended September 30, 2015 and the audited consolidated financial statements for the year ended June 30, 2015 and 2014. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars.

Forward-Looking Statements

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks, uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

BUSINESS OVERVIEW

The Company is a public company incorporated under the laws of British Columbia. The Company is a reporting issuer in British Columbia and Alberta and its common shares are listed and posted for trading on the TSX Venture Exchange under the trading symbol "PE". In addition, the Company trades on the Frankfurt Stock Exchange under the trading symbol "AHG1" and on the Xterra trading platform in Germany under the trading symbol "A111EG". On October 18, 2012, the name of the Company was changed from Harmony Gold Corp. to Pure Energy Minerals Limited. The Company's offices are located at 1780 – 355 Burrard Street, Vancouver, B.C., V6C2G8.

The Company is a mineral resource company engaged in the exploration and development of lithium brines and related processing of brines into lithium compounds. Its sole material project is the Clayton Valley South Lithium Brine project (the "Clayton Valley Project"), located in Clayton Valley, Esmeralda County, Nevada. The Clayton Valley Project is an early stage exploration project. The Company has focused its business plan on producing high value lithium compounds such as Lithium Carbonate (Li_2CO_3) and Lithium Hydroxide (LiOH), which are primarily used in the emerging Lithium Ion Battery market.

The Company's primary strategy is to advance the Clayton Valley Project through to production. The next phase of that process will be the completion of a preliminary economic assessment on the Clayton Valley Project, which the Company hopes to complete in Q2 2016. The results of the preliminary economic assessment will determine the manner in which the Company proceeds with the exploration and development of the Clayton Valley Project.

The Company is in the process of exploring its principal mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

Highlights

Recent Developments

The Clayton Valley Project – Update

The Company is in the process of developing the mineral properties comprising the Clayton Valley Project (the "Project") (fig 1). We note, further to the Company's announcement of July 28, 2015 of an inferred resource estimate on the Project of 816,000 metric tonnes of lithium carbonate equivalent, that the Company has not yet established a probable or proven mineral reserve in respect of the Project.

Fig 1: Project Location



Clayton Valley is located within the Basin and Range Province in southern Nevada and is an internally drained, fault bounded and closed basin. Basin-filling, asymmetrically thicker to the east, strata compose the aquifer system which hosts and produces the lithium-rich brine. Six main aquifers have been identified in the entire basin, and two of these have been drilled by the Company. Rodinia Minerals, Inc., a previous holder of the claims, completed a geophysical survey surrounding the existing lithium operation and identified a deep northeast-southwest structural trough in southern Clayton Valley. Rodinia drilled 2 dual wall reverse circulation boreholes in the north section of its claims (now Company claims) in 2009/10 and identified aquifers that contained lithium up to 400 ppm Li to 488 m (1600 ft) in depth. Rodinia dropped the claims in 2013. The Company completed detailed gravity and seismic reflection surveys during 2014-15 that confirmed the deep structural trough on its claims and identified 19 reflectors from sediment layers that correspond to previously identified Li-aquifer horizons. Two exploratory boreholes were completed in the north end of the claims. CV-1 “twinning” the Rodina hole SPD-9, pumping tests completed for 8 hours in CV-1 provided positive results of 150 gpm (9.5 L/s) and 225 ppm Li (Table 1) and CV-2 explored new ground further south (Table 2)

Table 1: Summary of Analytical Data CV1

Laboratory Used		Maxxam	Maxxam	Maxxam	Silver State	Silver State	Silver State	WETLAB	WETLAB	WETLAB	WETLAB
Sampling Date		17th Nov 2014	18th Nov 2014	18th Nov 2014	17th Nov 2014	18th Nov 2014	18th Nov 2014	2nd Apr 2015	2nd Apr 2015	2nd Apr 2015	2nd Apr 2015
	Sample ID	CV1 @ 710'	CV1 @ 580' @ 90 MINS	CV1 @ 580' @ 160 MINS	CV1 @ 710'	CV1 @ 580' @ 90 MINS	CV1 @ 580' @ 160 MINS	CV1 @ 500' @ 25 mins	CV1 @ 500' @ 4 hrs	CV1 @ 500' @ 8 hrs	CV1 @ 500' @ 8 hrs DUP
Notes		1	2	3	1	2	3	4	5	6	7
Method for metals analysis	Units	ICPMS	ICPMS	ICPMS	ICPMS	ICPMS	ICPMS	ICP-OES	ICP-OES	ICP-OES	ICP-OES
Total Arsenic (As)	ug/L	24.2	24.7	25.7	ND	ND	ND	-	-	-	-
Total Barium (Ba)	ug/L	142	140	138	70	60	50	-	-	-	-
Total Boron (B)	mg/L	103	115	112	17	17	14	19	20	18	20
Total Cadmium (Cd)	ug/L	0.456	0.429	0.309	40	30	60	-	-	-	-
Total Copper (Cu)	ug/L	18.9	19.1	18.4	130	110	110	-	-	-	-
Total Iron (Fe)	ug/L	151	294	161	120	150	110	-	-	-	-
Total Lead (Pb)	ug/L	2.12	2.72	2.83	ND	ND	50.0	-	-	-	-
Total Lithium (Li)	mg/L	204	214	212	301	297	283	200	200	220	230
Total Manganese (Mn)	mg/L	2.10	1.99	1.93	1.10	1.00	0.96	1.60	1.80	1.90	2.10
Total Silicon (Si)	mg/L	29.3	31.0	32.1	-	-	-	32	30	28	30
Total Strontium (Sr)	mg/L	41.5	41.2	40.6	28.8	28.7	29.1	32	33	35	37
Total Zinc (Zn)	ug/L	2520	1080	983	1800	790	820	ND	ND	ND	ND
Total Calcium (Ca)	mg/L	835	783	815	688	699	728	680	700	740	810
Total Magnesium (Mg)	mg/L	464	453	452	359	362	359	340	370	400	420
Total Potassium (K)	mg/L	3660	3690	3650	6530	6110	6590	3600	3700	3900	3800
Total Sodium (Na)	mg/L	41400	40500	41700	17700	7710	15100	33000	33000	38000	39000
ANIONS											
Calculated Parameters											
Total Hardness (CaCO3)	mg/L	4000	3820	3890	3196	3236	3296	-	-	-	-
Dissolved Sulphate (SO4)	mg/L	4800	4400	4380	4226	4204	4346	3000	3300	3600	3500
Dissolved Chloride (Cl)	mg/L	71000	67000	69000	73994	71767	71690	52000	61000	62000	59000
Physical Properties											
Conductivity	uS/cm	143000	139000	138000	-	-	-	-	-	-	-
Physical Properties											
Total Dissolved Solids	mg/L	109000	88900	106000	116900	112000	109200	79000	97000	93000	92000

- = Not analysed
ND = Not detected

- Notes:**
- 3" electric submersible pump with intake at 710' below ground surface. Pumping at 0.202 L/s (3.2 gallons/min). Sample taken after 2.5 hrs of pumping
 - 3" electric submersible pump with intake at 580' below ground surface. Pumping at 0.201 L/s (3.19 gallons/min). Sample taken after 1.5 hrs of pumping
 - 3" electric submersible pump with intake at 580' below ground surface. Pumping at 0.201 L/s (3.19 gallons/min). Sample taken after 2 hrs 40 mins of pumping
 - 4" electric submersible pump with intake at 500' below ground surface. Pumping at 9.5 L/s (150 gallons/min). Sample taken after 25 mins of pumping
 - 4" electric submersible pump with intake at 500' below ground surface. Pumping at 9.5 L/s (150 gallons/min). Sample taken after 4 hrs of pumping
 - 4" electric submersible pump with intake at 500' below ground surface. Pumping at 9.5 L/s (150 gallons/min). Sample taken after 8 hrs of pumping; Considered the most robust bulk sample from CV-1
 - 4" electric submersible pump with intake at 500' below ground surface. Pumping at 9.5 L/s (150 gallons/min). Duplicate sample taken after 8 hrs of pumping (labelled as 9 hrs on original lab COC form); Considered the most robust bulk sample from CV-1

Table 2: Summary of Analytical Data CV2

Laboratory Used		WETLAB	WETLAB	WETLAB	WETLAB	WETLAB	WETLAB
Sampling Date		29th Mar 2015	30th Mar 2015	30th Mar 2015	02nd Jun 2015	02nd Jun 2015	02nd Jun 2015
	Sample ID	CV3 @ 470'	CV3 @ 490'	CV3 @ 530'	CV2 @ 680'	CV2 @ 800'	CV2 @ 850'
Notes		1	2	3	4	5	6
Method for metals analysis	Units	ICP-OES	ICP-OES	ICP-OES	ICP-OES	ICP-OES	ICP-OES
Total Boron (B)	mg/L	-	0.30	0.76	2.9	3.0	3.0
Total Lithium (Li)	mg/L	29	64	24	35	43	42
Total Manganese (Mn)	mg/L	-	2.00	1.30	2.20	2.40	2.40
Total Silicon (Si)	mg/L	-	32.0	83.0	-	-	30
Total Strontium (Sr)	mg/L	-	110	55	43	46	44
Total Zinc (Zn)	ug/L	-	ND	0.014	1.4	0.45	0.66
Total Calcium (Ca)	mg/L	-	2600	990	1200	1400	1300
Total Magnesium (Mg)	mg/L	-	280	110	140	150	150
Total Potassium (K)	mg/L	360	680	390	660	700	690
Total Sodium (Na)	mg/L	4800	11000	5300	6500	7200	6700
Anions							
Dissolved Sulphate (SO4)	mg/L	380	640	250	520	620	550
Dissolved Chloride (Cl)	mg/L	10000	16000	9100	12000	13000	12000
Fluoride	mg/L	-	ND	ND	ND	ND	ND
Physical Properties							
Total Dissolved Solids	mg/L	17000	33000	6300	21000	21000	22000

- = Not analysed

ND = Not detected

- Notes:**
- 1 Sample taken from RC drill sample between 460 and 480' bgl
 - 2 Sample taken from RC drill sample between 480 and 500' bgl
 - 3 Sample taken from RC drill sample between 520 and 540' bgl
 - 4 Sample taken using Hydrasleeve between 680' and 670' bgl in static water column inside 3" PVC wellpipe
 - 5 Sample taken using Hydrasleeve between 800' and 790' bgl in static water column inside 3" PVC wellpipe
 - 6 Sample taken using Hydrasleeve between 850' and 840' bgl in static water column inside 3" PVC wellpipe

Note: Some samples are labelled as being from CV3. This name was used by project geologist as this was the BLM permitted name for the borehole; these samples are all from CV2.

An Inferred Resource of 816,000 metric tonnes of Lithium Carbonate Equivalent (LCE) (table 3) has been calculated based on borehole sample chemistry, seismic and gravity interpretations of basin stratigraphy.

Table 3: Inferred Resource Estimate

Zone	Saturated Thickness (m)	Li Grade mg/L	Lithium Resource LCE (metric tonnes)
Northern Zone Upper Transitional Part of MAA	36 ^[1]	102 ^[6]	10,300
Northern Zone MAA	31 ^[2]	370 ^[7]	31,700
Northern Zone LAS	299 ^[3]	194 ^[8]	163,000
Southern Zone MAA	43 ^[4]	102 ^[9]	245,000
Southern Zone LAS	177 ^[5]	37 ^[10]	366,000
Total			816,000

Notes:

[1] Based on 128 m to 165 m (420ft to 540 ft) bgl section from SPD-9 and CV-1; [2] 165 m to 195m (540ft to 640ft) bgl section of MAA in SPD-9 and CV-1; [3] Based on 195 m to 494 m (640ft to 1,620ft) of LAS in SPD-9 and CV-1. Seismic shows that this could likely be extended significantly deeper; [4] Based on 140 m to 183 m (460ft to 600ft) bgl section of MAA in SPD-8 and CV-2; [5] Based on 207 m to 384 m (680ft to 1,260ft) bgl section intersected in CV-2 and SPD-8. Seismic shows that this could likely be extended significantly deeper; [6] Average of SPD-9 samples from this interval; [7] Average of SPD-9 samples from this interval; [8] Average of SPD-9 samples from this interval; [9] Average of SPD-8 samples from this interval (better sample density relative to CV-2); [10] Average of combined SPD-8 and CV-2 samples from this interval.

This estimate is relatively early stage in nature, and it is recommended that additional drilling and other work be conducted to supplement the data and move it towards a resource estimate with a higher degree of confidence (i.e. Indicated or Measured). The next phase of that process will be the completion of a preliminary economic assessment on the Project, which the Company hopes to complete in Q2 2016 with an estimated cost of \$3.3 million.

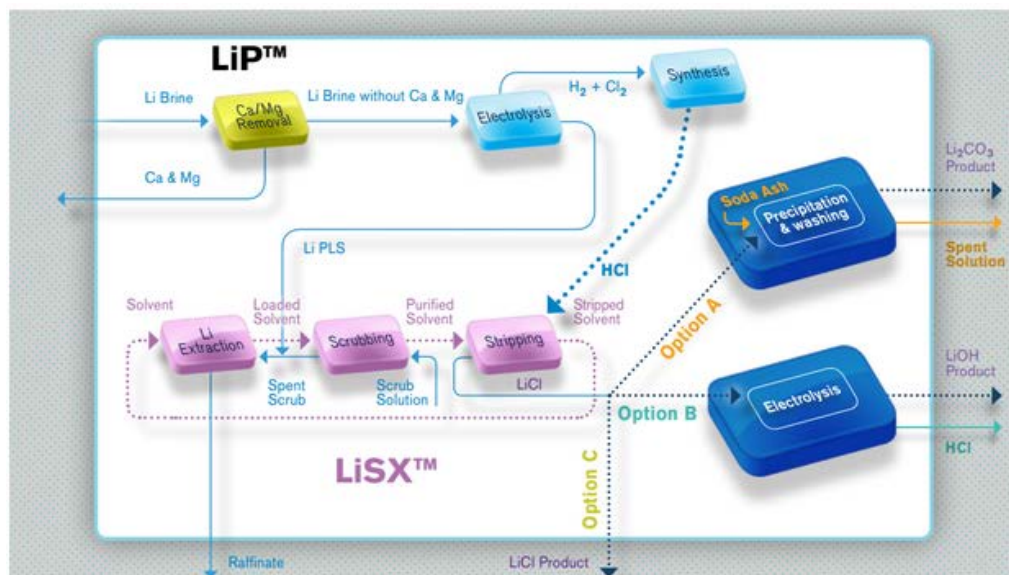
Lithium Brine Process Testing

Commencing in January and finishing in April of 2015 the Company worked with Tenova Bateman Technologies ("TBT") to conduct lab scale test work for the extraction of lithium from raw brine collected from the Clayton Valley South Project. The test work utilized TBT proprietary LiP™ (pre-treatment stage) and LiSX™ (main Li-removal) processes for extraction of lithium from brine (schematically displayed in Figure 2).

The LiP™ process successfully removed most of the alkali earth elements from the raw brine solution, (practically all the Mg and Sr and 93% of Ca). As this stream would be further polished in an industrial

application, the results indicate excellent performance. The LiSX™ process target purity of lithium Chloride Solution (LiCl) 99.5% was achieved and exceeded, producing a LiCl solution with a purity greater than 99.9%. Lithium concentration in the raffinate (waste stream) was below the detection limit indicating practically 100% Li recovery.

Fig 2: Tenova Bateman Flow Chart



Other Highlights

On April 3, 2014 the Company consolidated its share capital on a basis of 1 new common share for 4 old common shares.

On May 12, 2014, the Company entered into a definitive option agreement with GeoXplor Corp. ("the Definitive Option Agreement") to earn a 100% interest in the CV and DB placer mineral claims in Clayton Valley Esmeralda County, Nevada (the "CV and DB Claims"). Under the agreement the Company has the option to earn a 100% interest by making cash payment to GeoXplor totalling US\$1,100,000, issuing 1,707,648 post consolidation common shares and completing US\$3,750,000 in exploration and development work on the CV and DB Claims, over the next four years and either (i) preparing a feasibility study or (ii) commencing commercial production on the CV and DB Claims within the four year term and payment of US\$2,000,000 or equivalent share issuance. Pursuant to the Definitive Option Agreement, the Company has paid a US\$100,000 cash payment and is committed to issue 1,000,000 common shares. Upon the Company acquiring a 100% interest in the claims (by exercising the conditions above) GeoXplor will be entitled to a royalty equal to 5% gross revenues derived from the CV and DB Claims. The Company may reduce the royalty by 50% (to 2.5%) by a onetime payment of US\$7,000,000. The Company shall pay to GeoXplor a minimum advance royalty of US\$250,000 by April 30, 2019 and each anniversary thereof until termination of the Definitive Option Agreement. The advance royalty will be credited towards the calculated royalty owed to GeoXplor. GeoXplor Corp. is a private exploration and services company which is the holder of the CV and DB mineral claims which are under Definitive Option Agreement to the Company. As part of the Definitive Option Agreement GeoXplor also provides significant contract exploration services to Pure Energy on the CV and DB portion of the Company's Clayton Valley South lithium brine project. The Company has fulfilled its

exploration expenditure requirement and issued all shares required to date. A list of the claims is provided in Table 4 below.

Table 4: List GeoXplor CV –DB Mineral Claims

Claim Name	Number	BLM NMC Number	Esmeralda County Doc #	Esmeralda County Page #	Approximate Claim Area (acres)
CV	1-28	1093720-1093743 and 1093748-1093751	189908- 189970	Book 322; pp 208-231 and 264-267	28 claims each approx. 40 acres
CV	32	1093699	189940	Book 322; p239	1 claim approx. 40 acres
CV	34	1093701	189942	Book 322; p241	1 claim approx. 40 acres
CV	36	1093703	189944	Book 322; p243	1 claim approx. 40 acres
CV	38-67	1093705-1093719; 1093755-1093758; 1093744-1093747; and 1095807-1095813	189946-189964; 189932-189935; and 190462-190468	Book 322; pp245-263; pp232-235 Book 323; pp363-369	30 claims approx. 40 acres each
CV	70-77	1102435-1102442	191607-191614	Book 326	8 claims approx. 40 acres each
DB	73-74	1004821-1004822	172580-172581	Book 272; p232	2 claims approx. 160 acres each*
DB	79-80	1004827-1004828	172586-172587	Book 272; pp244-246	2 claims approx. 160 acres each*
DB	101-102	1004849-1004850	172608-172609	Book 272; pp288-290	2 claims approx. 160 acres each
DB	113	1004860	172620	Book 272; p312	1 claim approx. 160 acres
DB	131-134	1004897-1004882	172639-172641	Book 272; pp348-354	4 claims approx. 160 acres each

Note: * part of claim DB-74 and DB-80 overlies Albemarle patented ground and is not senior for Li-extraction

On August 11, 2014, the Company issued 187,500 shares at a fair value of \$26,250 (\$0.14 per share) pursuant to the property acquisition agreement on its AF Claims. A vertical drill hole, AF-1, on the Alkali Flats claims was completed in bedrock at a depth of 293 m (960 feet).

On October 3, 2014 the Company issued 1,875,000 stock options, giving the holder to right to purchase one common share per option held at a price of \$0.245 per share. These options expire on October 3, 2019.

On October 31, 2014, the Company issued 1,000,000 shares at a fair value of \$220,000 (\$0.22 per share) pursuant to the Definitive Option Agreement on the CV and DB Claims.

On November 7, 2014 the Company retained BEC Environmental Inc. ("BEC"), a private Nevada Company, to provide technical assistance in support of the Clayton Valley Project. BEC's role is to assist the Company in meeting local, State and Federal regulatory requirements.

On November 13, 2014 the Company appointed Alexi Zawadzki ("Mr. Zawadzki") as Vice President of Business Development. The Company granted Mr. Zawadzki an option to acquire 400,000 shares at an exercise price of \$0.235 per share for a term of three years in accordance with the Company's stock option plan. These stock options were fully vested and exercisable on February 11, 2015.

On November 14, 2014 the Company appointed Dr. Andy Robinson as Chief Operating Officer ("Dr. Robinson"). The Company has granted Dr. Robinson an option to acquire 400,000 shares at an exercise price of \$0.235 per share for a term of three years in accordance with the Company's stock option plan. These stock options were fully vested and exercisable on February 12, 2015.

On February 10, 2015 the Company removed the forced warrant acceleration conversion provision with respect to the Company's non-brokered private placements that were issued on May 30, 2014, July 14, 2014, and September 5, 2014. The Company will not provide Warrant holders with an acceleration notice and will not exercise its right to accelerate the Expiry Date of the Warrants pursuant to the Acceleration Provision. Holders of the warrants will now have three years from the respective closing date of the respective Private Placement to convert the Warrants.

On March 16, 2015 the Company retained Brisco Capital Corp ("Brisco") to provide investor relations services for a period of one year at a cost of \$6,000 per month. In addition, Brisco was granted share purchase options for 200,000 common shares at an exercise price of \$0.23 per share vesting quarterly over a period of one year with an expiration date of two years from the date of the grant.

On May 6, 2015 the Company through its wholly owned US subsidiary, Esmeralda Minerals, LLC, acquired 963 acres of placer mineral claims contiguous to and to the south of the Company's CV and DB Claims. As the claims are 100% owned by a wholly owned subsidiary of the Company, there are no lease fees, royalties, work commitments or other encumbrances owing to third parties in relation to the claims, other than annual payment of BLM and County maintenance fees. A list of the claims is provided in Table 5 below.

Table 5: List Esmeralda Minerals Claims

Claim Name	Number	BLM NMC Number	Esmeralda County Doc #	Approximate Claim Area (acres)
CL	61	1109800	0193527	1 claim approx. 20 acres
CL	62	1109801	0193528	1 claim approx. 20 acres
CL	67	1109802	0193529	1 claim approx. 20 acres
CL	71	1109803	0193530	1 claim approx. 20 acres
CL	72	1109804	0193531	1 claim approx. 20 acres
CL	79	1109805	0193532	1 claim approx. 20 acres
CL	87	1109806	0193533	1 claim approx. 20 acres
CL	95-97	1109807-9	0193534-6	3 claims approx. 20 acres each
CL	103-106	1109810-13	0193537-40	4 claims approx. 20 acres each
CL	111-115	1109814-18	0193541-45	5 claims approx. 20 acres each
CL	121-127	1109819-25	0193546-52	7 claims approx. 20 acres each
CL	133-136	1109826-29	0193553-56	4 claims approx. 20 acres each
CL	143-152	1109830-39	0193557-66	10 claims approx. 20 acres each
CL	157-164	1109840-47	0193567-74	8 claims approx. 20 acres each

On May 14, 2015 the Company issued 176,912 common shares with a fair value of \$49,535 pursuant to the acquisition of CV and DB claims.

On May 31, 2015 (the “Effective Date”) the Company entered into an option and lease agreement with Nevada Alaska Mining Co. Inc. (“NAM”) whereby NAM has granted the Company an indefinite, exclusive lease and exploration license (the “Lease”) to conduct mineral exploration and development testing on the CE and CD unpatented placer mining claims comprised in a property located in Esmeralda County, Nevada (the “CE and CD Claims”); NAM has also granted the Company the option to acquire a 100% interest in the CE and CD Claims. Under the terms of the Lease, the Company is required to make the following cash payments and common share issuances to NAM: On the Effective Date CDN\$35,000 cash payment and 226,620 common shares of the Company. On the first, second, third and fourth anniversaries of the Effective Date, CDN\$35,000 as well as such number of common shares of the Company as is then-equal to the USD\$/CAD\$ currency difference on the amount of such payments divided by the then-most recent closing price of the Company’s common shares; and US\$75,000 on each anniversary of the Effective Date past the fourth anniversary date until the Option Payment (described below) is made and title to the CE and CD Claims is transferred to the Company or the NAM agreement is terminated. Under the terms of the option, the Company is entitled to acquire a 100% interest in the CE and CD Claims, subject to the 3% NSR, by providing NAM either a one-time payment of US\$500,000 (the “Option Payment”); or such number of common shares of the Company as is equal to the Option Payment divided by the then-most recent closing price of the Company’s common shares. The Company may terminate the NAM agreement at any time on 30 days written notice to NAM. A list of the claims is provided in Table 6 below.

Tale 6: List Nevada Alaska Minerals Claims

Claim Name	Number	BLM NMC Number	Esmeralda County Doc #	Approximate Claim Area (acres)
CE	1-4	1103856-1103859	0193320-0193323	4 claims each approx. 40 acres
CE	5	1109077	0193324	1 claim approx. 40 acres
CE	6	1103860	0193325	1 claim approx. 40 acres
CE	7	1109078	0193326	1 claim approx. 40 acres
CE	8	1103861	0193327	1 claim approx. 40 acres
CE	9-11	1109079-1109081	0193328-0193330	3 claims approx. 40 acres each
CE	12-15	1103862-1103865	0193331-0193334	4 claims approx. 40 acres each
CE	16-17	1109082-3	0193335-6	2 claims approx. 40 acres each
CE	18	1103866	0193338	1 claim approx. 40 acres
CE	20	1103867	0193339	1 claim approx. 40 acres
CE	21	1109084	0193340	1 claim approx. 37 acres
CE	23-25	1109085-1109087	0193342-0193344	3 claims approx. 40 acres each
CE	26	1103868	0193345	1 claim approx. 37 acres
CE	27-30	1109088-1109091	0193346-0193349	4 claims approx. 40 acres each
CE	33-42	1109092-1109101	0193350-0193359	9 claims approx. 40 acres each, 1 claim approx. 37 acres
CE	43	1103869	0193360	1 claim approx. 40 acres
CE	44-48	1109102-1109106	0193360-0193365	5 claims approx. 40 acres each
CD	116-131	1109067-1109076	0193312-0193319, 0193308, 0193310	10 claims approx. 80 acres each

On July 10, 2015 the Company issued 3,128,233 warrants pursuant to a warrant incentive exercise program. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.24 per share. The warrants expire on December 16, 2016.

On July 21, 2015 the Company granted 210,000 share purchase options, exercisable at \$0.235 per share with an expiry date of July 21, 2017. Of the stock options granted, 60,000 vest immediately, 150,000 vest on November 21, 2015.

On August 4, 2015 the Company entered into a Strategic Advisory Agreement with Haywood Securities Inc. ("Haywood"), whereby Haywood will provide strategic advisory services to the Company for a period of eighteen months. Haywood was paid by the issuance of 800,000 units, with a fair value of \$224,000 (\$0.28 per unit). Each unit consists of one common share and one share purchase warrants entitling them to purchase one common share at a price of \$0.35 per share for each warrant held. The Units have vesting provisions and expire on February 19, 2017. Of the 800,000 units issued, 300,000 were paid to Haywood, and 500,000 units have been placed in escrow, to be release, provided the agreement has not been terminated, as to 250,000 in 6 months and 250,000 in 12 months.

On August 19, 2015 issued 110,547 shares at a fair value of \$26,999 (\$0.244 per share) to Luscar International pursuant to an advisory agreement dated November 1, 2014.

On September 1, 2015, management decided not to renew the AF claims, and has given effect to the write down in Exploration and Evaluation Assets as at June 30, 2015.

On September 16, 2015 the Company signed a conditional agreement for the supply of lithium hydroxide monohydrate that Pure Energy plans to produce from its Clayton Valley, Nevada Lithium Brine project. The Agreement establishes a commitment for an annual purchase volume of product to be delivered over a period of 5 years. The Agreement sets a predetermined price that is below current market rates. For greater detail please refer to the Company's Sedar profile page at Sedar.com where copies of the Production Pricing Agreement and General Terms and Conditions are filed. Certain information relating to future pricing formula and forecasted deliveries has been omitted on the basis of confidentiality and on the basis that the Agreement is subject to various conditions in relation to project execution, product quality, pricing and timing of delivery.

The ability of the Company to satisfy the terms of the conditional Supply Agreement signed on September 16, 2015 is dependent upon proving out the economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, obtaining all necessary approvals and constructing a mine and processing facilities at the Project and the achievement of commercial production of Lithium Hydroxide. There can be no assurance that the conditions to supply product under the Agreement will be met additionally without a Pre-Feasibility or Feasibility study prepared in accordance with NI 43-101 there can be no assurance that the Agreement will result in an actual producing lithium mine.

On October 8, 2015 the Company engaged RB Milestone Group, LLC as corporate advisor, in exchange for compensation of US\$55,000 for a period of 6 months.

On October 22, 2015 the Company granted 1,250,000 share purchase options, exercisable at \$0.67 per share with an expiry date of October 22, 2020. This stock option grant is subject to regulatory approval.

On November 2, 2015 the Company issued 226,620 common shares to Nevada Alaska Mining Co. Inc. under the terms of the May 31, 2015 agreement, which received regulatory approval

On November 2, 2015 the Company through its wholly owned US subsidiary, Esmeralda Minerals, LLC, acquired 1320 acres of placer mineral claims (the "CA" claims) in Clayton Valley, Nevada. The CA claim block consists of 66 placer mining claims, (each approximately 20 acres in size) to fill in the west and southwest quadrants of the property. The claims were acquired for staking costs, and as the new claims have been recorded and secured by a wholly-owned subsidiary of Pure Energy, there are no royalties, lease payments, work commitments or other encumbrances that apply to the claims, other than normal annual recording and payment obligations. A list of the claims is provided in table 7 below.

Table 7. List Esmeralda Mineral Claims

Claim Name	Number	BLM NMC Nur Esmeralda County Doc#	Approx Claim Area
CA	1-4	1112773 -776 0195845-848	4 claims approx 20 acres each
CA	7-8	1112777-778 0195849-850	2 claims approx 20 acres each
CA	11-12	1112779-780 0195851-852	2 claims approx 20 acres each
CA	19-22	1112781-784 0195853-856	4 claims approx 20 acres each
CA	25-30	1112785-790 0195857-862	6 claims approx 20 acres each
CA	33-38	1112791-796 0195863-868	6 claims approx 20 acres each
CA	41-44	1112797-800 0195869-872	4 claims approx 20 acres each
CA	49-50	1112801-802 0195873-874	2 claims approx 20 acres each
CA	53-54	1112803-804 0195875-876	2 claims approx 20 acres each
CA	57-60	1112805-808 0195877-880	4 claims approx 20 acres each
CA	63-66	1112809-812 0195881-884	4 claims approx 20 acres each
CA	69-71	1112813-815 0195885-887	3 claims approx 20 acres each
CA	75	1112816 195888	1 claim approx 20 acres
CA	85-86	1112817-818 0195889-890	2 claims approx 20 acres each
CA	89-92	1112819-822 0195891-894	4 claims approx 20 acres each
CA	95-98	1112823-826 0195895-897	4 claims approx 20 acres each
CA	101-104	1112827-830 0195898-902	4 claims approx 20 acres each
CA	107-114	1112832-839 0195903-910	8 claims approx 20 acres each

On November 5, 2015 the Company appointed Patrick Highsmith to the board of directors.

On November 5, 2015 the Company granted 550,000 share purchase options, exercisable at \$0.54 per share with an expiry date of November 5, 2020. Of the stock options granted, 233,333 vest immediately, 158,333 vest on February 5, 2016 and 158,334 vest on May 5, 2016. This stock option grant is subject to regulatory approval.

Recent Developments

Financing

On July 14, 2014 the Company issued 3,118,200 units at \$0.10 per unit. Each unit consists of one share and one share purchase warrant entitling the holder to acquire one additional share at a cost of \$0.15 per share to July 14, 2017. The Company paid finders' fees and commissions totaling \$7,869 in cash and issued 32,487 finder's warrants pursuant to the financing. Each finder's warrant entitles the holder to acquire one additional share at a cost of \$0.15 per share to July 14, 2017.

On September 5, 2014 the Company issued 9,900,000 units at \$0.10 per unit. Each unit consists of one share and one share purchase warrant entitling the holder to acquire one additional share at a cost of \$0.15 per share to September 5, 2017. The Company paid finder's fees and commissions totaling \$31,624 in cash and issued 6,650 finder's warrants pursuant to the financing. Each finder's warrant entitles the holder to acquire one additional share at a cost of \$0.15 per share to September 5, 2014.

On December 19, 2014 the Company issued 8,622,500 units at \$0.20 per unit. Each unit consists of one share and one share purchase warrant entitling the holder to acquire one additional share at a cost of \$0.30 per share to June 19, 2016.

On December 29, 2014 the Company issued 2,525,000 units at \$0.20 per unit. Each unit consists of one share and one share purchase warrant entitling the holder to acquire one additional share at a cost of \$0.30 per share to June 29, 2016. The Company paid finders' fees, legal costs and commissions totaling \$108,970 in cash and issued 152,625 finder's warrants pursuant to the financing. Each finder's warrant entitles the holder to acquire one additional share at a cost of \$0.30 per share to June 29, 2016.

On February 10, 2015 the Company amended the warrants issued at \$0.15 on May 30, 2014, July 14, 2014 and September 15, 2014 by removing the warrant exercise acceleration provision.

During the year ended June 30, 2015 the Company issued 7,594,866 shares at \$0.15 per share pursuant to the exercise of warrants.

On June 30, 2015 the Company issued 150,000 shares pursuant to the exercise of stock options.

During the three months ended September 30, 2015 the Company

- issued 4,282,334 common shares pursuant to the exercise of warrants at \$0.15 per share.
- issued 1,263,531 common shares pursuant to the exercise of warrants at \$0.30 per share.
- issued 509,900 common shares pursuant to the exercise of warrants at \$0.24 per share.
- issued 10,000 common shares pursuant to the exercise of stock options at \$0.245 per share.
- granted 3,128,233 share purchase warrants exercisable at \$0.24 per share.
- granted 800,000 share purchase warrants exercisable at \$0.35 per share.
- issued 110,547 common shares for services valued at \$26,999.
- issued 800,000 common shares for services valued at \$224,000.

Subsequent to September 30, 2015, the Company:

- issued 1,500,000 common shares pursuant to the exercise of warrants at \$0.15 per share.
- issued 585,000 common shares pursuant to the exercise of warrants at \$0.30 per share.
- issued 40,000 common shares pursuant to the exercise of warrants at \$0.24 per share.
- issued 87,500 common shares pursuant to the exercise of stock options at \$0.40 per share.
- issued 142,839 common shares at \$0.51 per share pursuant to a private placement.
- issued 151,507 common shares in exchange for services with a value of \$37,143
- issued 226,620 common shares to Alaska Nevada Mining at \$0.51 per share pursuant to a property acquisition agreement.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Three months ended September 30, 2015 compared to the three months ended September 30, 2014

During the three months ended September 30, 2015, the Company had a loss of \$837,806 from operations compared to a net loss of \$163,866 for the three months ended September 30, 2014. Operating expenses for the three months ended September 30, 2015 were \$874,763 compared to \$163,195 for the three months ended September 30, 2014.

Overall increases in operating expenses reflect increased management costs as corporate development and increasing investor awareness activities continued during the three months ended September 30, 2015. As the Company does not yet generate revenue from its operations, changes in the financial

performance and financial condition of the Company are driven solely by changes in the Company's expenses. Significant items affecting expenses are noted below:

Consulting fees increased by \$232,711. The major contributors to this increase was the payment of 800,000 units to Haywood Securities Ltd, valued at \$224,000. Haywood Securities will provide strategic advisory services to the Company for a period of eighteen months. Luscar International Ltd. was also paid 110,547 shares valued at 26,999, such payment was for a milestone pursuant to the agreement with Luscar.

Investor relations and regulatory expenses increased by \$152,145 during the three months ended September 30, 2015. Major contributions to this increase during the current period were mainly due to launch of new website, communications, travel and investors relation expenses in marketing to increase exposure of the Company in Canada, the USA and Europe.

Management fees increased by \$105,690, representing costs incurred for management services provided to the Company by non-employee officers. These fees increased during the three month ended September 30, 2015 as Robert Mintak's ("Mr. Mintak") fees increased from \$21,000 in the prior period to \$30,000 in the current period, the Company engaged Jeremy Poirier ("Mr. Poirier") in January 2015 paying him \$20,000 in the current period, the Company also engaged the services of Andy Robinson and Alexi Zawadzki paying them \$30,450 and \$30,500 respectively and paid Grant Hall a fee of \$13,040 during the current period. (see "*Related Party Transactions*" below.)

Share-based compensation increased by \$77,203, related to the vesting of stock options issued in a prior period. This represent non-cash charges, with the value of the options being calculated using the Black-Scholes pricing model as determined at the date of grant. Substantially all share-based compensation is charged to expense at the date of issuance, and variations between periods reflect the timing of individual stock option grants. The value of stock-based compensation expensed is added to the share-based payment reserve within shareholders' equity, resulting in no net effect on total shareholders' equity.

Professional fees increased by \$84,465 which represents costs incurred for a title opinion on the Company's Exploration and Evaluation asset, and costs related to securities compliance matters.

The fluctuation in losses for the Company on a quarter to quarter basis is due to capital availability, and the stage of exploration that the Company initiates in any particular quarter. There are quarters of intense efforts to achieve milestones followed by quarters where information is analyzed.

These expenses are itemized in the audited Consolidated Statements of Comprehensive Loss, in the Company's Financial Statements for the period ended September 30, 2015 and 2014. Refer to "Risk Factors" below for a list of risks and uncertainties which may have an effect on the Company's business.

SELECTED ANNUAL INFORMATION**(\$000's except earnings per share)**

	<u>Years Ended</u>		
	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
Revenue	\$ 0	\$ 0	\$ 0
Operating profit (Loss)	\$ (1,960)	\$ (486)	\$ (863)
Net Income (Loss)	\$ (3,361)	\$ (313)	\$ (846)
Basic and diluted loss per share	\$ (0.07)	\$ (0.02)	\$ (0.05)
Total assets	\$ 3,876	\$ 1,784	\$ 1,642
Long term debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0.00	\$ 0.00	\$ 0.00

As the Company does not yet generate revenue from its operations, changes in the financial performance and financial condition of the Company are driven solely by changes in the Company's expenses. Refer to "Overall Performance and Results of Operations" above for discussion of certain key factors which cause period-to-period variations in the Company's financial condition and performance.

SUMMARY OF QUARTERLY RESULTS**(\$000's except earnings per share)**

	<u>Quarters Ended</u>							
	<u>Sept 30</u> <u>2015</u>	<u>June 30</u> <u>2015</u>	<u>Mar 31</u> <u>2015</u>	<u>Dec 31</u> <u>2014</u>	<u>Sept 30</u> <u>2014</u>	<u>June 30</u> <u>2014</u>	<u>Mar 31</u> <u>2014</u>	<u>Dec 31</u> <u>2013</u>
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating profit (Loss)	(\$874)	(\$469)	(\$432)	(\$896)	(\$163)	(\$261)	(\$107)	(\$65)
Net Income (Loss)	(\$838)	(\$1,964)	(\$338)	(\$895)	(\$164)	(\$262)	(\$103)	(\$60)
Basic and diluted Profit (loss) Per Share	(\$0.015)	(\$0.042)	(\$0.007)	(\$0.025)	(\$0.006)	(\$0.014)	(\$0.006)	(\$0.003)

As the Company does not yet generate revenue from its operations, the Company's financial results are primarily impacted by the timing and nature of exploration-related activities undertaken and the award of share-based compensation. To date, the timing of exploration activities have not been subject to significant weather impacts or seasonality. In addition, the Company's exposure to USD currency fluctuations could be significant in future periods as the Company's principal asset is US based. Refer to "Overall Performance and Results of Operations" above for discussion of certain key factors which cause period-to-period variations in the Company's financial condition and performance.

MANAGEMENT AND STAFFING

On November 13, 2014 Mr. Zawadzki was appointed Vice President, Business Development. Mr. Zawadzki is trained as a hydrologist with a Master's degree from Wilfred Laurier University (1997) with

17 years of experience developing resource projects including working for over 10 years for a large multi-national engineering consultancy servicing the mining, oil and gas and power sectors across North America.

On November 14, 2014 Dr. Robinson was appointed to the position of Chief Operating Officer. Dr. Robinson is an experienced Geoscientist with a PhD in Geochemistry from the University of Bristol. His Post-Doctoral research in geochemistry was followed by over a decade working for an international engineering consulting company where he worked on a wide range of groundwater-focused projects in the resource and energy sectors in Europe, Africa, North and South America. Subsequent to this, he has successfully performed a series of senior executive roles focused on project and corporate development.

On January 7, 2015 Dr. Munk was appointed as Senior Technical Advisor. Dr. Munk is a global leader in research on the understanding of the origin of lithium brine deposits. She has worked both on the massive lithium brine deposit in Salar De Atacama, South America and the Clayton Valley lithium brine in Nevada, North America. She has a PhD. In Geological Sciences from the Ohio State University and 15 years of experience in aqueous geochemistry research focused on environmental and mineral exploration applications.

On March 11, 2015 Mary Little was appointed to the board of directors of the Company.

On September 17, 2015 Dr. Andy Robinson was appointed to the board of directors of the Company.

On September 23, 2015 Grant Hall resigned as a director of the Company.

On November 5, 2015 Patrick Highsmith was appointed to the board of directors of the Company. Mr. Highsmith, has a Bachelor of Science degree in Geological Engineering and a Master of Science in Economic Geology from the Colorado School of mines, and is a 25 year veteran of the mining industry. During his tenure as COO and CEO at Lithium Once Inc. he led the discovery teams on the Sal de Vida and James Bay lithium projects. He Negotiated Lithium One's strategic joint venture with LG, GS Caltex and KORES on the Sal de Vida lithium brine and potash project in Argentina before co-engineering the 1012 sale of the company for over \$100 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position was \$1,648,925 as at September 30, 2015, compared to \$905,871 as at September 30, 2014. The Company had working capital of \$1,542,608 as at September 30, 2015 compared to a working capital of \$622,052 as at September 30, 2014. The Company's estimated cash requirements for the next 12 months are \$4,520,000. In the next 12 months the Company will have property option and land maintenance cost of approximately \$470,000, anticipated exploration and evaluation expenditures to be approximately \$3,300,000 and we expect administration costs of the Company will be approximately \$750,000. The Company does not have adequate cash on hand to meet its cash requirements for the coming year. Factors impacting the changes in cash and working capital are discussed below.

Operating Activities

During the three months ended September 30, 2015, the Company's activities provided \$907,424 of cash compared to September 30, 2014 when activities provided \$818,196 of cash. The cash used in operating

activities reflects the Company's funding of losses of \$137,363 (2014: \$74,768) adjusted for non-cash items of stock based compensation totaling \$70,359 (2014: \$Nil), the payment of non cash consulting fees of \$250,999 (2014: \$Nil) and other minor non-cash adjustments. Overall, the increase in operating cash outflows is due to additional administrative costs associated with the continuing ramp-up of Company operations. Going forward, the Company's working capital requirements are expected to increase substantially in connection with the development of the Clayton Valley Project.

Investing Activities

The Company's primary investing activity is its expenditures on Exploration and Evaluation Assets. During the three months ended September 30, 2015 the Company spent \$101,448 (2014: \$363,919) on the Clayton Valley Project. Details of expenditures for the three months ended September 30, 2015 are more fully described in Note 5 to the September 30, 2015 Financial Statements "*Exploration and Evaluation Assets*".

Financing Activities

For the three months ended September 30, 2015, the Company received a total of \$1,146,235 (2014: \$1,301,820) less cash issue costs of \$Nil (2014: \$44,937) from private placements and warrant exercises.

Cash Flow Considerations

As of September 30, 2015, the Company had a working capital of \$1,542,608 compared to a working capital of \$622,052 as of September 30, 2014. The Company anticipates receiving cash proceeds from the exercise of warrants however the Company cannot predict the timing or amount of additional options and warrants that may be redeemed, if any. Subsequent to September 30, 2015, the Company received \$494,548 and issued 2,272,839 common shares pursuant to warrant and stock option exercise and a private placement.

The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its near-term activities. The Company may pursue debt financing in the medium term if it is able to procure same on terms more favorable than the available equity financing, however there can be no assurance the Company will be able to obtain any required financing in the future on acceptable terms.

The Company has limited financial resources compared to its proposed expenditures, no source of operating income and no assurance that additional funding will be available to it for current or future projects, although the Company has been successful in the past in financing its activities through the sale of equity securities.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its exploration success. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of Common Shares to provide sufficient funds to meet its near-term exploration and development plans and other contractual obligations when due. However, further development and construction of the Clayton Valley Project will require substantial additional capital resources. This includes near-term funding and, ultimately, funding for project construction and other costs.

OFF BALANCE SHEET ARRANGEMENTS

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

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements relating to the Company. These include widespread risks associated with any form of business and specific risks associated with the Company's business and its involvement in the lithium exploration and development industry.

This section describes risk factors identified as being potentially significant to the Company and its material property, the Clayton Valley Project. Additional risk factors may be included in technical reports or other documents previously disclosed by the Company. In addition, other risks and uncertainties not discussed to date or not known to management could have material and adverse effects on the valuation of our securities, existing business activities, financial condition, results operations, plans and prospects.

Chemical Testing

The Company has completed preliminary bench scale chemical testing on the Clayton Valley Project, and will continue to complete necessary chemical testing at the bench, mini-pilot/ pilot scale as the development of the Clayton Valley Project progresses. There can be no assurance that the results of such chemical testing will be favorable or as expected by the Company. Furthermore, there can be no certainty that chemical recoveries obtained in bench scale tests will be achieved in either subsequent testing or commercial operations. In addition, testing to date has focused on representative samples of the resource, but the variability of chemical recoveries across the resource has not been established. Finally, the development of a complete chemical processing facility to produce a saleable final product from the Clayton Valley Project is a complex and resource intensive undertaking that may result in overall schedule delays and increased project costs for the Company.

Reliance on Key Personnel

The senior officers of the Company are critical to its success. In the event of the departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, engineering, geological and mining personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company. The Company is particularly at risk at this state of its development as it relies on a small management team, the loss of any member of which could cause severe adverse consequences.

Substantial Capital Requirements and Liquidity

The Company anticipates that it will make substantial capital expenditures for the continued exploration and development of the Clayton Valley Project in the future. The Company currently has no revenue and may have limited ability to undertake or complete future drilling or exploration programs, chemical studies and the design of a surface plant and processing facilities. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects. Sales of substantial amounts of securities may have a highly dilutive effect on the ownership or share structure of the Company. Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

The Company has not yet commenced commercial production at any of its properties and as such, it has not generated positive cash flows to date and has no reasonable prospects of doing so unless successful commercial production can be achieved at the Clayton Valley Project. The Company expects to continue to incur negative investing and operating cash flows until such time as it enters into commercial production. This will require the Company to deploy its working capital to fund such negative cash flow and to seek additional sources of financing. There is no assurance that any such financing sources will be available or sufficient to meet the Company's requirements. There is no assurance that the Company will be able to continue to raise equity capital or that the Company will not continue to incur losses.

Property Commitments

The Company's mining properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

Exploration and Development

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades being extracted or dedicated to future production. Until actually extracted and processed, the quantity of lithium brine reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on commodity prices. Any material change in quantity of reserves, grade or recovery ratio, may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary.

Operational Risks

The Company will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labor disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the property of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Additionally, the Company may be subject to liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Environmental Risks

All phases of mineral exploration and development businesses present environmental risks and hazards and are subject to environmental regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances used and or produced in association with natural resource exploration and production operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Commodity Price Fluctuations

The price of commodities varies on a daily basis. However, price volatility could have dramatic effects on the results of operations and the ability of the Company to execute its business plan. Lithium is a specialty chemical and is a commonly traded commodity such as copper, zinc, gold or iron ore. However the price of lithium tends to be set through a limited long term offtake market contracted between the very few suppliers and purchasers.

The world's largest suppliers of lithium are Sociedad Quimica y Minera de Chile S.A (NYSE:SQM), FMC Corporation (NYSE:FMC), Albemarle Corporation (NYSE:ALB) and Tianqi Group who collectively supply approximately 85% of the world's lithium business, and any attempt to suppress the price of lithium materials by such suppliers, or an increase in production by any supplier in excess of any increased demand, would have negative consequences on the Company. The price of lithium materials may also be reduced by the discovery of new lithium deposits, which could not only increase the

overall supply of lithium (causing downward pressure on its price), but could draw new firms into the lithium industry which would compete with the Company.

Volatility of the Market Price of the Company's Common Shares

The Company's common shares are listed on the TSX.V under the symbol "PE", on the Frankfurt Stock Exchange under the trading symbol "AHG1" on the Xterra trading platform in Germany under the trading symbol "A111EG". The quotation of Pure Energy Common Shares on the TSX.V may result in a less liquid market available for existing and potential stockholders to trade Common Shares, could depress the trading price of our common stock and could have a long-term adverse impact on our ability to raise capital in the future.

Securities of junior companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The Company's Common Share price is also likely to be significantly affected by delays experienced in progressing our development plans, a decrease in the investor appetite for junior stocks, or in adverse changes in our financial condition or results of operations as reflected in our quarterly financial statements. Other factors unrelated to our performance that could have an effect on the price of the Company's Common Shares include the following:

- (a) The trading volume and general market interest in the Company's common shares could affect a shareholder's ability to trade significant numbers of Common Shares; and
- (b) The size of the public float in the Company's common shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the Company's Common Shares at any given point in time might not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company could in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Future Share Issuances May Affect the Market Price of the Common Shares

In order to finance future operations, the Company may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

Economic and Financial Market Instability

Global financial markets have been volatile and unstable at times since the global financial crisis, which started in 2007. Bank failures, the risk of sovereign defaults, other economic conditions and intervention measures have caused significant uncertainties in the markets. The resulting disruptions in credit and capital markets have negatively impacted the availability and terms of credit and capital. High levels of volatility and market turmoil could also adversely impact commodity prices, exchange rates and interest rates. In the short term, these factors, combined with the Company's financial position, may impact the Company's ability to obtain equity or debt financing in the future and, if obtained, on terms that are favorable to the Company. In the longer term these factors, combined with the Company's financial position could have important consequences, including the following:

- (a) Increasing the Company's vulnerability to general adverse economic and industry conditions;
- (b) Limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements;
- (c) Limiting the Company's flexibility in planning for, or reacting to, changes in the Company's business and the industry; and
- (d) Placing the Company at a disadvantage when compared to competitors that has less debt relative to their market capitalization.

Issuance of Debt

From time to time the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. The Company's ability to service its debt obligations will depend on the Company's future operations, which are subject to prevailing industry conditions and other factors, many of which are beyond the control of the Company.

Industry Competition and International Trade Restrictions

The international resource industries are highly competitive. The value of any future reserves discovered and developed by the Company may be limited by competition from other world resource mining companies, or from excess inventories. Existing international trade agreements and policies and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of and demand for minerals, including lithium, around the world.

Governmental Regulation and Policy

Mining operations and exploration activities are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic and radioactive substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations increases the costs of exploring, drilling, developing, constructing, operating and closing mines and refining and other facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact decisions of the Company with respect to the exploration and development of properties such as the Clayton Valley Project, or any other properties in which the Company has an interest. The Company will be required to expend significant financial and managerial resources to comply with such laws and regulations. Since legal requirements change frequently, are subject to interpretation and may be enforced in varying degrees in practice, the Company is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies and practices, such as those affecting exploration and development of the Company's properties could materially and adversely affect the results of operations and financial condition of the Company in a particular period or in its long term business prospects.

The development of mines and related facilities is contingent upon governmental approvals, licenses and permits which are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The receipt, duration and renewal of such approvals, licenses and permits are subject to many variables outside the control of the Company, including

potential legal challenges from various stakeholders such as environmental groups or non-government organizations. Any significant delays in obtaining or renewing such approvals, licenses or permits could have a material adverse effect on the Company, including delays and cost increases in the advancement of the Clayton Valley Project.

Risk Related to the Cyclical Nature of the Mining Business

The mining business and the marketability of the products that are produced are affected by worldwide economic cycles. At the present time, the significant demand for commodities such as Lithium, in many countries is driving increased prices, but it is difficult to assess how long such demand may continue. Fluctuations in supply and demand in various regions throughout the world are common.

As the Company's mining and exploration business is in the exploration stage and as the Company does not carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

Properties May be Subject to Defects in Title

The Company has investigated its rights to explore and exploit the Clayton Valley Project resource and, to the best of its knowledge, its rights in relation to lands covering the Clayton Valley Project resource are in good standing. Nevertheless, no assurance can be given that such rights will not be revoked, or significantly altered, to the Company's detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties.

Although the Company is not aware of any existing title uncertainties with respect to lands covering material portions of the Clayton Valley Project resource, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

No Revenue and Negative Cash Flow

The Company has negative cash flow from operating activities and does not currently generate any revenue. Lack of cash flow from the Company's operating activities could impede its ability to raise capital through debt or equity financing to the extent required to fund its business operations. In addition, working capital deficiencies could negatively impact the Company's ability to satisfy its obligations promptly as they become due. The Company is currently operating under a working capital deficiency, and requires additional financing to ensure it can continue to maintain a positive working capital position. If the Company does not generate sufficient cash flow from operating activities it will remain dependent upon external financing sources. There can be no assurance that such sources of financing will be available on acceptable terms or at all.

Legal and Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's business, prospects, financial condition, and operating results. Defense and settlement of costs of legal claims can be substantial. There are no current claims or litigation outstanding against the Company.

Insurance

The Company is also subject to a number of operational risks and may not be adequately insured for certain risks, including: accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labor disputes, catastrophic accidents, fires, blockades or other acts of social

activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, tornados, thunderstorms, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the properties of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is unavailable or prohibitively expensive. This lack of environmental liability insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Currency

The Company is exposed to foreign currency fluctuations to the extent that the Company's material mineral property is located in the US and its expenditures and obligations are denominated in US dollars, yet the Company is currently headquartered in Canada, is listed on a Canadian stock exchange and typically raises funds in Canadian dollars. In addition, a number of the Company's key vendors are based in Canada, including vendors that supply geological, process engineering and chemical testing services. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company does not currently, and it is not expected to, take any steps to hedge against currency fluctuations.

Conflicts of Interest

The Company's directors and officers are or may become directors or officers of other mineral resource companies or reporting issuers or may acquire or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which The Company may, or may also wish to participate, the directors and officers of the Company may have a conflict of interest with respect to such opportunities or in negotiating and concluding terms respecting the extent of such participation.

The Company and its directors and officers will attempt to minimize such conflicts. If such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators. The Company's ability to advance the Clayton Valley Project could be adversely affected by any inability on its part to obtain or maintain the required financial assurances.

Dividends

The Company has never paid cash dividends on our Common Shares, and does not expect to pay any cash dividends in the future in favor of utilizing cash to support the development of our business. Any future determination relating to the Company's dividend policy will be made at the discretion of the Company's Board of Directors and will depend on a number of factors, including future operating results, capital requirements, financial condition and the terms of any credit facility or other financing arrangements the Company may obtain or enter into, future prospects and other factors the Company's Board of Directors may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the Common Shares in the foreseeable future.

Hedging

The Company has no current hedging or other derivative transactions in place. However, management may elect to use such instruments in the future or be required to enter into such transactions as a condition of certain financing transactions. Derivative instruments may be used to manage changes in commodity prices, interest rates, foreign currency exchange rates, energy costs and the costs of other consumable commodities. Common inherent risks associated with derivative transactions include (a) credit risk resulting from a counterparty failing to meet its obligation, (b) market risk associated with changes in market factors that affect fair value of the derivative instrument, (c) basis risk resulting from ineffective hedging activities and (d) legal risk associated with an action that invalidates performance by one or both parties. There is no assurance that any hedging or other derivative program will be successful.

Time and Cost Estimates

Time and cost estimates to develop, operate and close the Clayton Valley Project will be prepared in connection with the Preliminary Economic Assessment ("PEA"). Other estimates of time and costs are made from time to time for exploration and other business activities. Actual time and costs may vary significantly from estimates for a variety of reasons, both within and beyond the control of the Company. Failure to achieve time estimates and significant increases in costs may adversely affect the Company's ability to continue exploration, develop the Clayton Valley Project and ultimately generate sufficient cash flows. There is no assurance that the Company's estimates of time and costs will be achievable.

Consumables Availability and Costs

The Company's planned development activities and operations, including the profitability thereof, will continue to be affected by the availability and costs of consumables used in connection with the Company's activities. Of significance, this may include concrete, steel, copper, piping, diesel, processing reagents and electricity. Other inputs such as labor, consultant fees and equipment components are also subject to availability and cost volatility. If inputs are unavailable at reasonable costs, this may delay or indefinitely postpone planned activities. Furthermore, many of the consumables and specialized equipment used in exploration, development and operating activities are subject to significant volatility. There is no assurance that consumables will be available at all or at reasonable costs.

Mineral Resources Uncertainties

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to mineral resources, there can be no assurances that mineral resources will be upgraded to mineral reserves as a result of continued exploration or during the course of operations.

There can be no assurances that any of the mineral resources stated in this MD&A or published technical reports of the Company will be realized. Until a deposit is actually extracted and processed, the quantity of mineral resources or reserves, grades, recoveries and costs must be considered as estimates only. In addition, the quantity of mineral resources or reserves may vary depending on, among other things, product prices. Any material change in the quantity of mineral resources or reserves, grades, dilution occurring during mining operations, recoveries, costs or other factors may affect the economic viability of stated mineral resources or reserves. In addition, there is no assurance that chemical recoveries in limited, small scale laboratory tests will be duplicated by larger scale tests or during production. Fluctuations in lithium/lithium products prices, results of future drilling, metallurgical testing, actual mining and operating results, and other events subsequent to the date of stated mineral resources and reserves estimates may require revision of such estimates. Any material reductions in estimates of mineral resources or reserves could have a material adverse effect on the Company.

Taxation

The Company is affected by the tax regimes of numerous jurisdictions. Revenues, expenditures, income, investments, land use, intercompany transactions and all other business conditions can be taxed. Tax regulations, interpretations and enforcement policies may differ from the Company's applied methods and may change over time due to circumstances beyond the Company's control. The effect of such events could have material adverse effects on the Company's anticipated tax consequences. There is no assurance regarding the nature or rate of taxation, assessments and penalties that may be imposed.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. The carrying value of receivables, accounts payable and accrued liabilities approximates their fair values due to their immediate or short-term maturity. Cash is carried at fair value using a level 1 fair value measurement.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous reporting periods.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Company's Board of Directors, officers, close family members and enterprises controlled by these individuals as well as certain persons performing similar functions. Apart from those transactions detailed in the section, there were no other related party transactions.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key

management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers. The following expenses were incurred with key management personnel:

As of September 30, 2015, the Company had the following related party transactions and balances:

- (a) management fees of \$30,000 (2014: \$21,000) were paid to a company controlled by Mr. Mintak, a director and CEO of the Company;
- (b) management fees of \$6,200 (2014: \$5,000) were paid to a company controlled by Mr. Dake, a director of the Company;
- (c) management fees of \$20,000 (2014: \$nil) and Investor Relations fees of \$Nil (2014: \$6,500) were paid to a company controlled by Mr. Poirier, a director of the Company;
- (d) professional and accounting expenses of \$15,000 (2014: \$10,000) were paid to a company controlled by John Jardine, CFO of the Company;
- (e) Management fees of \$30,500 (2014: \$nil) were paid to a company controlled by Mr. Zawadzki, an officer of the Company;
- (f) consulting fees of \$30,450 (2014: \$nil) were paid to a Company controlled by Dr. Robinson, an officer and director of the Company;
- (g) consulting fees of \$13,040 (2014: \$nil) were paid to Grant Hall, a former director of the Company;
- (h) consulting fees of \$1,500 (2014: \$nil) were paid to Gerhard Jacob, a director of the Company;
- (i) the Company incurred a total share based compensation expense of \$77,203 (2014: \$Nil), calculated using the Black-Scholes pricing model; and
- (j) as at September 30, 2015 accounts payable included \$55,087 (2014: \$141,986) which was owed to related parties for travel expenses, professional and management fees.

The transactions noted above were measured at the exchange amounts which were agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

In applying the Company's accounting policies, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements is the policy on exploration and evaluation assets.

In particular, management is required to assess exploration and evaluation assets for impairment. Note 5 to the consolidated financial statements discloses the carrying values of such assets. As part of this assessment, management must make an assessment as to whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

The recoverability of exploration and evaluation assets is dependent on a number of factors common to the natural resource sector. These include the extent to which the Company can continue to renew its exploration and future development licenses with local authorities, establish economically recoverable reserves on its properties, the ability of the Company to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Company will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization. If a determination is made that a deposit does not contain economically recoverable mineralization, or if other factors are present that indicate the existence of an impairment, a property is written down to net realizable value, which could have a material effect on the financial position and financial performance of the Company.

STOCK-BASED COMPENSATION

The Company has a stock option plan, which is described in Note 8 to the financial statements. The Company applies the fair value method to all stock-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes option pricing model to estimate the fair value of stock based compensation.

FINANCIAL INSTRUMENTS

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income. The Company accounts for transaction costs related to the issuance of financial instruments other than those at FVTPL as a reduction of the carrying value of the related financial instruments.

Financial instruments included in the statement of financial position are comprised of amounts receivable and accounts payable and accrued liabilities. The Company is not exposed to any derivative instruments. The Company is exposed to currency exchange rate risk as certain transactions are denominated in US dollars. The Company does not have foreign exchange hedges in place at this time. It is management's opinion that the Company is not exposed to significant interest rate or credit risks.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Gerhard Jacob, M.Sc., EurGeol., a Qualified Person under NI 43-101, has reviewed and approved the scientific and technical information herein.

OUTSTANDING SHARE DATA

Issued

The Company has 63,393,723 post consolidation shares issued and outstanding as at November 25, 2015.

Share Purchase Options

As at November 25, 2015, the Company has 5,822,500 post consolidation stock options outstanding of which 5,255,833 are fully vested and exercisable. A summary of the Company's stock options is presented below.

	Number of Options	Exercise Price	Expiry Date
Issued January 29, 2013	762,500	\$0.40	January 29, 2017
Issued October 3, 2014	1,875,000	\$0.245	October 3, 2019
Issued November 13, 2014	400,000	\$0.235	November 13, 2017
Issued November 14, 2014	400,000	\$0.235	November 14, 2017
Issued January 13, 2015	350,000	\$0.20	January 13, 2020
Issued March 11, 2015	310,000	\$0.27	March 11, 2020
Issued March 17, 2015	200,000	\$0.23	March 17, 2017
Issued July 21, 2015	210,000	\$0.235	July 21, 2017
Issued October 23, 2015	1,250,000	\$0.67	October 22, 2020
Issued November 5, 2015	550,000	\$0.54	November 5, 2020
Expired unexercised	(237,500)	\$0.40	
Exercised	(150,000)	\$0.245	
Exercised	(10,000)	\$0.245	
Exercised	(87,500)	\$0.40	
Balance, November 25, 2015	5,822,500		
Fully vested and exercisable	5,255,833		

Warrants

The Company has 15,670,064 share purchase warrants outstanding at November 25, 2015.

A summary of the Company's warrants is presented below.

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Issued May 30, 2014	3,160,000	\$0.15	May 30, 2017
Issued July 17, 2014	3,118,200	\$0.15	July 17, 2017
Issued July 17, 2014 (finders warrants)	32,487	\$0.15	July 17, 2017
Issued September 5, 2014	9,900,000	\$0.15	September 5, 2017
Issued September 5, 2014 (finders warrants)	6,650	\$0.15	September 5, 2017
Issued December 19, 2014	8,622,500	\$0.30	June 19, 2016
Issued December 29, 2014	2,525,000	\$0.30	June 29, 2016
Issued December 29, 2014 (finders warrants)	152,625	\$0.30	June 29, 2016
Issued July 10, 2015	3,128,233	\$0.24	December 16, 2016
Issued August 4, 2015	800,000	\$0.35	February 4, 2017
Exercised up to September 30, 2015	(11,939,700)	\$0.15	
Exercised up to September 30, 2015	(509,900)	\$0.24	
Exercised up to September 30, 2015	(1,201,031)	\$0.24	
Exercised subsequent to September 30, 2015	(1,500,000)	\$0.15	
Exercised subsequent to September 30, 2015	(40,000)	\$0.24	
Exercised subsequent to September 30, 2015	(585,000)	\$0.30	
Balance, November 25, 2015	15,670,064	\$0.27	

Each share purchase warrant entitles the holder to acquire one additional share at a cost shown above per share until its expiry date.