MILLENNIAL LITHIUM CORP.

Management Discussion and Analysis
For the three months ended
May 31, 2017

GENERAL

The purpose of this Management Discussion and Analysis ("MD&A") is to explain management's point of view of Millennial Lithium Corp.'s (the "Company") (formerly Redhill Resources Corp.) past performance and future outlook. This report also provides information to improve the reader's understanding of the financial statements and related notes, and should therefore be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the three months ended May 31, 2017 and the consolidated financial statements of the Company and notes thereto for the year ended February 28, 2017 (the "Financial Statements"). Additional information on the Company is available on SEDAR and on the Company's website, www.millenniallithium.com. All information contained in this MD&A is current as of July 31, 2017 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to the Company's future financial conditions, results of operations, plans, objectives, performance or business developments including, among other things, exploration and work programs, drilling plans and timing of drilling, plans for development and facilities construction and timing, method of funding and completion thereof, the performance characteristics of the Company's and oil and gas reserves, drilling results of various projects of the Company, commercial viability of exploration and development wells and producing mines, the existence of resources or reserves and the timing of development thereof, projections of market prices and costs, supply and demand for oil and gas and lithium, expectations regarding the ability to raise capital and to acquire reserves through acquisitions and/or development, treatment under governmental regulatory and royalty regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained in this MD&A, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in the MD&A, or as otherwise expressly incorporated herein by reference as well as: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with our current expectations; (3) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (4) labour and materials costs increasing on a basis consistent with the Company's current expectations; (5) the availability and timing of additional financing being consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of oil and gas and lithium, or certain other commodities (such as diesel fuel and electricity); changes in national and local government legislation and royalty regimes, taxation,

controls, regulations and political or economic developments in the countries the Company operates in; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration or development activities; employee relations; the speculative nature of mineral resources and oil and gas exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral resources and oil and gas exploration and development including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and/or uncontrolled mineral resources and oil and gas releases (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks).

Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future.

All of the forward-looking statements made in this MD&A are expressly qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

The forward looking statements contained herein are based on information available as of July 31, 2017.

OVERALL PERFORMANCE

The Company is a tier two reporting issuer in British Columbia and Alberta and trades on the TSX-Venture Exchange ("TSX-V") under the symbol "ML" and the OTCQB markets in the United States under the symbol "MLNLF". The Company also trades on the Frankfurt stock exchange. The Company's head office and principal address are located at Suite 2000, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3. The registered and records office is located at Suite 650, 1188 West Georgia Street, Vancouver, BC, V6E 4A2.

In May 2017, the Company appointed Farhad Abasov as CEO and director, Richard Lacroix as director, and Peter MacLean as Senior Vice President. Following the appointments, Brian Morrison and Brent Butler resigned as directors of the Company and Kyle Stevenson resigned as CEO of the Company. Mr. Stevenson remains as President and director of the Company.

The Company is engaged in the acquisition, exploration, and development of exploration and evaluation assets which includes mineral properties and oil and gas properties.

Key highlights:

Exploration and evaluation assets:

a. In May 2017, the Company entered into a property option agreement with Liberty One Lithium Corp. ("Liberty One") whereby Liberty One will be granted the option to acquire up to an 80% interest in the Pocitos West Property.

For a more detailed description of the Company's interest in its exploration and evaluation assets along with current and future exploration plans, please refer to the section "Summary of Exploration Activities".

Share capital:

a. In April 2017, the Company issued 500,000 shares valued at $660,000 pursuant to the Pastos Grandes Property agreement and 500,000 shares valued at $715,000 pursuant to the Cauchari East Property agreement. The Company also issued 25,000 finders' shares valued at $33,000 in connection with the issuance of the shares in accordance with the Pastos Grandes Property agreement;
b. In May 2017, the Company granted 800,000 share options to various officers and directors of the Company for a term of five years with an exercise price of $1.40 per option;
c. In May 2017, the Company completed a non-brokered private placement which consisted of the issuance of 4,750,000 units at a price of $1.25 per unit for gross proceeds of $5,937,500. Each unit consisted of one common share and one-half share purchase warrant exercisable for a two-year period at an exercise price of $1.50 per warrant. The Company paid finders' fees of $86,581 and issued 69,264 finders' warrants valued at $58,736 in connection with the close of this private placement; and
d. During the three months ended May 31, 2017, the Company issued 227,500 common shares in connection with the exercise of 227,500 share warrants at $1.00 per warrant for proceeds of $227,500.

Subsequent events:

a. Subsequent to May 31, 2017, the Company issued 436,241 common shares for the exercise of 386,241 warrants at $1.00 per warrant for proceeds of $386,241 and 50,000 share options at $1.35 per option for gross proceeds of $67,500.
b. In June 2017, the Company entered into a property option agreement with a vendor to acquire 100% of a property adjacent to the Cauchari East Property ("Cauchari East Expansion Property") in Jujuy Province, Argentina. The property will be consolidated with the Cauchari East Property. Pursuant to the terms of the amending agreement, the Company can acquire a 100% interest in the Cauchari East Expansion Property in consideration of the following payments and shares issuances:
    - Pay to the vendor US$10,000 (paid subsequently) upon signing of the agreement;
    - Pay to the vendor US$20,000 in cash and issue US$20,000 worth of the Company's common shares of the Company on or before the Mining Court Registration Date;
    - Pay to the vendor US$50,000 in cash and issue US$50,000 worth of the Company's common shares of the Company on or before the first anniversary of the Mining Court Registration Date; and
    - Pay to the vendor US$50,000 in cash and issue US$50,000 worth of the Company's common shares of the Company on or before the second anniversary of the Mining Court Registration Date.

    For the purpose of the Company making the share issuances above, the value per share will be set at the closing trading price of the Company's shares five trading days prior to the date of issuance.

    Upon acquiring a 100% interest in the Cauchari East Expansion Property, the vendor will retain a 0.5% net revenue royalty.

SELECTED ANNUAL INFORMATION

As at May 31, 2017, the Company was a Tier 1 issuer. The Company has not recorded any revenues in the current fiscal period, and depends upon share issuances to fund its administrative and exploration expenses. See the summary of results, below:

	Three Months Ended May 31,	
	2017	**2016**
	$	**$**
Revenues	-	-
Expenses	(2,407,639)	(110,969)
Other items	(22,879)	-
Net loss for the period	(2,430,518)	(110,969)
Comprehensive loss for the period	(2,430,518)	(110,969)
Basic and diluted net loss per common share	(0.06)	(0.01)
Exploration and evaluation assets	6,907,201	1,082,746
Total assets	13,791,872	1,622,493
Total long-term liabilities	-	-
Working capital	6,350,957	476,399
Dividends per share	-	-

The Company's current projects are at the exploration stage and have not generated any revenues.

At May 31, 2017, the Company had not yet achieved profitable operations and has accumulated losses of $64,449,073 (February 28, 2017 – $62,018,555) since inception. The net losses for the quarters ended May 31, 2017 and 2016 resulted in a net loss per share of $0.06 and $0.01, respectively.

At May 31, 2017, the Company has no continuing source of operating revenues and related expenditures. The Company has not paid any dividends on its common shares nor does it have any present intention of paying dividends on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be invested to finance its business activities.

RESULTS OF OPERATIONS

The table below details the significant changes in administrative expenditures for the three months ended May 31, 2017 as compared to the three months ended May 31, 2016.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Advertising and related	Increase of $551,022	Increased due to additional marketing materials being acquired and European marketing campaigns being conducted.
Consulting fees	Increase of $292,377	Increased as the Company engaged new consultants during the period in connection with increased corporate activity.
Management and directors fees	Increase of $182,133	Increased due to new management and consultant agreements entered into during the second quarter of 2017 and new agreements entered into in the current period.
Office and rent	Increase of $113,071	Increased due to operational costs being incurred in the current period from Argentinean subsidiary, which commenced operations in the third quarter of 2017.
Professional fees	Increase of $34,958	Increased due to accounting fees being incurred in the current period from Argentinean subsidiary, which commenced operations in the third quarter of 2017.
Salaries and wages	Increase of $67,318	Increased due to the hiring of employees in Argentina.
Share-based compensation	Increase of $955,336	Increased due to granting stock options in the current period as there were none granted in the comparative period.
Travel and related	Increase of $101,506	Increased due to higher corporate activity and various travel costs to Argentina and Europe.

In addition to the above, the Company reported a $27,000 impairment of financial assets due to the decline in fair value of the Southern Lithium shares held by the Company during the three months ended May 31, 2017. No impairment was recorded during the three months ended May 31, 2016.

SUMMARY OF QUARTERLY RESULTS FOR THE LAST CONSECUTIVE 8 QUARTERS

The following selected quarterly financial information is derived from the financial statements of the Company.

	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Three Months Ended	**May 31, 2017 $**	**February 28, 2017 $**	**November 30, 2016 $**	**August 31, 2016 $**
Total revenue	-	-	-	-
Net loss	(2,407,639)	(3,532,757)	(3,208,791)	(3,129,838)
Total comprehensive loss	(2,407,639)	(3,532,757)	(3,208,791)	(3,129,838)
Loss per share-basic and diluted	(0.06)	(0.10)	(0.11)	(0.19)

	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Three Months Ended	**May 31, 2016 $**	**February 29, 2016 $**	**November 30, 2015 $**	**August 31, 2015 $**
Total revenue	-	-	-	-
Net loss	(110,969)	(232,351)	(741,150)	(7,164)
Total comprehensive loss	(110,969)	(232,351)	(415,962)	(222,907)
Loss per share-basic and diluted	(0.01)	(0.02)	(0.07)	(0.00)

The variations in net loss from quarter to quarter are a result of the extent of the amount of administrative expenses needed, the amount of activity the Company is incurring on its exploration and evaluation assets, and the amount of write-downs and impairments recorded. The difference between the net loss and total comprehensive loss is due to the change in the fair market value of some of the Company's financial assets.

The following one time events also occurred:

- The quarter ended May 31, 2017 included share based compensation of $955,336 as a result of the Company granting 800,000 share options;
- the quarter ended February 28, 2017 included (1) share based compensation of $952,408 as a result of the Company granting 625,000 share options, (2) a write down of $1,064,914 due to the impairment of the Montney Project, and (3) a gain on recovery of exploration and evaluation assets of $141,655 pursuant to the option agreement with Southern Lithium;
- the quarter ended November 30, 2016 included (1) share based compensation of $2,027,815 as a result of the Company granting 1,800,000 share options and (2) a gain on recovery of exploration and evaluation assets of $63,620 pursuant to the option agreement with Southern Lithium;
- the quarter ended August 31, 2016 included (1) share based compensation of $1,226,670 as a result of the Company granting 1,250,000 share options and (2) write down of $1,333,655 due to the impairment of the Lincoln Lithium Project;
- the quarter ended February 29, 2016 included impairment of financial assets of $44,270 in connection with the remaining High North shares held by the Company;
- the quarter ended November 30, 2015 included (1) a loss on sale of financial assets of $224,594 from the sale of High North shares and (2) an impairment of financial assets of $293,959 as management determined that the High North shares were permanently impaired; and
- the quarter ended August 31, 2015 included a recovery of exploration and evaluation assets of $183,492 for a mining exploration tax credit.

SUMMARY OF EXPLORATION ACTIVITIES – OIL AND GAS PROPERTIES

As at May 31, 2017, the Company did not hold any oil and gas properties. Additionally, the Company did not incur any exploration expenditures during the three months ended May 31, 2017 as compared to $87 in exploration expenditures for the three months ended May 31, 2016.

The following is a breakdown of the changes in the material components of the Company's oil and gas expenditures for the three months ended May 31, 2017 and 2016:

Change during the quarter ended May 31, 2017

There were no changes during the three months ended May 31, 2017.

Change during the quarter ended May 31, 2016

	Canada	
	Montney $	**Total $**
Exploration expenditures		
Geological and engineering contractors	87	87
May 31, 2016	**87**	**87**

Previous Project

Montney, Alberta, Canada

In September 2014, the Company acquired a 100% interest in a total of eight sections of crown petroleum and natural gas leases (the "Montney Leases") in the Government of Alberta's September 17, 2014 public offering of Crown land rights. The Montney Leases cover 2,048 hectares in North Western Alberta, have a four year exploration term, and require annual lease rentals of $7,168.

In February 2016, the Company entered into a farm-out arrangement with an arm's length party ("PrivateCo"). Under the terms of the arrangement, PrivateCo is required to drill a single step-out well by October 31, 2016 (later extended to January 31, 2017) on the project to earn the lands and evaluate the project for subsequent drilling and development. Upon completion of a test well to the Montney formation, PrivateCo will earn 100% of the Company's pre farm-out working interest in the Montney project.

In exchange for the earned rights, PrivateCo will pay a gross overriding royalty to the Company of 2.5% of the gross monthly production thereof produced from each Royalty well, payable prior to operating expenses, and at no capital risk to the Company.

Pursuant to this agreement, on May 8, 2017 the Company transferred title to the Montney Leases to PrivateCo; as such, the Company wrote-down this project as at February 28, 2017.

SUMMARY OF EXPLORATION ACTIVITIES – MINERAL PROPERTIES

The total cumulative mineral property interest to May 31, 2017 is summarized as follows:

	Argentina				
	Pastos Grandes Project $	**Cauchari East Project $**	**Cruz Project $**	**Pocitos West Project $**	**Total $**
Acquisition costs	3,302,264	1,262,371	203,123	336,353	5,104,111
Exploration expenditures					
Assays	59,089	-	-	-	59,089
Drilling and metallurgical	1,009,018	-	-	-	1,009,018
Field supplies	14,048	744	-	-	14,792
Geological and engineering contractors	573,514	11,415	-	7,372	592,301
Geophysics	-	9,195	-	-	9,195
Maintenance	40,104	-	-	-	40,104
Mining claims	74,680	26,093	-	-	100,773
Permits	-	-	-	7,627	7,627
Travel and accommodations	196,362	130	92	1,214	197,798
Subtotal	5,269,079	1,309,948	203,215	352,566	7,134,808
Recovery of exploration and evaluation assets	-	-	(203,215)	(24,392)	(227,607)
Balance, May 31, 2017	**5,269,079**	**1,309,948**	**-**	**328,174**	**6,907,201**

For the three months ended May 31, 2017, the Company incurred $3,306,798 in acquisition and exploration expenditures compared to $25,000 in acquisition costs for the corresponding quarter ended May 31, 2016.

The following is a breakdown of the changes in the material components of the Company's mineral properties expenditures for the three months ended May 31, 2017 and 2016:

Change during the quarter ended May 31, 2017

	Argentina			
	Pastos Grandes Project $	**Cauchari East Project $**	**Pocitos West Project $**	**Total $**
Acquisition costs	1,399,488	1,249,295	204,367	2,853,150
Exploration expenditures				
Assays	31,440	-	-	31,440
Drilling and metallurgical	166,273	-	-	166,273
Field supplies	2,767	721	-	3,488
Geological and engineering contractors	115,027	10,690	7,372	133,089
Geophysics	-	9,195	-	9,195
Maintenance	12,778	-	-	12,778
Mining claims	7,399	-	-	7,399
Permits	-	-	916	916
Travel and accommodations	87,726	130	1,214	89,0770
Subtotal	1,822,898	1,270,031	213,869	3,306,798
Recovery of exploration and evaluation assets	-	-	(24,392)	(24,392)
Balance, May 31, 2017	**1,822,898**	**1,270,031**	**189,477**	**3,282,406**

Change during the quarter ended May 31, 2016

	USA	
	Lithium Lincoln Project $	**Total $**
Acquisition costs	25,000	25,000
Balance, May 31, 2016	**25,000**	**25,000**

Current Projects

Pastos Grandes Lithium Project, Argentina

In July 2016, the Company entered into an initial purchase agreement to purchase 100% of the Pastos Grandes Lithium Property (the "Pastos Grandes Property") in Salta Province, Argentina. In September 2016, the Company finalized a definitive agreement with the vendors. Pursuant to the terms of the agreement, the Company can acquire a 100% interest in the Pastos Grandes Property in consideration for the following payments and share issuances to the vendor:

- Pay US$200,000 (Cdn$260,780 paid) deposit on execution of the Initial Agreement;
- Pay US$500,000 (Cdn$661,350 paid) and issue 500,000 common shares (issued for a value of $890,000) on TSX-V exchange approval of the definitive agreement;
- Pay US$500,000 (Cdn$672,650 paid) and issue 500,000 in common shares (issued for a value of $660,000) of the Company on or before April 6, 2017;
- Make exploration expenditures of US$1,600,000 on or before September 16, 2017; and
- Pay US$1,000,000 to the vendors on or before October 6, 2017.

The Pastos Grandes Property is subject to a royalty equal to 1.5% of the gross annual sales of lithium from the project, which the Company has the option to purchase for US$3,000,000 after October 6, 2019.

A finder's fee equal to 5% of all cash payments and share issuance is payable based on the cash payments and share issuance schedule required to be made to the vendors as described above. As at May 31, 2017, US$60,000 (Cdn$79,984) was paid in cash and 50,000 common shares, with a value of $77,500, have been issued.

On November 16, 2016, Millennial commenced a phase 1 drilling program at Pastos Grandes. On January 26, 2017, Millennial released positive analytical results from its first two complete exploration wells. Exploration holes PGMW1601 and PGMW1602, drilled vertically to depths of 355 and 400 metres, respectively, in the northern portion of the salar, ended in brine-bearing formations and confirm that the salar's brine-carrying capacity extends to much greater depths than encountered in previous exploration.

Depth-specific brine samples were collected at various intervals from both holes using drive-point and packer systems designed to isolate sample intervals. Nine brine samples collected from exploration hole PGMW1601, from surface to 355 metres, contain an average lithium grade of 395 milligrams per litre (mg/L) and an average magnesium-to-lithium ratio of 6.2. Individual lithium grades from the hole range from a low of 297 mg/L to a high of 471 mg/L. Ten brine samples collected from exploration hole PGMW1602, from 71 to 400 metres, contain an average lithium grade of 389 mg/L and an average magnesium/lithium ratio of 6.1. Individual samples from this hole range from 339 mg/L to 399 mg/L lithium. Average grades of these first two holes in the northern section are significantly higher than the results achieved in prior campaigns.

Due to the positive results of the deep drilling program, the Company drilled a pumping test well adjacent to monitoring well number 1 (PGMW16-01). This test well was designed and drilled at a diameter such that it can serve as a production well. Well PGPW16-01 was drilled at a diameter of 17 inches to a depth of 125m and then 13.5 inches to the total depth of 351m. The well was completed with slotted casing (screen) at 10 inch and 6 inch diameters with gravel pack from top to bottom in the annulus in order to capture brine from the numerous permeable layers. The pumping rate for the test period was 27.7 l/s, the capacity of the equipment on site. Due to the onset of the summer rainy season, the pumping test was deferred to 2017. Brine sampling during the pumping test was completed every 6 hours for a better understanding of the variation in brine chemical composition as the aquifer was tested. In general, the chemistry was consistent over the 60 hour period with lithium decreasing only 8.2 mg/L from an initial 438.7 mg/L to 430.5 mg/L . Lithium to magnesium (Li/Mg), sulphate to lithium (SO4/Li) and potassium to lithium (K/Li) ratios also remain fairly constant over the test period.

On March 14, 2017 Millennial announced the start of the Company's Phase 2 drill program and engagement of Montgomery and Associates to complete a National Instrument 43-101 compliant resource estimate at the Pastos Grandes Project. Drilling to depths in excess of 600 meters in another sector of the salar, the Company has been finding that the grade and brine quality is improved overall in this new sector, and that lithium-bearing brines occur to as deep as 600 meters. The Company announced results from drill hole PGMW1704, containing an average 535 mg/L Li between 93.5 - 475 meters, from brine grades ranging between 463 - 623 mg/L Li. The magnesium to lithium ratio (Mg:Li) is improved at an average 5.6, as is the sulphate to lithium (SO4:Li) at 17.4. Millennial has completed drilling through hole PGMW17-05 and is currently sampling that hole while drilling hole numbers 6 and 7 of the total 10 holes required to calculate the maiden resource. The Company estimates the resource will be calculated and announced by mid October, 2017.

Having determined that the brine at Pastos Grandes is amenable to the traditional and well known "Silver Peak process," and as part of the preparation for the Preliminary Economic Assessment, Millennial has completed laboratory evaporation trial and has advanced to on-site trials using brine from the pumping test/production well. Requests for Proposal for the PEA have been issued, targeting completion by year-end. Laboratory and field processing trials continue in support of the PEA and engineering for the definitive feasibility study, scheduled to commence in early 2018.

Cauchari East Lithium Project, Argentina

In September 2016, the Company entered into a property option agreement with a vendor to acquire 100% of the Cauchari East Lithium Property (the "Cauchari East Property") in Jujuy Province, Argentina. In April 2017, the Company signed an Amendment to Mineral Property Option Agreement which amended some of the terms of the agreement. Pursuant to the terms of the amending agreement, the Company can acquire a 100% interest in the Cauchari East Property in consideration of the following payments, shares issuances, and work commitments:

- To earn a 50% interest in the property:
  - Pay to the vendor US$250,000 (Cdn$336,871 paid) within 10 days of confirmation of title (the "Confirmation") to the property being obtained by the Company;
  - Issue to the vendor US$500,000 worth of the Company's common shares (issued for a value of $715,000) within 10 business days of the "Approval Date" which is the later of the date of the TSX-V exchange approval of this agreement or the date of receipt by the Company of the Confirmation of this agreement;
  - Pay to the vendor an additional US$70,000 on or before April 5, 2018;
  - Issue to the vendor an additional US$1,000,000 worth of the Company's common shares on or before April 5, 2018; and
  - Make US$2,000,000 in expenditures on or before April 5, 2018 unless another date is agreed by the parties;
- To earn a further 50% interest in the property:
  - pay to the vendors and additional US$1,000,000 on or before April 5, 2020;
  - issue to the vendors an additional US$1,000,000 worth of the Company's common shares on or before April 5, 2020; and
  - make an additional US$2,000,000 in expenditures on or before April 5, 2020.

For the purpose of the Company making the share issuances above, the value per share will be set at the average closing trading price of the Company's shares for the five trading days prior to the date of issuance.

Upon acquiring a 100% interest in the Cauchari East Property, the vendor will retain a 3.5% gross overriding royalty. The Company may purchase 2% of the gross overriding royalty for cash consideration of US$2,000,000 at any time after exercising 100% of the option.

A finder's fee of US$157,500 in cash payments is payable on acquiring the first 50% interest in the property and a further US$100,000 in cash payments is payable if the Company earns a 100% interest in the property. As at May 31, 2017, US$157,500 (Cdn$210,500) was paid in cash.

In June 2017, the Company entered into a property option agreement with a vendor to acquire 100% of a property adjacent to the Cauchari East Property ("Cauchari East Expansion Property") in Jujuy Province, Argentina. The Cauchari East Expansion Project covers an area of 8,742 hectares and is contiguous to and consolidates Millennial's wholly owned Cauchari East Project (combined referred to as the "Cauchari East Project"). Pursuant to the terms of the amending agreement, the Company can acquire a 100% interest in the Cauchari East Expansion Property in consideration of the following payments and shares issuances:

- Pay to the vendor US$10,000 (Cdn$13,060 paid) upon signing of the agreement;
- Pay to the vendor US$20,000 in cash and issue US$20,000 worth of the Company's common shares of the Company on or before the Mining Court Registration Date;
- Pay to the vendor US$50,000 in cash and issue US$50,000 worth of the Company's common shares of the Company on or before the first anniversary of the Mining Court Registration Date; and
- Pay to the vendor US$50,000 in cash and issue US$50,000 worth of the Company's common shares of the Company on or before the second anniversary of the Mining Court Registration Date.

For the purpose of the Company making the share issuances above, the value per share will be set at the closing trading price of the Company's shares five trading days prior to the date of issuance.

Upon acquiring a 100% interest in the Cauchari East Expansion Property, the vendor will retain a 0.5% net revenue royalty.

The combined Cauchari East Properties total 11,742 hectares, located on the eastern side of the Cauchari-Olaroz salar, adjacent to the Orocobre/Advantage Cauchari project and the Lithium Americas/SQM advanced-stage Cauchari-Olaroz project. The property displays geological characteristics common with the deeper, buried salar-type mineralization that has been proven for both of those projects. Gravity and magnetotelluric (MT) survey profiles to the south of the property reported in the Orocobre technical report, and VES (vertical electrical sounding) survey results to the north of the property as reported by Lithium Americas both indicate that the brine-hosting aquifers extend beneath the Cauchari East Property.

Since 2009, considerable work has been completed in the Cauchari Salar by Orocobre and Lithium Americas, much of which is detailed in environmental reports and National Instrument 43-101 technical reports for properties in the salar. In additional to the geophysics surveys, the reports disclose significant geochemical data confirming that brine resources with high lithium concentrations extend to the eastern boundaries of the basin, in the direction of the Cauchari East project. Lithium enrichment in this area of the Cauchari basin appears to be related to the deep structure that hosts the Cerro Negro volcano and which bounds the Cauchari East Property along its western limit.

The Company plans to apply its rapid development strategy to the Cauchari East Property. Pending government and community approvals, the company will advance through geophysics to drilling in order to make, in as short an amount of time as possible, an assessment of resource potential. As warranted, the company plans on advancing the project through the necessary work and studies to estimate a resource, and, if a resource can be proven, to determining if commercial production is feasible.

On April 12, 2017 Millennial released favourable results for a geophysical survey at Cauchari East. Results of the survey show likely continuity of known lithium-bearing brine aquifers into and likely throughout Millennial's property.

By July 2017, the Company had completed the important community consultation and approvals process, in preparation for submitting the environmental impact report to the Jujuy Provincial Mining Office for final approval of a three-six hole drilling program

Cruz Lithium Project, Argentina

In October 2016, the Company entered into a property option agreement with a vendor to acquire 100% of the Cruz Lithium Property (the "Cruz Property") in Salta Province, Argentina. Under the terms of the agreement, the Company can acquire a 100% interest in the Cruz Property in consideration of the following payments:

- Pay to the vendor US$25,000 (Cdn$33,285 paid) within 10 business days of the execution of this agreement;
- Pay to the vendor US$125,000 (Cdn$169,838 paid) upon receiving TSX-V exchange approval;
- Pay to the vendor US$550,000 on or before October 11, 2017; and
- Pay to the vendor US$550,000 on or before October 11, 2018.

In November 2016, the Company entered into a property option agreement with Southern Lithium Corp. ("Southern Lithium") whereby Southern Lithium will be granted the option to acquire up to an 80% interest in the Cruz Property. Under the terms of the agreement, Southern Lithium can acquire an 80% interest in the Cruz Property in consideration of the following payments, shares issuances, and work commitments:

- To earn a 70% interest in the property:
    - Pay to the Company US$150,000 (Cdn$200,750 received) prior to the execution of the agreement;
    - Pay to the Company US$50,000 (Cdn$67,340 received) upon execution of the agreement;
    - Issue to the Company 540,000 common shares (received at a value of $140,400) of Southern Lithium within 5 business days of the date of the TSX-V exchange approval of this agreement is received by Southern Lithium;
    - Deposit to a joint exploration bank account US$500,000 prior to November 30, 2016 (deposit made);
    - Expend US$500,000 in exploration expenditures on the property on or before October 1, 2017;
    - Pay to the Company US$1,000,000 on or before October 1, 2017; and
    - Pay to the Company US$1,000,000 on or before October 1, 2018;
- To earn a further 10% interest in the property, Southern Lithium must complete a bankable commercial feasibility study on the property on or before May 10, 2020.

During the three months ended May 31, 2017, the Company received US$300,000 (Cdn$403,590) in deposits from Southern Lithium as an advance on exploration activities. As at May 31, 2017, the balance held in customer deposits relating to this advance was $346,447.

The Cruz Property, comprising 2500 hectares at the extreme northwest core of the Pocitos Salar is an exploration play located adjacent to the volcano centre thought to be the likely source of lithium in the Rincon project.

On February 3rd, 2017 Millennial released positive results of a recently completed ground geophysics program at its Cruz Property. The company completed a transient electromagnetic survey (TEM) covering 20.25 square kilometres on a 4,500-metre-by-4,500-metre (m) grid. Analysis shows a continuous north-south-trending conductive unit over a distance greater than six kilometres, the full length of the Cruz Property. Highly conductive readings have generally been found to indicate a high content of lithium brine in most other salar basins in the area. In the central core of the property, indications of brine appear as shallow as 30 metres, extending to a depth of 250 metres, at which point survey readings are limited due to the highly conductive nature of the anomaly.

In July 2017 Millennial commenced drilling the Cruz Property on behalf of Southern Lithium. The first well, completed to a depth of 477 meters encountered coarse, suitable aquifer sediments throughout the drilled section. Packer sampling confirmed flow through most of the section, recovering brine at densities greater than 1.21 g/ml in every interval that yielded fluid. A second hole has been started, and is anticipated to be completed in early August, 2017 with complete analytical results to follow shortly thereafter.

Pocitos West Lithium Project, Argentina

In February 2017, the Company entered into an exploration and purchase option agreement to purchase 100% of the Pocitos West Lithium Property (the "Pocitos West Property") in Salta Province, Argentina. Under the terms of the agreement, the Company can acquire a 100% interest in the Pocitos West Property in consideration of the following payments:

- Pay US$100,000 (Cdn$131,985 paid) within two days of February 1, 2017;
- Pay US$150,000 on or before April 1, 2017 (Cdn$204,367 paid), subject to Exchange approval of the agreement and delivery of certificate of ownership issued by the Court of Mines;
- Pay US$250,000 on or before August 1, 2017;
- Pay US$500,000 on or before February 1, 2018;
- Pay US$500,000 on or before August 1, 2018;
- Pay US$500,000 on or before February 1, 2019;
- Pay US$500,000 on or before August 1, 2019; and
- Pay US$2,000,000 on or before February 1, 2020.

In May 2017, the Company entered into a property option agreement with Liberty One Lithium Corp. ("Liberty One") whereby Liberty One will be granted the option to acquire up to an 80% interest in the Pocitos West Property. Under the terms of the agreement, Liberty One can acquire an 80% interest in the Pocitos West Property in consideration of the following payments and work commitments:

- To earn a 70% interest in the property:
    - Pay to the Company US$17,500 (Cdn$24,392 received) upon execution of the agreement;
    - Pay to the Company US$582,500 (Cdn$773,735 received) on the closing date of the agreement;
    - Pay to the Company US$600,000 on or before July 15, 2018;
    - Pay to the Company US$600,000 on or before December 15, 2018;
    - Pay to the Company US$600,000 and expend $500,000 in exploration expenditures on the property on or before June 15, 2019;
    - Pay to the Company US$600,000 on or before December 15, 2019; and
    - Pay to the Company US$2,500,000 and expend $500,000 in exploration expenditures on the property on or before June 15, 2020.
- To earn a further 10% interest in the property, Liberty One must complete a bankable commercial feasibility study on the property on or before December 15, 2020.

The Pocitos West Property consists of 15,857 hectares (39,183 acres) of prospective lithium brine exploitation concessions on the Pocitos salar in Salta province, Argentina, adjacent to ground recently acquired by Pure Energy Minerals Ltd.. The property is strategically located in close proximately to known lithium resources, including the Rincon project, located 32 kilometres to the north, and the Sal De Vida project, 90 km to the south.

The Pocitos West Property is located 160 km from Salta and approximately 40 km due west of Millennial's flagship Pastos Grandes project, where recent drilling has confirmed significant lithium brines from surface to depths of 400 metres. The property is directly accessible by Salta provincial Highway 17 and close to other high-quality regional and site infrastructure, including local labour, rail and power generation.

The 60-kilometre-long Pocitos salar basin was previously drill tested by 12 shallow holes in 1979 by an Argentine government agency, the Direccion General de Fabricaciones Militares (DGFM). The most significant result from the historical work program includes a shallow drill hole, which averaged 417 parts per million (ppm) lithium and 15,300 ppm potassium. The results of these holes and the sampling conducted are historical in nature and cannot be confirmed by the company under National Instrument 43-101 standards of exploration applicable today.

Previous Project

Lincoln Lithium Project, USA

In May 2016, the Company entered into a property option and assignment agreement with a vendor to acquire 100% right, title and interest in and to the Lincoln Lithium Property (the "Lincoln Property") in Nevada. To earn its interest in the Lincoln Property, the agreement called for the Company to pay the underlying owner of the Lincoln Property:

(1) a non-refundable deposit of $25,000 (paid) upon signing of the agreement; and
(2) an additional $225,000 (paid) upon approval of the agreement by the TSX Venture Exchange.

The Company was also required to expend $250,000 in exploration expenditures on the Lincoln Property and pay an additional $750,000 to the vendor to earn its interest on or before July 7, 2017. The vendor was issued 1,500,000 common shares upon closing of the agreement. A finder's fee of $25,000 was paid in connection with this agreement.

Upon exercise of the option agreement, the underlying owner would retain a 1% gross overriding royalty. The Company could have purchased the gross overriding royalty at any point in time for cash consideration equal to $1,000,000.

Based on certain assay results from drill activity in October 2016, management decided to cease exploration activity on the project and not pay any further option payments to maintain the property in good standing; as such, the Company wrote-down this project to $nil during the year ended February 28, 2017.

Quality Control and Quality Assurance

The scientific and technical content and interpretation contained in this MD&A has been reviewed, verified and approved by Iain Scarr, the Company's Chief Operating Officer, a Qualified Person as defined by NI 43-101, Standards of Disclosure for Mineral Projects.

LIQUIDITY, FINANCIAL POSITION, AND CAPITAL RESOURCES

The Company has no known resources and is not in commercial production on any of its properties; accordingly, the Company does not generate cash from operations. The Company finances development and exploration activities by raising capital from equity markets from time to time.

The Company's liquidity and capital resources are as follows:

	May 31, 2017	**February 28, 2017**
	$	**$**
Cash	5,872,057	3,096,669
Receivables	379,199	247,414
Prepaid expenses	492,638	674,195
Financial assets	113,400	140,400
Total current assets	**6,857,294**	**4,158,678**
Accounts payables and accrued liabilities	158,038	273,972
Customer deposit	348,299	3,241
Total current liabilities	**506,337**	**277,213**
Working capital	**6,350,957**	**3,881,465**

The Company's operations consist of acquisition, maintenance, and exploration of mineral properties including actively seeking joint venture partners to assist with exploration funding. The Company's financial success will be dependent on the extent to which it can discover new resources. In order for the Company to continue exploration of these assets, the Company will need to raise additional financing through or a combination of equity offerings, debt, and joint venture activities.

At May 31, 2017, the Company had cash of $5,872,057 (February 28, 2017 - $3,096,669). This balance consisted mainly of cash received from the closing of the May 2017 private placement and the exercise of various warrants. The increase in cash during the quarter ended May 31, 2017 was $2,775,388 which was primarily the result of the share capital activity during the quarter (as previously mentioned). However, the increase in cash was partially offset by exploration expenditures pursuant to the lithium projects in Argentina along with cash used to fund operating activities and consulting contracts.

The Company's continuation as a going concern is dependent upon successful results from its mineral and oil and gas properties exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. See "Risks and Uncertainties" below. Management intends to finance operating costs over the next twelve months with current cash on hand, proceeds from the exercise of stock options or warrants, and further equity financings if required. See "Risks and Uncertainties".

OFF BALANCE SHEET ARRANGEMENTS

The Company retained the following gross overriding royalties ("GORR"):

- 2.5% GORR in any production on seven crown petroleum and natural gas leases located in North Western Alberta; and
- 2.5% GORR based on the gross monthly production produced from each Royalty well on eight crown petroleum and natural gas leases located in North Western Alberta.

As at the date of this report, the Company has not received any royalty revenue in relation to these leases.

COMMITMENTS

a) Commencing June 1, 2009, the Company entered into a three-year term lease agreement for office space in Vancouver, British Columbia. The Company receives recoveries on a month to month basis from various sub-tenants. On January 4, 2012, the Company signed a lease amending agreement extending the lease for an additional five years to May 2017. In February 2017, the Company signed a lease amending agreement extending the lease for an additional two years to May 2019. The remaining minimum future lease payments, excluding operating costs are as follows:

June 1, 2017 to February 28, 2018	$ 89,471
March 1, 2018 to February 28, 2019	$119,295
March 1, 2019 to May 31, 2019	$ 29,824

b) In August 2016, the Company entered into an agreement with a consultant to provide consulting services to the Company for a one-year period of $22,000 per month. Included in this agreement is a provision for a sixty-day payout in the event of a termination without notice.

RELATED PARTY TRANSACTIONS

In July 2016, the Company signed several new consultant agreements with the CEO, CFO and a director of the Company. The agreements require total combined payments of $60,000 per month for an effective term of five years. Included in each agreement is a provision for a one-year payout, on a collective basis of approximately $720,000, in the event of a termination without notice.

In August 2016, the Company signed a consultant agreement with the VP of Exploration and Development whereby the consultant will earn a monthly salary of USD$17,940 for an effective term of one year and a signing bonus of $130,000. Included in the agreement is a provision for a ninety-day payout, approximately US$53,820, in the event of a termination without notice.

In May 2017, the Company signed two consulting agreements with the new CEO and director and an officer of the Company. The agreements require total combined payments of $30,000 per month on a month-to-month basis. Included in each agreement is a provision for a one-year payout in the event of a termination without just cause, on a collective basis of approximately $360,000, or a two-year payout in the event termination occurs within one year of a change in control, on a collective basis of approximately $720,000.

During the three months ended May 31, 2017, the Company entered into the following transactions with related parties:

a) Incurred management and consulting fees of $Nil (May 31, 2016 - $12,000) to Jamie Carlson, a former director, President, and CEO of the Company who resigned in June 2016. Concurrent with the closing of the Lincoln Lithium Property agreement, Mr. Carlson entered into a settlement agreement in June 2016 to resign from his positions in exchange for a termination payment of $40,000.

b) Incurred management and consulting fees of $60,000 (May 31, 2016 - $12,000) to Graham Harris, a director and CFO of the Company. As at May 31, 2017, $Nil (February 28, 2017 - $23,541) was included in accounts payable and accrued liabilities.

c) Incurred management and consulting fees of $60,000 (May 31, 2016 - $12,000) to Bowering Projects Ltd., a company controlled by Andrew Bowering, a director of the Company.

d) Incurred management and consulting fees of $60,000 (May 31, 2016 - $Nil) to Stevenson IR, a company controlled by Kyle Stevenson, a director and President of the Company. As at May 31, 2017, $Nil (February 28, 2017 - $17,354) was included in accounts payable and accrued liabilities.

e) Incurred management and consulting fees of $13,500 (May 31, 2016 - $4,500) to Brian Morrison, a former director of the Company.

f) Incurred management and consulting fees of $20,000 (May 31, 2016 - $Nil) to Farhad Abasov, a director and CEO of the Company.

g) Incurred management and consulting fees of $10,000 (May 31, 2016 - $Nil) to 2272948 Ontario Inc., a company controller by Dr. Peter MacLean, the Senior VP of Technical Services for the Company.

h) Incurred accounting fees of $26,061 (May 31, 2016 - $Nil) to Integra SL, a company controlled by Ramiro Guerrero, a director of PPG SA.

i) Incurred consulting fees charged to exploration and evaluation assets of $75,718 (May 31, 2016 - $Nil) to Iain Scarr, the VP of Exploration and Development for the Company and a director of PPG SA. As at May 31, 2017, $12,480 (February 28, 2017 - $23,982) was included in accounts payable and accrued liabilities.

j) Rent recoveries of $9,600 (May 31, 2016 - $4,800) and office recoveries of $8,400 (May 31, 2016 – 4,200) were received from a company related by way of common directors and officers.

As at May 31, 2017, the Company made prepayments of $37,500 (February 28, 2017 - $150,000) to officers and directors of the Company (Kyle Stevenson, Graham Harris, and Andrew Bowering) for future management fees which is included in prepaids.

Summary of key management personnel compensation:

	Three months ended	
	May 31, 2017	**May 31, 2016**
	$	**$**
Management fees	223,500	40,500
Professional fees	26,061	-
Exploration expenditures – consulting	75,718	-
Share based compensation	955,360	-
	1,280,639	**40,500**

RISKS AND UNCERTAINTIES

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks are associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

The Company is engaged in the acquisition, exploration and development of oil and gas and mineral properties. Given the nature of the resource business, the limited extent of the Company's assets, and the present stage of exploration, the following risks factors, among others, should be considered.

Exploration, Development and Operating Risks

The Company is in the process of exploring its properties and has not yet determined whether any of the projects contain economically recoverable reserves and, therefore, does not generate any revenues from production. The recovery of expenditures on oil and gas and mineral properties and the related exploration and evaluation expenditures are dependent on the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and development of its Projects, and upon future profitable production, or alternatively, on the sufficiency of proceeds from disposition. Resource exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.

Fluctuating Resource Prices

The economics of resource exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the quantity and quality of oil and gas resources and fluctuations in the market price of those resources. Depending on the price of resources, the Company may determine that it is impractical to continue a resource exploration operation. Resource prices are prone to fluctuations and the marketability of resources are affected by government regulation relating to price, royalties, allowable production and the importing and exporting of resources, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any resources found on the properties.

Regulatory, Permit and License Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of oil and gas and mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on the properties will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of resource companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

Financing Risks and Dilution to Shareholders

The Company has limited financial resources and no revenues. The Company will require additional funds to continue exploring for oil and gas and mineral resources. Additionally, if the Company's exploration programs on its Projects are successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

Title to Properties

Acquisition of title to oil and gas and mineral properties is a very detailed and time-consuming process. Title to, and the area of, oil and gas properties may be disputed. The Company cannot give an assurance that title to the properties will not be challenged or impugned. Oil and gas properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Optionors or the Company, as the case may be, does not have title to its properties could cause the Company to lose any rights to explore, develop and mine any resources or minerals on its properties without compensation for its prior expenditures relating to its properties.

Competition

The resource exploration and development industry is highly competitive. The Company will have to compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, oil and gas leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other oil and gas and mining companies could have a material adverse effect on the Company and its prospects.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the resource business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas and mining operations. The legislation also requires that wells and 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.

Currency Risks

The Company's financial results are reported in Canadian dollars. The Company's exploration properties are located in Argentina and the Company incurs most of its expenditures in United States dollars. Any appreciation in the currency of the United States against the Canadian dollar will increase the Company's costs of carrying out operations and its ability to continue to finance its operations. Such fluctuations could have a material adverse effect on the Company's financial results.

Local Resident Concerns

Apart from ordinary environmental issues, the exploration and development the Company's Projects could be subject to resistance from local residents that could either prevent or delay exploration and development of its properties.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including oil and gas and/or mineral resource companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Political Risks

The Company's operations may be adversely affected by changes in Governmental policies or other economic developments which are not within the control of the Company including a change in taxation policies, economic sanctions, and currency control. The Company is subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could increase the cost of operations.

Uninsurable Risks

Exploration, development and production operations on resource properties involve numerous risks, including unexpected or unusual geological and/or operating conditions, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the financial statements materially and involve a significant level of judgment by management.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets including oil and gas interests, determination of functional currency, valuation of share-based compensation and other equity based payments, and the recoverability and measurement of deferred tax assets and liabilities.

A detailed summary of the Company's significant accounting estimates is included in Note 2 to the condensed interim consolidated financial statements for the three months ended May 31, 2017.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

There were no significant changes to the Company's accounting policies during the three months ended May 31, 2017.

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended May 31, 2017 and have not been applied in preparing the Company's Financial Statements. Management does not expect the new and / or revised standards, which will be effective to the Company's consolidated financial statements for the year ending February 28, 2018 or later, to have an effect on the Company's reported financial position or results or operations:

a) IFRS 2 – Share Based Payments: the amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted provided it is disclosed. Management does not anticipate this standard having a material effect on the Company's consolidated financial statements.

b) IFRS 9 – Financial Instruments: Classification and Measurement: applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's consolidated financial statements.

c) IFRS 15 – Revenue from Contracts with Customers: establishes principles that an entity shall report more useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. More specifically to production (and sales) based royalties, variable consideration is estimated and included in the transaction price to the extent it is highly probable that there will be no significant reversal in the amount of cumulative revenue recognized when the uncertainty is resolved. This new approach to variable revenue could accelerate the recognition of revenue which depends on future production (or sales) levels. The standard was issued in May 2014 and is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact this standard will have on the Company's consolidated financial statements.

d) IFRS 16 – Leases: specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. Management is currently evaluating the impact this standard will have on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, financial assets, accounts payable and accrued liabilities, and customer deposits. The fair value of receivables, accounts payables and accrued liabilities, and customer deposits approximates their carrying values. Cash and financial assets are measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity, commodity price and market price risk.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. While the Company's parent is Canadian and its capital is raised in Canadian dollar, the Company conducts business outside of Canada in that it has mineral properties located in Argentina. Therefore, the Company is exposed to foreign currency risk to the extent expenditures incurred and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily United States dollars ("US") and Argentinean pesos ("pesos")).

As at May 31, 2017, the Company has net monetary assets of US$602,163 which has a Canadian dollar equivalent of $812,920 (February 28, 2018 – US$776,181 with Canadian dollar equivalent of $1,028,362) as such, each 1% change in the Canadian dollar versus the United States dollar would result in a gain/loss of approximately $8,000.

As at May 31, 2017, the Company has net monetary assets of 7,990,971 pesos which has a Canadian dollar equivalent of $666,886 (February 28, 2017 – 1,919,835 pesos with Canadian dollar equivalent of $163,870) as such, each 1% change in the Canadian dollar versus the Argentinean peso would result in a gain/loss of approximately $7,000.

The Company has not entered into any foreign currency contracts to mitigate any currency risks.

b) Credit risk

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian and Argentinean financial institutions and its receivables consist of amounts due from the Canadian and Argentinean governments and various businesses. The Company is not exposed to significant credit risk on its balances due from the Canadian and Argentinean governments; however, there is credit risk related to the balances due from the various businesses as there is no guarantee those receivables will be fully collected. As at May 31, 2017, the Company recorded $86,625 of allowance for doubtful accounts, which is representative of the high credit risk, associated with these receivables.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is minimal interest rate risk, as the Company does not have any interest-bearing debt.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at May 31, 2017, the Company had a cash balance of $5,872,057 and working capital of $6,350,957. However, additional funds may be required to meet the option payments pursuant to the option agreements for the Pastos Grandes Lithium Project, Cauchari East Lithium Project, Cruz Lithium Project, and Pocitos West Lithium Project to keep these properties in good standing.

e) Commodity price risk

The Company is subject to price risk for fluctuations in the market price of oil and gas and lithium. Mineral resources and oil and gas prices are affected by numerous factors beyond the Company's control, including central bank sales, producer hedging activities, the relative exchange rate of the US with other major currencies, global and regional demand, and political and economic conditions. Worldwide lithium and oil and gas production levels also affect the respective pricing of these resources, and the price of oil and gas are occasionally subject to rapid short-term changes due to speculative activities. The Company does not actively manage its exposure to price risk associated with these commodities.

f) Market price risk

Market price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES, OPTIONS AND WARRANTS

Common Shares:

The Company has one class of common shares. Below is a summary of the common shares and stock options issued and outstanding as at May 31, 2017 and the date of this report.

	As at May 31, 2017	As at the date of this report
Common shares	43,776,743	44,212,984
Stock options	4,250,000	4,200,000
Warrants	4,924,925	4,538,684

Stock Options:

The Company has issued incentive options to certain directors, employees, officers, and consultants of the Company. As of the date of this report, there are eight tranches as shown below.

Options Issue Date	Number of Options Outstanding	Exercise Price	Expiry Date
August 11, 2014	175,000	$0.80	August 11, 2019
September 25, 2014	50,000	$1.00	September 25, 2019
August 25, 2016	800,000	$1.22	August 25, 2021
October 12, 2016	1,550,000	$1.65	October 12, 2021
November 18, 2016	200,000	$1.35	November 18, 2021
December 20, 2016	225,000	$1.45	December 20, 2021
January 16, 2017	400,000	$1.40	January 16, 2019
May 8, 2017	800,000	$1.40	May 8, 2022
Total:	**4,200,000**		

Warrants:

As of the date of this report, there are two tranches of warrants outstanding as shown below.

Warrants Issue Date	Number of Warrants Outstanding	Exercise Price	Expiry Date
September 16, 2016	2,094,420	$1.00	September 16, 2018
March 29, 2017	2,444,264	$1.50	March 24, 2019
Total:	**4,538,684**		

EVALUATION OF DISCLOSURE CONTROLS & PROCEDURES

Management has evaluated the effectiveness of its disclosure controls and procedures and has concluded that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on or in:

- SEDAR at www.sedar.com;
- the Company's unaudited condensed interim financial statements for the three months ended May 31, 2017; and
- the Company's audited consolidated financial statements for the year ended February 28, 2017.

This MD&A was approved by the Board of Directors of Millennial Lithium Corp. effective July 31, 2017.