UMBRAL ENERGY CORP.

(An Exploration and Development Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS

For The Three and Nine Month Periods Ended July 31, 2017

This Management Discussion and Analysis for Umbral Energy Corp. (the "Company") provides analysis of the Company's consolidated financial results for the three and nine month periods ended July 31, 2017. The following information should be read in conjunction with the accompanying condensed interim consolidated financial statements and related notes for the three and nine month periods ended July 31, 2017.

1.1 Date of Report

The following Management Discussion and Analysis ("MD&A") focuses on significant factors that have affected Umbral Energy Corp. (the "Company" or "Umbral") performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements and related notes for the three and nine month periods ended July 31, 2017 and the Company's annual audited consolidated financial statements and the notes thereto for the year ended October 31, 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise noted, all currency amounts are in Canadian dollars. This MD&A is dated September 27, 2017.

Forward-Looking Information

This MD&A contains certain information that may be deemed "forward-looking information". All information in this MD&A, other than information of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward looking information. Forward looking information is information that is not historical fact and is generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward looking information, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. The Company believes the expectations expressed in such forward-looking information are based on reasonable assumptions, limited to a period for which the information can be reasonably estimated and pursuant to the accounting policies. Such information is not a guarantee of future performance and actual results may differ materially from those in the forward-looking information. Forward-looking information is based upon current metal prices, availability of financing and general market conditions. Factors that could cause the actual results to differ materially from those in forward-looking information include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such information is not a guarantee of future performance and actual results or developments may differ materially from those projected in the forward-looking information.

Management's Responsibility for Financial Statements

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

1.2 Overall Performance

Nature of Business and Overall Performance

The Company was incorporated on October 25, 2007 under the *Business Corporations Act* of British Columbia. The Company was called for trading on the TSX Venture Exchange on January 6, 2010. Effective March 8, 2013, Trijet Mining Corp. consolidated its share capital on a two-old-for-one-new basis and changed its name to Umbral Energy Corp. On October 20, 2014, the shares of the Company commenced trading on the Canadian Securities Exchange under the symbol “UMB.C” and delisted its common shares from the TSX Venture Exchange.

The Company’s head office is located at 929 Mainland Street, Vancouver, B.C. V6B 1S3 and its registered and records office is care of McMillan LLP, Suite 1500 – 1055 West Georgia St., Vancouver, B.C. V6E 4N7.

2017 Third Quarter Summary:

- For the three month period ended July 31, 2017, the Company recorded a net loss and comprehensive loss of $560,927 or $0.01 loss per share compared to a net loss and comprehensive loss of $573,301 or $0.01 loss per share for the three month period ended July 31, 2016.
- As at July 31, 2017, the Company had total assets of $1,369,524 (October 31, 2016 - $764,461) and working capital of $325,210 (October 31, 2016 – working capital deficiency of $211,101).
- Granted 500,000 incentive stock options to directors, officers and consultants of the Company under the Company’s Stock Option Plan exercisable at $0.06 per share expiring May 3, 2022.
- Granted 500,000 incentive stock options to directors, officers and consultants of the Company under the Company’s Stock Option Plan exercisable at $0.055 per share expiring June 21, 2022.
- Issued 1,550,000 common shares for the exercise of 1,550,000 stock options at prices between $0.055 and $0.08 per share for total proceeds of $130,750 which resulted in the transfer from share-based payment reserve to share capital of $134,668.
- Issued 1,193,826 common shares for the exercise of 1,193,826 warrants at prices of $0.06 and $0.10 per share for total proceeds of $83,383.

Subsequent to July 31, 2017, the Company:

- Issued 2,625,000 common shares for the exercise of 2,625,000 warrants at $0.06 per share for total proceeds of $157,500;

- Issued 200,000 common shares for the exercise of 200,000 options at $0.065 per share for total proceeds of $13,000 which resulted in a transfer from share-based payment reserve to share capital of $13,826;

- Issued 43,700,000 units at a price of $0.06 per unit for gross proceeds of $2,622,000 through a non-brokered private placement. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a purchase price of $0.10 until August 30, 2019. The Company paid cash commission of $91,900 and issued 1,531,653 finder’s warrants In connection with the private placement. Each finder’s warrant entitles the holder to purchase one common share at a price of $0.10 per share until August 30, 2019.

- completed the acquisition of an additional 25% interest in PhyeinMed Inc., a late stage Health Canada Access to Cannabis for Medical Purposes Regulations (“ACMRP”) applicant for the purpose of growing, selling and distributing medical cannabis. The Company now owns 75% of the issued and outstanding common shares of PhyeinMed.

In consideration for the acquisition and pursuant to the terms of the Share Purchase Agreement, the Company:

- paid a total of $100,000 (an additional $20,000 will be paid upon completion by the Company of equity financings that have raised gross proceeds of at least $1,500,000);
- issued 7,000,000 common shares in the capital of the Company. The shares are subject to a four month hold period under applicable securities laws expiring on December 19, 2017, and are also subject to a voluntary escrow period pursuant to which 10% of the Shares were released immediately and an additional 15% of the Shares will be released every six months from the closing date;
- will issue an additional 4,000,000 shares upon final award of an ACMPR production license;
- granted 2,000,000 stock options to the President of PhyeinMed to acquire up to 2,000,000 common shares at an exercise price of $0.10 per common share until August 16, 2022;
- awarded 2,400,000 restricted stock units ("RSU's") to the president of PhyeinMed and an additional 1,600,000 RSU's to other eligible recipients. Half of the RSU's vest immediately upon the grant date while the remaining RSU's vest in 12 months from the grant date; and
- committed up to an additional $3,000,000 to fund PhyeinMed's efforts in the medical marijuana business.

- Announced a RSU plan for directors, executive officers, employees and consultants of the Company was approved by the board of directors. Ratification of the RSU plan is subject to the approval of the Company's shareholders.

- Completed the purchase of a property in Falkland, BC for the purposes on cannabis production. The property includes 13 acres of land, structures with 10,500 sq. ft. of potential grow area and a stand-alone administrative building. The purchase price of the land was $995,000 and the Company paid an additional $23,884 in applicable taxes and selling fees.

As the Company does not yet have cash flow from operations, it must rely on equity financing to fund operations. To date, the Company's main source of funding has been the issuance of equity securities for cash, through private placements to sophisticated investors and through the exercise of warrants and incentive stock options. The Company has historically raised operating capital from the sale of equity, and will continue to do so.

The Company's corporate objectives are to identify, acquire and develop projects of merit that will generate cash-flow in the short-term and create long-term value to its current and future shareholders.

The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating losses since inception, does not have positive operating cash flow, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore its mineral properties, advance its joint venture interest and to cover general and administrative expenses necessary for the maintenance of a public company. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions, mineral property exploration success and to generate income or cash flows from operations from product and sale of medical marijuana. These factors may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the condensed interim consolidated financial statements.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the condensed interim consolidated financial statements.

Exploration and Evaluation Assets

Lithium Projects, Nevada and Utah

Pursuant to a property purchase agreement dated April 20, 2016, the Company was granted the right to acquire an undivided 100% interest in 26 contiguous mineral claims totaling 4,800 acres located in Millard County, Utah known as the Tule Valley Project and a further 89 contiguous mineral claims totaling 1,780 acres located in Washoe County, Nevada known as the Gerlach Project.

As consideration for the properties, the Company made the following cash payments and issued the following shares:

	CASH PAYMENTS	COMMON SHARES
On signing of option agreement April 20, 2016	$ 10,000	1,500,000
On or before June 20, 2016	20,000	Nil
On or before July 20, 2016	30,000	Nil
On or before April 20, 2017	100,000	1,500,000
	$ 160,000	3,000,000

The properties are subject to a net smelter return royalty of 2%. The Company has an option to purchase 1% of the 2% net smelter return royalty for $1,000,000 at any time.

During the period ended April 30, 2017, the Company entered into an assignment agreement with Equitorial, an arm's length party, to assign the Company's right, title and interest of the Tule Valley and Gerlach Projects. Under the terms of the Assignment Agreement, Equitorial paid $150,000 plus claim staking costs of $44,611 and issued 2,000,000 common shares upon closing at a deemed value of $0.075 per common share (April 7, 2017, the date of closing). The Company recorded a $69,051 loss on the sale of the property.

	Nine Month Period ended July 31, 2017	Year ended October 31, 2016
Acquisition Costs:		
Balance, beginning of period	**$ 112,500**	$ -
Cash payment	**100,000**	60,000
Shares issued	**112,500**	52,500
Balance, end of period	**325,000**	112,500
Exploration Costs:		
Balance, beginning of period	**33,850**	-
Assaying and geochemical	**-**	975
Claim fees	**52,271**	6,964
Geological consulting, surveys and reports	**2,541**	14,930
Travel, supplies and field expenses	**-**	10,981
Balance, end of period	**88,662**	33,850
Less: Cash received	**194,611**	-
Deemed fair value of shares received	**150,000**	-
Total sale proceeds	**344,611**	-
Loss on sale of exploration and evaluation assets	**(69,051)**	-
Total Acquisition and Exploration Costs	**$ -**	$ 146,350

The Letourneur Gold Project, Quebec

Pursuant to an option agreement dated April 20, 2010, the Company was granted an option to acquire an undivided 75% interest in the Letourneur gold property by making cash payments in the amount of $35,000 (paid) to the vendor and by spending $250,000 (incurred) on the property over two years. The Company had the right of first refusal to meet any offer on the remaining 25% interest. The original agreement consisted of mineral claims covering approximately 658 hectares located in the Abitibi greenstone belt in northwestern Quebec. Additional claims contiguous to the Property were staked during the years ended October 31, 2010, 2011 and 2016. On September 8, 2011, the Company acquired the remaining 25% interest in the Letourneur gold project in consideration for granting the vendor a net smelter royalty (“NSR”) of 2%. The Company was given the right repurchase up to half (1%) of the NSR for $1,000,000. During the year ended October 31, 2014, the Company allowed certain claims to lapse and recognized $845,976 for the impairment of its mineral property. As at July 31, 2017 and the date of this report, the Company currently holds or optioned a total of 204 hectares.

Investment in Joint Venture and Advances

a) Investment in Joint Venture

On December 9, 2014, Umbral Energy Corp. entered into a share exchange agreement for the acquisition of all the issued and outstanding shares of 1005477 B.C. Ltd., a holding company which owns 50% of the common shares of PhyeinMed Inc. ("PhyeinMed"), an operating company which has submitted an application to Health Canada for an ACMPR license. Management determined the 50% interest in PhyeinMed is a joint venture under IFRS 11 as Umbral management has no control over strategic, financial, permitting, development or operating decisions of PhyeinMed. Consequently, the investment in the joint venture is accounted for using the equity method. The consideration paid for the shares was as follows:

i. 3,000,000 common shares of the Company with an estimated fair value of $165,000 measured on the date of issuance;
ii. $129,500 of verifiable expenses reimbursed to the vendor.

In connection with the acquisition, the Company issued 500,000 common shares of the Company for finders' fees. The fair value of these shares was $27,500 measured on the date of issuance and has been recorded as finder's fees in the statement of comprehensive loss in the year ended October 31, 2015.

On June 21, 2017, the Company entered into an agreement to acquire an additional 25% interest of the issued and outstanding shares of PhyeinMed to total a 75% interest.

Subsequent to July 31, 2017, the Company completed the acquisition of an additional 25% interest (the "Acquisition") in PhyeinMed, a late stage Health Canada Access to Cannabis for Medical Purposes Regulations ("ACMRP") applicant for the purpose of growing, selling and distributing medical cannabis. The Company now owns 75% of the issued and outstanding common shares of PhyeinMed while the Vendor retains a 25% interest. See Subsequent Event Note 10 in the condensed interim consolidated financial statements.

		July 31, 2017		October 31, 2016
Investment in joint venture	$	**179,160**	$	189,654
Advances to joint venture		**521,964**		244,260
	$	**701,124**	$	433,914

The continuity of this investment of the joint venture is as follows:

	Nine month periods ended July 31,			
		2017		2016
Balance, beginning of the period	**$**	**189,654**	$	194,406
Increase in equity investments, cash		**50,000**		-
Equity loss on investment in joint venture		**(60,495)**		(38)
Balance, end of the period	**$**	**179,160**	$	194,368

Summary financial information of the investment of the joint venture is as follows:

Statements of Financial Position		**July 31, 2017**		October 31, 2016
Total Assets	**$**	**172,139**	$	13,431
Current Liabilities		**35,601**		34,509
Advances from Joint Venture Partner		**521,964**		373,759
Shareholders’ Deficiency		**(386,326)**		(394,837)
Total liabilities and shareholders’ deficiency	**$**	**172,139**	$	13,431

Statements of Comprehensive Loss		**Nine month periods ended July 31, 2017**		2016
Expenses	**$**	**120,989**	$	112
Comprehensive loss for the period	**$**	**120,989**	$	112

Statements of Cash Flow		**Nine month periods ended July 31, 2017**		2016
Comprehensive loss for the period	**$**	**(120,989)**	$	(112)
Changes in non-cash operating assets and liabilities				
GST receivable		**(5,296)**		-
Deposits		**(103,000)**		
Accounts payable and accrued liabilities		**1,993**		-
Cash Used in Operating Activities		**(227,292)**		(112)
Cash Used in Investing Activities		**-**		-
Cash Provided by Financing Activities		**277,704**		-
Change In Cash		**50,412**		(112)
Cash, Beginning Of Period		**-**		222
Cash, End Of Period	**$**	**50,412**	$	110

b) Advances

During the year ended October 31, 2015 the Company entered into a loan agreement whereby the Company will advance up to $2,000,000 to PhyeinMed for working capital purposes. The advances are unsecured and are due within 36 months from the date of the advance. The first $550,000 advanced does not accrue interest prior to 36 months from the date of the advance after which interest shall be accrued at prime plus 2%. All advances subsequent to the initial $550,000 will accrue interest at prime plus 2% from the date of the advance. PhyeinMed can only repay the initial $550,000 advanced as follows:

a) $25,000 once an application for a medical marihuana growing operation is awarded to PhyeinMed by Health Canada;

b) $150,000 once the final ACMPR license is awarded to PhyeinMed by Health Canada;
c) $150,000 once PhyeinMed has achieved an accumulated EBITDA of $1,000,000; and
d) $225,000 once PhyeinMed has achieved an accumulated EBITDA of $2,000,000

As at July 31, 2017, $521,964 has been advanced to PhyeinMed. Subsequent to July 31, 2017, a further $20,300 has been advanced. Subsequent to July 31, 2017, the Company committed up to an additional $3,000,000 to fund PhyeinMed's efforts in the medical marijuana business to total $8,000,000.

The Company announced on February 16, 2017, that PhyeinMed received notification from Health Canada that its ACMPR application has progressed through to the Review Stage (stage 5 of 7) of the application process. All key personnel submitted with the application have undergone a rigorous and thorough screening process and been approved. The Company also announced that PhyeinMed initiated the purchase of a 13 acre property located in Falkland, BC which includes a 10,000 sq. ft. commercial building to be used to grow medical cannabis under the Access to Cannabis for Medical Purposes Regulations. Subsequent to July 31, 2017, the Company completed the purchase of a property in Falkland, BC for the purposes on cannabis production. The property includes 13 acres of land, structures with 10,500 sq. ft. of potential grow area and a stand-alone administrative building. The purchase price of the land was $995,000 and the Company paid an additional $23,884 in applicable taxes and selling fees.

The PhyeinMed Management Team is comprised of:

CEO - Debra Senger - Prior to joining PhyeinMed, Debra worked for 22 years in senior executive positions throughout her private and public company career. She directed and orchestrated major business development opportunities, strategic partnerships and several substantial financing initiatives. Debra has held several positions include CFO, Vice President, President and Director of companies which operated in Canada and around the world. She is experienced in bid processes, and working in partnerships with Government organizations. Debra has spent the last four years in the medical marijuana industry, having a vested interest in several medical marijuana facilities. She has a passionate desire to get the message to patients who need this product to alleviate or eliminate symptoms of disease and pain.

CFO - Fraser Campbell – A former director of Umbral, Fraser left to assist in guiding the PhyeinMed team. He is a partner and director of First Growth Management, a private equity company which invests both capital and varied management resources in small to mid-sized businesses with attractive growth potential. Mr. Campbell is Chairman of the Board for Pacific Safety Products and Chairman of the Board of the Kelowna Community Food Bank. Mr. Campbell has held a number of executive positions in FGM investee companies including as President of Modu-Loc Fence Rentals Ltd., IFCO Systems Canada and PalEx Canada.

Quality Assurance – Gary Whitaker - Gary has over 30 years of experience in pharmaceutical manufacturing, with his main function working in a management/leadership role in packaging with the responsibility for meeting Health Canada and US FDA regulatory compliance. Gary is well tested on the challenges that come with this role, including meeting stringent requirements surrounding Standard Operating Procedures in all operations, environmental monitoring, planned and unplanned deviations and corrective and preventative actions. In addition to this, he has overseen all documentation requirements, investigations into irregularities, and participated in regulatory audits pertaining to manufacturing and warehousing. Gary has received formal training in Pharmaceutical Chemistry – Seneca College, Toronto 2008, Pharmaceutical Water System Microbiology – Seneca College, Toronto 2008, Validation with an Engineering Perspective - Pharmaceutical Sciences Group PSG, Toronto 2003 and Cleaning Validation – Pharmaceutical Sciences Group PSG, Toronto 2002.

Operations Manager - Phil Senger - Phil has over 30 years of extensive experience working with large venue projectors, sound systems, lighting rigs and networking equipment and computers including installation set up and dismantling. He has experience working with security cameras, security systems and networks, including switches/ hubs and routers. Phil has acquired mechanical skills over the years, including framing, plumbing and electrical, including working with single phase (110/ 220 volt) as well as three phase (110/208 volt) electrical systems. Phil has overseen, designed, planned and installed irrigation systems for small and large landscape installations.

Master Grower – Greg Kedward - In 1993 Greg started his own company, specializing in indoor garden ventilation. He has designed and built over three hundred indoor gardens from simple two light home gardens to over four hundred light large commercial operations. He wrote a self-published book on the subject that sold over ten thousand copies in Canada. Since the inception of the ACMPR program, Greg has assisted many patients to not only to build their gardens, but also help them grow their medication using the knowledge gained from a large number of industry contacts and advocates. In 2007 Greg released his first documentary, 'Trip: The "BC Bud" Chronicles. A Tour o f All Things Marihuana in British Columbia'. It has been viewed over 2.7 million times on Netflix, Amazon and several other sites and is now free to view on YouTube. In 2013, a second film was released on the medical cannabis industry across Canada called, 'Still Trippin', The Trans-Canada Highway'. This can currently be viewed on Hulu and Amazon.

The PhyeinMed Advisory Team is made up of:

Regulatory Compliance Advisor – Zena Prokosh, B.Sc. - Zena Prokosh is the CEO and founder of Zreyas Consulting Inc, offers regulatory compliance advice, application assistance, liaison to Health Canada and other related consulting services, to businesses and individuals alike within the cannabis industry, including applicants of all stages, under the ACMPR. Zena holds a B.Sc. in Biology from UBC and acquired her knowledge of medicinal plants while employed as the Curator and Germplasm PlantSMART Research Technician / Lab Manager at the UBC Charles Fipke Centre for Innovative Research, in Kelowna. She applied this experience to cannabis during her tenure as an Alternate Responsible Person In Charge (ARPIC), with THC Biomed International Ltd. During her three years as an ARPIC, she developed a fluency in MMP/ACMP Regulations which, allowed her to play an integral role in navigating the company through the MMPR/ACMPR licensing process, resulting in successfully obtaining a Production License.

Senior Security Advisor – David Hyde, M.Sc, CPC - David Hyde is a security and risk management specialist with a range of professional distinctions. He is an industry-recognized leader, respected senior advisor, and life-long learner and educator. Over his 26-year career he has owned and operated an award-winning business, guided security at some of Canada's most iconic landmarks and led the enterprise security program for a $17 billion global corporation. As a corporate security executive with commercial real estate company, Cadillac Fairview, David built the national security strategy and set company policy for security and crisis management across 83 site locations. He assembled a well-respected team of five regional directors, forty site security managers and 550 front-line security staff. David holds a M.Sc (with Distinction) in Security & Risk Management from the University of Leicester and a Certificate in Security Management from the University of Calgary. He has completed The Wharton School's Development Program for Security Executives and is a Certified Advanced Level CPTED Practitioner. He is also certified to perform Threat Risk Assessments through the International Security Management and Crime Prevention Institute (ISMCPI) and holds the Certified Professional Coach designation.

Senior Horticultural Advisor – Greg Salloum, M.Sc. - Greg received his B. Sc. (Agr.) from McGill in 1982 and then his M. Sc. from UBC in 1987. His undergrad was in Plant Science with a specialty in Horticulture. His Masters' degree thesis was a cross disciplinary effort in Entomology and Plant Biochemistry. He focused on screening indigenous petroleum ether and ethanol plant extracts for insect antifeedant activity. While he was finishing his Masters he began working with Safer Ltd. in Victoria, BC developing formulations of botanical insecticides with his research team. They developed a number of patented products with pyrethrum and neem oil in combination with salts of fatty acids. Since 2010, Greg began his most current project: an organic farm. The farm is now supplying some of the vegetables to their leased restaurant at the Best Western Plus Hotel and Suites. He continues to research new organic horticultural methods for his future endeavors including utilizing humic and fulvic acid, as well as beneficial microorganisms

While it is the intention of Umbral and PhyeinMed to obtain an ACMPR Licence, there can be no assurances that it will receive the necessary permits to operate. Any MMPR applicant, including PhyeinMed, will not be able to legally grow or sell medical marijuana without a licence from Health Canada.

1.3 Selected Annual Information

N/A

1.4 Results of Operations

During the three month period ended July 31, 2017, the Company reported a loss and comprehensive loss of $560,962 or $0.01 per share, as compared to a loss and comprehensive loss of $573,301 or $0.01 per share for the three month period ended July 31, 2016. General and administrative expenses decreased from $573,264 to $462,592, a decrease of $110,672. This decrease was mainly attributable to:

a) Advertising and promotion decreased from $27,408 for the three month period ended July 31, 2016 to $17,068 for the three month period ended July 31, 2017. This decrease was due to the use of a 12 month digital marketing program to raise awareness of the Company's projects which commenced in June 2016, the prior comparable period.

b) Consulting fees increased from $24,053 for the three month period ended July 31, 2016 to $130,517 for the three month period ended July 31, 2017, an increase of $106,464. The increase in consulting fees was mainly due to the use of technical consultants in the current period to prepare for the Company an ACMPR growing, marketing and distribution business plan.

c) Professional fees decreased from $13,547 for the three month period ended July 31, 2016 to $4,391 for the three month period ended July 31, 2017. The decrease was due to the additional audit and accounting fees required to account for the increase in activity of Umbral and the development of its wholly owned subsidiaries and joint venture investment in the prior period.

d) Stock-based compensation expense decreased from $466,293 for the three month period ended July 31, 2016 to $278,662 for the three month period ended July 31, 2017. This is a non-cash expense which was attributable to the number of options granted and vested during the period and the assumptions used for the Black-Scholes option pricing model.

e) Equity loss on investment of its joint-venture investment increased from $37 for the three month period ended July 31, 2016 to $38,380 for the three month period ended July 31, 2017. This $38,343 increase was due to the use of technical consultants to assist PhyeinMed to advance its application for an ACMPR licence.

f) The fair value change in marketable securities increased from $Nil in the three month period ended July 31, 2016 to a comprehensive loss of $60,000 for the three month period ended July 31, 2017. The

Company received 2,000,000 common shares of Equitorial Exploration Corp. (“EXX”) in accordance with the assignment agreement dated January 26, 2017. This is a non-cash transaction where the shares have been adjusted to market value of the common shares of EXX as at July 31, 2017.

During the nine month period ended July 31, 2017, the Company reported a loss and comprehensive loss of $1,420,334 or $0.02 per share, as compared to a loss and comprehensive loss of $850,610 or $0.02 per share for the nine month period ended July 31, 2016. General and administrative expenses increased from $850,498 to $1,310,788, an increase of $460,290. This increase was mainly attributable to:

a) Advertising and promotion increased from $27,408 for the nine month period ended July 31, 2016 to $100,793 for the nine month period ended July 31, 2017. This increase was due to the use of a 12 month digital marketing program to raise awareness of the Company’s projects which commenced in June 2016.

b) Consulting fees increased from $115,235 for the nine month period ended July 31, 2016 to $337,864 for the nine month period ended July 31, 2017, an increase of $222,629. The increase in consulting fees was due to the use of technical consultants in the current period to prepare for the Company an ACMPR growing, marketing and distribution business plan. The Company has paid for these services in advance in anticipation of receiving its ACMPR license.

c) Professional fees increased from $19,260 for the nine month period ended July 31, 2016 to $25,529 for the nine month period ended July 31, 2017. The increase of $6,269 was due to the additional audit and accounting fees required to account for the increase in activity of Umbral and the development of its wholly owned subsidiaries and joint venture investment.

d) Stock-based compensation expense increased from $588,835 for the nine month period ended July 31, 2016 to $744,972 for the nine month period ended July 31, 2017. This is a non-cash expense which was attributable to the number of options granted and vested during the period and the assumptions used for the Black-Scholes option pricing model.

e) Equity loss on investment of its joint-venture investment increased from $112 for the nine month period ended July 31, 2016 to $60,495 for the nine month period ended July 31, 2017. This $60,383 increase was due to the use of technical consultants to assist PhyeinMed in the completion of Stage 4 or the Security Clearance Process of its application for an ACMPR licence.

f) Loss on sale of mineral properties increased from $Nil in the nine month period ended July 31, 2016 to $69,051 for the nine month period ended July 31, 2017. This loss was due to the sale of its Tule Valley and Gerlach Projects.

g) The fair value change in marketable securities increased from $Nil in the nine month period ended July 31, 2016 to a gain of $20,000 for the nine month period ended July 31, 2017. The Company received 2,000,000 common shares of EXX in accordance with the assignment agreement dated January 26, 2017. This is a non-cash transaction where the shares have been adjusted to market value as at July 31, 2017.

Overall, the Company’s general and administrative expenses increased significantly as compared to the prior period mainly due to the granting of incentive stock options that were issued to entice and retain key personnel and the increase in technical consulting fees to prepare for the Company an ACMPR growing, marketing and distribution business plan in anticipation of it receiving an ACMPR license. During the nine month period ended July 31, 2017, PhyeinMed was notified by Health Canada that its application has progressed to the Review Stage 5 of 7 stages (Please refer to the Company's news release dated February 16, 2017 for details). There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the condensed interim consolidated financial statements.

1.5 Summary of Quarterly Results

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Total revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss and comprehensive loss	$560,927	$735,484	$123,923	$179,248	$573,301	$187,069	$90,075	$311,697
Basic loss per share (1)	$0.01	$0.01	$0.01	$0.00	$0.01	$0.01	$0.00	$0.01

(1) Loss per share on a diluted basis is not disclosed as it is anti-dilutive due to losses incurred.

During the third quarter of fiscal 2017, the Company recognized $278,662 in stock based compensation to entice and retain key personnel.

During the second quarter of fiscal 2017, the Company granted 9,450,000 incentive stock options to its directors, officers and technical consultants of the Company which resulted in the recognition of $433,674 in stock based compensation. The Company also hired a technical consulting company to assist with an ACMPR growing, marketing and distribution plan in anticipation of its joint venture investment receiving its ACMPR license.

During the first quarter of fiscal 2017, the Company granted 830,000 incentive stock options to its directors, officers and technical consultants of the Company which resulted in the recognition of $32,636 in stock based compensation.

During the fourth quarter of fiscal 2016, the Company granted 750,000 incentive stock options to its directors, officers and technical consultants of the Company which resulted in the recognition of $29,456 in stock based compensation.

During the third quarter of 2016, the Company granted 6,050,000 incentive stock options to its directors, officers and technical consultants of the Company which resulted in the recognition of $466,293 in stock based compensation.

During the second quarter of 2016, the Company granted 2,500,000 incentive stock options to its directors, officers and technical consultants of the Company which resulted in the recognition of $122,543 in stock based compensation.

During the fourth quarter of 2015, the Company granted 5,100,000 incentive stock options to its directors, officers and technical consultants of the Company which resulted in the recognition of $262,369 in stock based compensation. The Company included in its net loss and comprehensive loss $100,094 related to the equity loss on investment in PhyeinMed.

The expenses incurred by the Company are those typical of junior exploration and development stage companies that have not established mineral reserves or advanced its projects to a positive cash flow stage. In some quarters more expenses are incurred than in others as a result of non-recurring activities or events.

1.6 Liquidity

On July 31, 2017, the Company had a cash position of $310,844 and working capital of $325,210 compared to $85,057 cash at October 31, 2016 and working capital deficiency of $211,101.

During the nine month period ended July 31, 2017, the Company used cash of $704,595 for operating activities compared to $383,229 during the nine month period ended July 31, 2016. The material changes in non-cash operating assets and liabilities was principally due to the prepayment of an ACMPR growing, marketing and distribution plan. The Company received $39,754 for the sale of its lithium project during the nine month period ended July 31, 2017 and advanced $327,705 to PhyeinMed. The Company received proceeds from financing activities of $1,026,833 for the issuance of share capital as a result of the exercise of incentive stock options and warrants during the nine month period ended July 31, 2017 compared to proceeds of $539,210 during the nine month period ended July 31, 2016. The Company also received $193,200 in share subscriptions towards the $2,622,000 private placement financing announced July 14, 2017 and increased on August 14, 2017. On August 31, 2017, the Company announced it had closed its non-brokered private placement of $43,700,000 units at a price of $0.06 per unit for gross proceeds of $2,622,000.

Subsequent to July 31, 2017,

- Issued 2,625,000 common shares for the exercise of 2,625,000 warrants at $0.06 per share for total proceeds of $157,500;

- Issued 200,000 common shares for the exercise of 200,000 options at $0.065 per share for total proceeds of $13,000 which resulted in a transfer from share-based payment reserve to share capital of $13,826;

- Issued 43,700,000 units at a price of $0.06 per unit for gross proceeds of $2,622,000 through a non-brokered private placement. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a purchase price of $0.10 until August 30, 2019. The Company paid cash commission of $91,900 and issued 1,531,653 finder's warrants In connection with the private placement. Each finder's warrant entitles the holder to purchase one common share at a price of $0.10 per share until August 30, 2019.

The Company anticipates it will require additional capital in the future to advance our projects to a positive cash flow stage and general and administrative expenses, such capital to be derived from the exercise of outstanding incentive stock options and warrants and/or the completion of private placements. The Company may also seek short-term loans from directors of the Company or others. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms to the Company.

1.7 Capital Resources

The Company does not generate any revenues and no revenues are anticipated until we advance our projects to a positive cash flow stage. Accordingly, the Company must raise cash continuously from sources. Umbral has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms to the Company.

As at July 31, 2017, the Company has cash of $310,844 (October 31, 2016 - $85,057). The current monthly "burn" rate for general and administrative expenses is approximately $60,000. The Company presently has no long-term debt or other financial commitments.

Subsequent to July 31, 2017, the Company announced it had closed its non-brokered private placement of $43,700,000 units at a price of $0.06 per unit for gross proceeds of $2,622,000. The Company also received $157,500 for the exercise of 2,625,000 warrants exercised at $0.06 per common share and $13,500 for the exercise of 200,000 options at $0.065 which resulted in the transfer from share-based payment reserve to share capital of $13,826.

The Company anticipates it will need additional capital in the future to finance ongoing exploration of its resource properties and general and administrative expenses, such capital to be derived from the exercise of outstanding incentive stock options and warrants and/or the completion of private placements. The Company may also seek short-term loans from directors of the Company or others.

1.8 Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured and have no fixed terms of repayments.

a) During the nine month period ended July 31, 2017, the Company incurred $60,390 (2016 - $42,381) for management fees to a company with a director in common.

b) During the nine month period ended July 31, 2017, the Company incurred $18,810 (2016 - $nil) for consulting fees to a director or a company with a director in common.

c) As of July 31, 2017, directors and a company with a director in common were owed a total of $100,578 (October 31, 2016 - $102,278).

Management compensation transactions for the nine month period ended July 31, 2017 and 2016 are summarized as follows:

	2017	2016
Short-term management benefits	**$ 60,390**	$ 42,381
Consulting fees	**$ 18,410**	$ Nil
Share-based payments	**$ 238,830**	$ 78,428

1.10 Third Quarter

Third quarter financial results differ significantly from prior periods due to the granting incentive stock options to directors, officers and technical consultants of the Company, the engagement of technical consultants for an ACMPR growing, marketing and distribution plan, the sale of its lithium projects and the unrealized gain on investment received in conjunction of the sale of its lithium projects.

1.11 Proposed Transactions

In the normal course of business, the Company evaluates property and business development acquisition transactions and, in some cases, makes proposals to acquire such prospects. These proposals, which are usually subject to Board, regulatory and, sometimes, shareholder approvals, may involve future payments, share issuances and property work commitments and/or financial obligations. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction. As of this date, the Company has a number of possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

1.12 Critical Accounting Estimates

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Information about critical accounting judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Assets

Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events for exploration and evaluation assets are defined in IFRS 6 *Exploration for and Evaluation of Mineral Properties* and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Management's assessment of recoverability is based on, among other things, the Company's estimate of current mineral reserves and resources which are supported by geological estimates, estimated commodity prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for exploration and evaluation assets.

Information about critical accounting estimates in applying accounting policies that have the most significant risk of causing material adjustments to the consolidated financial statements within the next financial year are discussed below:

ii) Share-based payment transactions

The Company measures the cost of equity-settled transactions with management by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6 of the condensed interim consolidated financial statements.

iii) Flow-through Share Provision

Flow-through share provisions are comprised of the Company's various tax penalties and indemnification liabilities relating to the deficiencies in incurring the required amount of qualifying exploration expenditures related to past flow-through share issuances on a timely basis. The Company may also be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made exploration expenditures. Flow-through share provisions have been created based on internal estimates of the maximum penalties and indemnification liabilities the Company could be subject to. Assumptions, based on the current tax regulations, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management.

1.13 Changes in Accounting Policies including Initial Adoption

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued which the Company reasonably expects to be applicable at a future date.

IFRS 9 Financial Instruments

IFRS 9, Financial instruments ("IFRS 9"), amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in Other Comprehensive Income ("OCI"), and guidance on financial liabilities and de-recognition of financial instruments. In July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9. IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

1.14 Financial Instruments and Other Risks

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and process for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and are comprised of foreign currency risk and interest rate risk.

b) Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

c) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalents is limited because of the short-term nature of the investments.

d) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal.

e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating year.

As at July 31, 2017, the Company had working capital of $325,210 (October 31, 2016 – working capital deficiency of $211,101). The Company does not currently operate any positive cash flow projects and as such, may be dependent upon issuance of new equity to advance its exploration and development projects. If equity financing is required, failure to obtain financing on a timely basis may cause the Company to postpone exploration and/or development plans, reduce or terminate its operations.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The financial position carrying amounts for cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and promissory notes payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company's financial instruments are classified into the following categories:

		July 31, 2017		October 31, 2016	
	Level	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Cash	1	**$ 310,844**	**$ 310,844**	$ 85,057	$ 85,057
Marketable securities	1	**$ 170,000**	**$ 170,000**	$ -	-

1.15 Other MD & A Requirements

Disclosure of Outstanding Share Capital

Authorized: Unlimited common shares without par value

	SHARE CAPITAL	
	NUMBER	AMOUNT($)
Balance, October 31, 2015	**51,966,972**	**5,061,580**
Issued shares for cash:		
Share options exercised	8,085,000	846,011
Warrants exercised	1,790,174	107,410
Shares issued for acquisition	1,500,000	52,500
Balance, October 31, 2016	**63,342,146**	**6,067,501**
Issued shares for cash:		
Share options exercised	12,730,000	1,729,904
Warrants exercised	2,419,826	165,333
Shares issued for acquisition	1,500,000	112,500
Balance, July 31, 2017	**79,991,972**	**8,075,238**
Issued shares for cash:		
Shares issued for non-brokered private placement	43,700,000	2,622,000
Finders fees for non-brokered private placement	-	(90,459)
Finders warrants for non-brokered private placement	-	(199,580)
Share options exercised	200,000	26,826
Warrants exercised	2,625,000	157,500
Shares issued for acquisition	7,000,000	385,000
Balance, September 27, 2017	**133,516,972**	**10,976,525**

During the year ended October 31, 2016, the Company issued 8,085,000 common shares for the exercise of 8,085,000 incentive stock options at prices ranging between $0.05 and $0.08 per share for total proceeds of $440,050 which resulted in the transfer of $405,961 from share-based payment reserve to share capital. The Company also issued 1,790,174 common shares for the exercise of 1,790,174 warrants at $0.06 per share for total proceeds of $107,410. The Company issued 1,500,000 common shares with a fair value of $52,500 measured on the date of issuance for the right to acquire an interest in the Tule Valley and Gerlach Lithium properties.

During the nine month period ended July 31, 2017, the Company issued 12,730,000 common shares for the exercise of 12,730,000 incentive stock options at prices between $0.05 and $0.08 per share for proceeds of $861,500 which resulted in the transfer of $868,404 from share-based payment reserve to share capital. The Company issued 2,419,826 common shares for the exercise of 2,419,826 warrants at $0.06 and $0.10 per share for total proceeds of $165,333. The Company issued 1,500,000 common shares with a fair value of $112,500 measured on the date of issuance for the right to acquire an interest in the Tule Valley and Gerlach Lithium properties.

Subsequent to July 31, 2017, the Company announced it had closed its non-brokered private placement of $43,700,000 units at a price of $0.06 per unit for gross proceeds of $2,622,000. The Company paid $90,459 in cash and issued a total of 1,515,443 finders' warrants exercisable at $0.10 until August 30, 2019 with a deemed value of $199,580 in finders' fees associated with the non-brokered private placement financing. The Company also received $157,500 for the exercise of 2,625,000 warrants exercised at $0.06 per common share and $13,500 for the exercise of 200,000 options at $0.065 which resulted in the transfer from share-based payment reserve to share capital of $13,826. The Company issued 7,000,000 for the acquisition of an additional 25% interest in PhyeinMed with a deemed value of $0.055 per share or $385,000 being the closing market price on the date of the agreement.

Escrow Shares

There are no shares held in escrow.

Share Purchase Warrants

The following share purchase warrants were outstanding at July 31, 2017:

NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
5,573,725	$0.06	March 19, 2018
713,085	$0.10	March 19, 2018
975,989	$0.06	May 16, 2018
101	$0.10	May 16, 2018
2,162,500	$0.06	December 20, 2018
9,425,400		

Subsequent to July 31, 2017, the Company issued 43,700,000 share purchase warrants exercisable at $0.10 until August 30, 2019 in association with the non-brokered private placement financing. The Company also issued a total of 1,515,443 finders' warrants exercisable at $0.10 until August 30, 2019 with a deemed value of $199,580 in finders' fees in association with this financing. The Company also received $157,500 for the exercise of 2,625,000 warrants exercised at $0.06 per common share.

Incentive Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted will be exercisable for a term to be determined by the board of Directors, but not exceeding 10 years.

The following incentive stock options were outstanding at July 31, 2017:

NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE
500,000	$0.08	May 30, 2021
1,000,000	$0.065	February 27, 2022
1,500,000		

Subsequent to July 31, 2017, the Company granted 2,000,000 incentive stock options to directors, officers and consultants of the Company under the Company's Stock Option Plan exercisable at $0.10 per share expiring August 16, 2022. The Company issued 200,000 common shares for the exercise of 200,000 incentive stock options for total proceeds of $13,000 which resulted in the transfer from share-based payment reserve to share capital of $13,826.

SUBSEQUENT EVENTS

Please refer to Note 10 Subsequent Events of the Condensed Interim Consolidated Financial Statements for the three and nine month periods ended July 31, 2017 for full disclosure of the subsequent events occurring subsequent to July 31, 2017.

DIRECTORS AND OFFICERS

The directors and officers of the Company are:

Jagdip Bal, President, CEO and Director
Brad Culver, Director
Clint Sharples, Director and Chairman
Kristina Khersonski, Secretary and CFO

CONFLICTS OF INTEREST

Certain officers and directors of the Company are officers and/or directors of, or are associated with other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

OUTLOOK

All current projects are in review and new projects are being considered. The Company continues to monitor its spending and may amend its plans based on business opportunities that may arise in the future.

RISKS AND UNCERTAINTIES

External financing may be required to fund the Company's activities primarily through the issuance of common shares. There can be no assurance that the Corporation will be able to obtain adequate financing. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities.

The Corporation has no meaningful revenues, in the event that the Corporation generates any meaningful revenues in the future, the Corporation intends to retain its earnings in order to finance further growth. Furthermore, the Corporation has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

OTHER INFORMATION

Other information relating to the Company may be found on the Company's website located at www.umbralenergy.com, the SEDAR website located at www.sedar.com and the Canadian Stock Exchange website located at www.cnsx.ca/CNSX/Home.aspx

BY ORDER OF THE BOARD

Umbral Energy Corp.

"*Jagdip Bal***"**

President, CEO and Director
September 27, 2017