



**TANTALEX RESOURCES CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the years ended February 28, 2018 and 2017**

## ***Management's Discussion and Analysis***

Dated as of June 29, 2018

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of Tantalex Resources Corporation (the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended February 28, 2018 and February 28, 2017. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*.

The discussion should be read in conjunction with the audited consolidated financial statements for the years ended February 28, 2018 and February 28, 2017, and related notes thereto. The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at [www.sedar.com](http://www.sedar.com).

The results presented are not necessarily indicative of the results that may be expected for any future period. The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**").

### **Cautionary Note Regarding Forward-Looking Information**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

The Company was incorporated on September 28, 2009, under the *Business Corporations Act* (British Columbia) under the name Lynnwood Capital Inc. The Company was classified as a Capital Pool Company as defined in Policy 2.4 – *Capital Pool Companies* (“**Policy 2.4**”) of the TSX Venture Exchange (the “**TSXV**”). On October 21, 2013 the Company completed its Qualifying Transaction, as defined by the Exchange’s policy 2.4 and changed its name to Tantalex Resources Corporation. In connection with the qualifying transaction the Company delisted its common shares from the TSXV. The Company received approval to list its common shares on the Canadian Securities Exchange (herein the “CSE”). The Company’s common shares commenced trading on the CSE under the trading symbol “TTX” at market open on October 22, 2013.

## **Overview of Company and Highlights**

Tantalex is a mining company engaged in the acquisition, exploration, development and distribution of Lithium, Tantalum and other high-tech mineral properties in Africa.

In December 2015, Tantalex finalized the incorporation of a wholly owned subsidiary in the Democratic Republic of the Congo (“DRC”), in the name of United Materials Congo SARL (“UNITED MATERIALS”), in order to develop its activities in the DRC, moreover in the Katanga province, which is recognized as one of the most prolific mining regions in the DRC and to conclude protocol of partnership agreements with state ownership corporation of DRC. United Materials is focused on the production, study, development and exploitation of minerals and strategic metals, such as Lithium, Cobalt, Tantalum and Tin.

In September 2016, The Company signed a definitive joint-venture agreement with La Congolaise d’Exploitation Minière SA (“COMINIÈRE SA”), a private company in which 90% of the share capital is state-owned by the Democratic Republic of Congo (“DRC”), and 10% is owned by L’Institut National de Sécurité Sociale du Congo, DRC’s largest Social Security and Pension fund.

The joint-venture entity was named United Cominière sas (“UNITED COMINIÈRE”), of which Tantalex owns 70%. The purpose of this union is to explore for, develop, and to put into production high-tech mineral deposits that exist on the properties belonging to UNITED COMINIÈRE. The four properties, which are fully permitted for exploration and production, cover a total area of 1,343 square kilometers, and located in the mining-friendly region of Katanga (city of Manono), in the DRC. Two of the four properties are prospective for Lithium, and alone measure 920 square kilometers. There is also accessibility to nearby infrastructure such as roads, dams and aircraft runways, to which the Corporation has guaranteed access through the joint-venture partnership with the State.

In June 2017, the Company was granted the iTSCi Exportation Certification, allowing the Company to export its future mineral production (tantalum and tin) worldwide with the guarantee that its production supply chain follows humane guidelines set out within the iTSCi framework.

In September 2017, the Company signed a Memorandum of Understanding (MOU) with La Congolaise d’Exploitation Minière SA (“COMINIÈRE SA”), to exclusively establish for a period of 75 days, the opportunity to acquire or to participate in a number of highly prospective lithium, cobalt and other high-tech mineral concessions. Under the agreement, COMINIÈRE SA will make available to Tantalex this sizeable land package and Tantalex will provide both the financial and technical capabilities to develop the project.

In September 2017, the Company acquired several mining claims including PR 13634, KASEKA Cobalt Property (“KASEKA”), known to be highly prospective for copper and cobalt..

The property is located within the mining friendly region of Kolwezi in the south of the Democratic Republic of Congo (DRC) and is home to several large deposits. It is situated within the prolific Katanga Copperbelt and is defined as a syncline geological formation for which its southern part intersects the Kansuki Fault, and its northern portion intersecting the Kalunkudji Fault. As the northern fault continues a north-eastern direction it widens into the Tenke-Fungurume geological formation. The property has access to available infrastructure such as airports, railways, electricity as well as access to the nearby Kando River, providing ample water supply.

During the year, the Company raised \$4,980,000 through the issuance of 49,800,000 common shares, and \$755,000 through the exercise of 11,620,000 warrants.

## Exploration and Evaluation assets

The Buckell Lithium project (the main project of the UNITED COMINIÈRE) is comprised of two claims totalling a vast 920 km<sup>2</sup> surface located in the Central African Kilbara Belt, the site of former large-scale mining from 1916 to the early 1990's. The claims are found within a Mesoproterozoic geological structure, showing strong evidence of Lithium-Cesium-Tantalum (LCT) Pegmatites. Furthermore, the properties are located adjacent to and along strike south of the world-class LCTPegmatite Manono-Kitotolo (MK) mine, which has been defined as the largest pegmatitic deposit of spodumene, tin and tantalite ever worked (Bassot et Mario 1989). Previously owned by Geomines SA Belgium mining company, nine open pit mines operated at MK from 1915 to 1988, producing 140,000-185,000 tonnes of tin and 4,500 tonnes of coltan concentrate (Zairetain 1981). Metallurgical test work carried out in 1956, 1976 and 1981 demonstrated that a 6% lithium concentrate was produced at average tailings grade of 1.25% Li<sub>2</sub>O using a combination of heavy media separation, tables and spirals. The properties are accessible to infrastructure such as electricity, roads, dams and aircraft runways.

In January 2017, the Company reviewed historic exploration data of the Buckell Lithium Project as well as that of the adjacent historic mining site of Manono-Kitotolo, located near the town of Manono, Tanganyika province. Raymond P. Spanjers P.Geol, Qualified Person, prepared, approved and was responsible for the scientific and technical disclosure found in the NI 43-101 Technical Report on the project (that was released by the Company in January 2017).

In April 2017, the Company initiated an initial phase ground sampling program at its Buckell Lithium project. This initial sampling program comprised of 40 grab samples taken at surface from lateritic cover, pegmatite outcrops and weathered pegmatites in past artisanal pits. The sampling program was regarded as the kickoff to the planned 2017 exploration program for identification of spodumene bearing LCT pegmatites. The grab samples were submitted to SGS Laboratories in Lubumbashi for sample preparation and were forwarded to SGS laboratory in South Africa for detailed analysis.

The results indicated the following information from the locales surveyed:

- 1) the well known Manono-Kitotolo pegmatites mineralization would appear to continue southwesterly well into Tantalum's lease 12447 where both laterite debris and granite had anomalous Li along with the same anomalous elements identified in the Manono/Kitotolo locale. Gallium was as good as the Manono/Kitotolo locale as well, and;
- 2) in the northern part of our licence 12448, the anomalous lithium and several pegmatite associated anomalous elements such as high beryllium, high cesium, high rare earths including but not limited to elevated heavy (rare) rare earths (Ce 175ppm and 6 to 10 times the amounts of the heavy rare earths found in the rest of the district), and high gallium, suggests the potential for entirely new, subparallel pegmatites to the west of Manono/Kitotolo.

The Company conducted an airborne magnetic and radiometric surveys flown over the entire 920km<sup>2</sup> of its Buckell Lithium Project. The maps and Interpretation indicates that the major SW geologic trend which hosts the lithium bearing spodumene pegmatites known as Manono and Kitotolo adjacent to the east of the Buckell Property, extends on strike into and through the Buckell Property. The NE pegmatite body, generally referred to as Manono, is some 5 km in strike length (12 km<sup>2</sup> surface area), and the SW body, referred to as Kitotolo, shown as being slightly longer, is some 13.5 km<sup>2</sup> in surface area, and its westernmost extension lies only 4.5km from the eastern boundary of Tantalum's Buckell Property. The width at surface of these pegmatite bodies is reported to be from 50 m to 700 m. (see press release issued October 5, 2017).

The Company did some follow-up work including laying out a grid over the anomaly for a "target grade" soil sampling campaign, trenching/pitting and assaying. 27 exploration pits were completed. Pits were excavated in an area showing a prominent potassium anomaly within the Manono pegmatite corridor. The pits varied in depth from 1 m to 6 m and were sampled on a composite basis based upon common geological or soil characteristics. Visual results from the excavated pits have provided positive identification of pegmatite extension below the soil cover. In addition, the area also shows presence of black tourmaline, cassiterite and mica. All of which are common within the Kitotolo pegmatite located on the adjacent property to the NE. The pegmatite fragments are coarse crystalline, contain variable amounts of quartz and feldspar with minor green coloured muscovite mica and show varying degrees of weathering. In addition to the positive pegmatite identification in a number of pits, Tantalum geologists

have also been able to locate historical pits within the Manono pegmatite corridor from where spodumene pseudomorphs were identified.

On March 29, 2018 a Phase 1 drilling program began at its Buckell Lithium project, located in the Manono-Kitotolo region of the DRC. This first phase of drilling consists of approximately 2,000 metres targeting the northeastern part of the property that lies on strike with the Kitotolo pegmatite. In previous exploration work including sampling and pitting, results confirmed positive identification of pegmatite extensions below the soil cover. Additionally, this northeastern portion of the property has also shown presence of black tourmaline, cassiterite and mica, all of which are common within the Kitotolo pegmatite located on the adjacent property to the NE. The Company is currently awaiting assay results.

The following table shows the amounts spent on the Company's projects during the years ended February 28, 2018 and 2017:

	2018	2017
Beginning balance	\$ 44,749	\$ -
Acquisition costs	293,566	44,749
Project expenses	594,759	-
Foreign currency adjustment	(1,283)	-
Closing balance	\$ 931,791	\$ 44,749

### Selected Annual Financial Information

The following selected financial data is derived from the audited financial statements of the Company.

	Year Ended February 28, 2018 \$	Year Ended February 28, 2017 \$	Year Ended February 29, 2016 \$
Total Revenues	-	-	-
Net Loss	(2,539,046)	(2,006,101)	(1,242,697)
Comprehensive loss	(2,528,626)	(2,017,293)	(1,242,598)
Loss and fully diluted loss per share	(0.02)	(0.03)	(0.03)
Total assets	4,888,730	819,868	45,406
Total long-term debt	-	97,405	-

### Results of Operations

As at February 28, 2018, the Company had a cash and cash equivalent balance of \$2,650,348 (February 28, 2017 - \$533,261) and total current assets of \$2,995,710 (February 28, 2017 - \$717,887). The increase in current assets is mainly attributed to the increase in cash (from the cash proceeds on the issuance of shares and warrants), and an increase in prepaids expenses (mainly from a deposit paid to a drilling contractor, and prepaid consulting fees).

Long term assets comprised of equipment \$256,739 (February 28, 2017 - \$57,232), deposits on a property acquisition in the amount of \$704,490, and exploration and evaluation assets of \$931,791 (February 28, 2017 - \$44,749). During the year ended February 28, 2018, the Company purchased vehicles and equipment to support the operations and exploration programs on its projects in the DRC. The increase in exploration and evaluation assets resulted from the following: (i) acquisition costs for permits, property taxes and mining claims (ii) project expenses (airborne magnetic and radiometric survey over the entire Buckell Lithium project, salary and site expenses for field programs, fees to geologists for onsite work, site management, design and interpretation of work programs).

Total liabilities amounted to \$1,916,996 (February 28, 2017 - \$1,562,818). The increase is primarily related to the issuance of \$300,000 of debentures, offset by the conversion of other debentures and advances.

For the year ended February 28, 2018, the Company recorded a net loss of \$2,539,046 (2017 - \$2,006,101) and as detailed as follows:

(expressed in Canadian dollars)

	2018	2017
<b>EXPENSES</b>		
General and administrative (a)	\$ 2,629,143	\$ 1,973,261
Impairment of exploration and evaluation assets	-	12,767
Share-based payments (b)	-	446,250
<b>LOSS BEFORE OTHER ITEMS</b>	(2,629,143)	(2,432,278)
Gain on settlement of debt (c)	90,649	254,705
Fair value adjustment for balance of sale (d)	-	200,000
Loss on fair value adjustment of shares owing	-	(45,725)
<b>NET LOSS FOR THE YEAR BEFORE TAX</b>	\$(2,538,494)	\$(2,023,298)
Deferred tax (expense) recovery	(552)	17,197
<b>NET LOSS FOR THE YEAR</b>	\$(2,539,046)	\$(2,006,101)

(a) A breakdown of the general and administrative expenses is as follows:

	2018	2017
Insurance	\$ 22,104	\$ 8,556
Transfer agent and shareholder registration	17,694	7,242
Legal and audit	371,517	195,660
Conference	27,113	-
Consulting fees (i)	712,945	896,015
Accretion and interest on loans and debentures	209,133	75,657
Management fees (ii)	276,000	276,000
Office and general (iii)	364,047	129,482
Travel and cost to work abroad (iv)	612,575	292,936
Amortization of equipment	16,316	10,898
License to export	-	80,814
	\$ 2,629,143	\$ 1,973,261

- (i) Consultants were used for business development, capital markets, investor and public relations, and other support. The increase is due to an increase level of activity on the Company's projects and at the corporate level.
- (ii) Management fees include fees for the Chief Executive Officer, the Chief Financial Officer and the Senior Vice President.
- (iii) Corporate and general include public company costs (such as transfer agent, press releases, regulatory fees, insurance and other), maintaining offices in North American and Africa and salaries for employees based in Africa. The main differences having an impact on the expenses were an increase in salaries due to increases in head count and administrative expenses to support the increase in activity of the Company.
- (iv) Travel includes costs travel for (i) management and consultants site visits and expenses abroad to manage African operations (ii) representation at trade shows to increase exposure to potential partners and investors (iii) business development and financing meetings.

- (b) Represents the value of the stock options expensed during the period.
- (c) During 2018 the Company settled various debt through the issuance of shares. The gain or loss on settlement represent the difference between the fair market value of the share on the date of issue compared to the settlement price.
- (d) The Company adjusted the value of amounts owing on a 2011 acquisition. The adjustment was made as certain conditions of the agreement were not met, resulting in a reduction of the amounts owing.

### Summary of Quarterly Results

Three Months Ended	February 28, 2018 \$	November 30, 2017 \$	August 31, 2017 \$	May 31, 2017 \$
Total Revenue	-	-	-	-
Net Loss	(770,990)	(499,427)	(499,185)	(769,444)
Basic and diluted (loss) per share	(0.01)	(0.00)	(0.00)	(0.01)
Total assets	4,888,730	1,296,147	734,966	859,543

Three Months Ended	February 28, 2017 \$	November 30, 2016 \$	August 31, 2016 \$	May 31, 2016 \$
Total Revenue	-	-	-	-
Net Loss	(250,489)	(1,162,492)	(424,344)	(168,776)
Basic and diluted (loss) per share	(0.01)	(0.01)	(0.01)	(0.00)
Total assets	819,868	1,220,910	376,757	45,219

All the above quarterly results presented are prepared in accordance with IFRS.

### Liquidity and Capital Resources

The Company's cash increased to \$2,650,348 at February 28, 2018, from \$533,261 at February 28, 2017. The Company's working capital was \$1,078,714 compared to a deficiency of \$747,526 at February 28, 2017. Cash used in operations was \$2,649,229 compared to \$1,388,787 in the prior year, as detailed below:

(expressed in Canadian dollars)

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Net loss before income taxes	\$(2,539,046)	\$(2,006,101)
<b>Operating items not involving cash</b>		
Accrued interest and accretion	208,859	58,281
Amortization of equipment	16,316	10,948
Loss on fair value adjustment of shares owing	-	45,725
Gain on settlement of debt	(90,650)	(254,705)
Share based payments	-	446,250
Balance of sale	-	(200,000)
Deferred taxes (recovery)	-	(17,197)
Unrealized foreign exchange gain	18,023	(11,192)
Changes in working capital items		
Prepaid expenses and deposits	61,172	(77,154)
Deposits	(704,490)	-
Sales tax and other receivable	(81,908)	(89,293)
Trade payables and accrued liabilities	334,033	536,200
Due to directors	131,662	169,451
Due to related companies	(3,200)	-
Cash flows from operating activities	(2,649,229)	(1,388,787)

Cash used in investing activities amounted to \$1,105,584. \$217,259 of the total related to purchases of vehicles and equipment to support operations and project expenses in the DRC. \$888,325 of the total related to joint venture payments, mining/exploration permits, property taxes, cost of an airborne survey and other project costs.

Cash flows from financings activities amounted to \$5,871,900. The Company received net proceeds of \$4,773,385 from the issuance of common shares, \$755,000 from the exercise of warrants, received proceeds of \$512,998 from the issuance of debentures, and repaid \$169,483 of debt.

Since inception, the Company's capital resources have been limited to amounts raised from the private sale of common shares in the Company as well as loans and advances. The Company will rely on its ability to obtain equity, or other sources of financing, for growth. The ability of the Company to continue operations and carry out further desired activities over the course of the next 12 months is dependent upon obtaining additional financing. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to finance resource based junior companies, in addition to the results of the Company's exploration programs and the acquisition of additional projects. There can be no guarantee that the Company will be able to secure any required financing.

The Company is not exposed to any externally imposed capital requirement. There were no changes in the Company's approach to capital management during the period.

#### **Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements.

#### **Fourth Quarter**

During the fourth quarter the Company had a net loss of \$770,990.

During the quarter the Company focused its efforts on:

- (a) Closing 2 financings (On December 21, 2017, the Company completed a non-brokered private placement financing raising gross proceeds of \$2,480,000 through the issuance of 24,800,000 units ("Units") at \$0.10 per Unit. On February 9, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of \$2,500,000 through the issuance of 25,000,000 units ("Units") at \$0.10 per Unit.
- (b) Preparing for a drill program that commenced in March 2018.
- (c) Business development (ie investigating potential property acquisitions, and meetings with strategic partners).
- (d) Continuing general corporate activities.

#### **Transactions with Related Parties**

Remuneration of key management personnel of the Company.

The remuneration awarded to key management personnel, including directors, the Chief Executive Officer, the Chief Financial Officer and the senior VP, is as follows:

	<b>2018</b>	2017
Management and consulting fees	<b>\$ 276,000</b>	\$ 276,000
Share-based payments	-	446,250
	<b>\$ 276,000</b>	\$ 722,250

During the year ended February 28, 2018, \$72,000 of fees were charged by CFO Advantage Inc., a company owned by the Chief Financial Officer of the Company. As at February 28, 2018, \$145,300 of the fees are outstanding (February 28, 2017 - \$83,300) and are included in accounts payable and accrued liabilities on the statement of financial position.



As at February 28, 2018, \$47,894 (February 28, 2017- \$47,894) was due to Charbone Petroleum (formerly Charbone Potash Mining), a related company by virtue of Dave Gagnon, the CEO and a director of the Company, being a common significant shareholder. These amounts are unsecured, non-interest bearing and have no specific terms of repayment and are included in amounts Due to Related Companies on the statement of financial position.

As at February 28, 2018, \$18,002 (February 28, 2017- \$21,202) was due to Charbone Buckell, a related company by virtue of Dave Gagnon, the CEO and a director of the Company, being a common director. These amounts are unsecured, non-interest bearing and have no specific terms of repayment and are included in amounts Due to Related Companies on the statement of financial position.

As at February 28, 2018, \$84,330 (February 28, 2017 – \$14,668) was payable to Dave Gagnon, the CEO and a director of the Company, for outstanding management fees and expenses paid on behalf of the Company and are included in amounts Due to Directors on the statement of financial position.

As at February 28, 2017, \$205,157 (February 28, 2017 – \$143,157) was payable to Sylvain Giffard, a director, for outstanding management fees and advances, and are included in amounts Due to Directors on the statement of financial position.

During the year ended February 28, 2018, the Company was charged \$288,141 (February 28, 2017 - \$181,610) by Dunton Rainville LLP for legal services and disbursements. Michel Lebeuf is a partner of Dunton Rainville LLP and a director and corporate secretary of the Company. As at February 28, 2018, \$72,810 (February 28, 2017 - \$5,696) was payable to Dunton Rainville and are included in accounts payable and accrued liabilities on the statement of financial position.

During the year ended February 28, 2018, 2,000,000 shares were issued to a director and corporate secretary for strategic consulting and business development services.

Unless otherwise stated, none of the transactions provided for special terms and conditions.

### **Critical Accounting Estimates**

The preparation of the financial statements requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited interim 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 the revision affects both current and future periods.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

### **Impairment of property plant and equipment and exploration and evaluation assets**

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual

results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

No impairment loss of the exploration and evaluation assets and property and equipment, and no reversal of impairment losses have been recognized for the reporting periods.

### **Share based payments**

The fair value of options and rights is determined using the Black-Scholes valuation model taking into account the features of the plan and market data as at the grant date and on the basis of the Company management assumptions. They made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants.

### **Significant management judgment**

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

### **Recognition of deferred income tax assets and measurement of income tax expense**

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

### **Going concern**

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 of the unaudited condensed interim financial statements for more information.

### **Functional currency**

The analysis of the functional currency for each entity of the Company. In concluding on the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences costs of operating in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

### **Change in Accounting Policies**

The IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued several new and revised standards and interpretations which are not yet effective for the year ended February 28, 2018 and have not been applied in preparing these consolidated financial statements unless stated otherwise. However, the revised standards and interpretations are not applicable to the Company or are expected to have minimal impact.

### **Financial Instruments and Risk**

Objectives and policies concerning financial risk management

The Company is exposed to different financial risks resulting from its operations as well as investing and financing activities. The following analysis enables users to evaluate the nature and extent of the risks at the end of the quarter.

#### **Financial risks**

The principal financial risks to which the Company is exposed as well as its policies concerning the management of the financial risks are detailed as follow:

#### **Interest rate risk**

The convertible debentures provide for a fixed annual interest rate and therefore expose the Company to the risk of fair value variation due to interest rate variation because this financial asset is recognized at amortized cost. The

other financial assets and liabilities of the Company do not represent interest risk because they do not bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

#### Liquidity risk

Management's objective is to maintain sufficient levels of cash and to ensure that the Company has at its disposal sufficient sources of financing, such as private financing and capital markets. Obtaining additional funds make it possible for the Company to continue its operations.

As at February 28, 2018, management estimates that funds available will not be sufficient to meet the Company's obligations through the next twelve months. The Company is evaluating different financing options to continue the exploration and development of its projects, which may include the issuance of securities, entering into partnership, joint venture or other arrangements. There can be no assurance that additional funds will be available or available on terms acceptable to the Company. If management is unable to obtain new funding, the Company may be required to delay, reduce the scope of, or eliminate its current or future exploration activities or relinquish rights to certain of its interests.

#### *Foreign Currency Risk*

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar will affect the Company's operations and financial results. At February 28, 2018, the Company has assets (\$2,014,771) denominated in a foreign currency. The impact on operations and comprehensive income and equity of a 10% increase or decrease in foreign currencies to the Canadian dollar exchange rate on the Company's financial instruments based on balances at February 28, 2018 would be \$175,076.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

The Company has no trade accounts. The exposure to credit risk for the Company's receivables is considered immaterial. No impairment loss has been recognized in the periods presented.

The Company's management considered that all the above financial assets that are not impaired or past due are of good credit quality.

The credit risk for cash is considered negligible since the counter parties are reputable banks with high quality external credit ratings and that cash held in Congo is not subject to any restrictions.

#### **Share Capital**

As of the date of this MD&A, the Company had 180,431,646 issued and outstanding common shares, 50,054,000 of warrants outstanding and 4,250,000 options outstanding.

#### **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's listing statement (Form 2A) dated October 18, 2013, available on SEDAR at [www.sedar.com](http://www.sedar.com).

In addition to the risks outlined in the Company's listing statement (Form 2A) dated October 18, 2010, the Company has identified the extreme volatility occurring in the financial markets as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as

less so. Companies like the Company are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.