



**TANTALEX RESOURCES CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the three months ended May 31, 2018**

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

Dated as of July 30, 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 three months ended May 31, 2018 and May 31, 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 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 Tantalum 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**

Tantalum 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, Tantalum 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 Tantalum 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 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.

In July 2018, the Company entered into an assignment agreement (the “**Agreement**”) to acquire Mines d’Or Resources (“**Minor**”) 65% participation in a joint venture entity to which will be transferred the PER 13698 (Permis Exploitation Rejets) (“**PER 13698**”). PER 13698 grants exclusive rights to mine the tailings of the historical Manono-Kitotolo mine for lithium, tin and tantalum. The new entity will be named Société des Tailings de Manono (“**STM**”) and will be owned 65% by Buckell, 30% by La Congolaise D’Exploitation Minière (“**La Cominière**”) and 5% by Minor. The closing of the contemplated transaction by the Company is subject to various conditions and payments, namely, but not limited to, the successful transfer and registration of the PER 13698 in the name of the newly created entity STM with the Democratic Republic of Congo Mining Cadastre (“**CAMI**”).

## The Exploitation License

The license has a surface area of 53 square kilometers and is located directly on the site of the former mining operation and world-class LCT-pegmatite of Manono-Kitotolo (MK) mine, which has been historically defined as the largest pegmatitic deposit of tin and coltan ever worked (Bassot, Mario & Levesque, 1980).

The Manono Kitotolo Tailings consist of material mined and crushed to an average 3.2mm granulometry from the numerous open pit mines which were exploited from 1919 to the mid 80's, producing 140,000-185,000 tonnes of tin and 4,500 tonnes of coltan concentrate (Zairetain 1981). Spodumene (Li ore mineral) was not recovered by the historical processing and was part of the reject material comprising the tailings. A study performed by BRGM of France in 1980 on 2 grab samples of 180 kg each taken from two quarries of the Mine confirmed spodumene concentrations of 26,7% and 31% respectively (1,7 and 2% Li<sub>2</sub>O). The authors of the study (Bassot, Mario & Levesque, 1980) conclude that the faces from where these samples originate appear to be similar in spodumene concentration to all the other faces observed along the entire pegmatite body (pits, Roches Dure, M'Pete, quarry 5, quarry 6, East Quarry, Hopital, Tempete, Kahungwe). This shows the potential for high grade spodumene rich tailings in the Manono-Kitotolo area. There are 12 dumps spread throughout the 12km strike along the various quarries that have been exploited. A preliminary estimate completed by TANTALEX estimates the total tonnage of the tailings to be between 85Mt to 100Mt, grading conservatively between 0.5 % and 1% Li<sub>2</sub>O.

## 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.

### Exploration

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 consisted 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 three months ended May 31, 2018 and the year ended February 28, 2018:

Balance, February 28, 2017	\$ 44,749
Acquisition costs	293,566
Project expenses	594,759
Foreign currency adjustment	(1,283)
Balance, February 28, 2018	931,791
Project expenses (Drilling, personnel, site costs, property taxes and other related costs)	783,457
Balance, May 31, 2018	\$ 1,715,248

## Results of Operations

As at May 31, 2018, the Company had a cash and cash equivalent balance of \$1,489,380 (February 28, 2018 - \$2,650,348) and total current assets of \$1,925,996 (February 28, 2018 - \$2,995,710). During the quarter the Company received cash of \$525,360 from the exercise of warrants.

Long term assets comprised of equipment \$349,626 (February 28, 2018 - \$256,739), deposit on a property acquisition in the amount of \$712,140, and exploration and evaluation assets of \$1,715,248 (February 28, 2018 - \$931,791). During the quarter, the Company purchased equipment to support the operations and exploration programs on its projects in the DRC. The increase in exploration and evaluation assets resulted from: (i) costs for permits, property taxes and mining claims (ii) project expenses (drill program, salary and site expenses for operations, fees to geologists for onsite work, and site management).

Total liabilities amounted to \$1,490,171 (February 28, 2018 - \$1,916,996). The decrease is attributed to the conversion of debentures reducing the debt by approximately \$630,000

For the three months ended May 31, 2018, the Company recorded a net loss of \$2,548,315 (2017 - \$769,444) and as detailed as follows:

(expressed in Canadian dollars)

	2018	2017
<b>EXPENSES</b>		
General and administrative (a)	\$ 731,373	\$ 603,080
Share-based payments (b)	1,839,600	-
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(2,570,973)</b>	<b>(603,080)</b>
Gain on settlement of debt	22,659	(166,364)
<b>NET LOSS FOR THE PERIOD</b>	<b>\$(2,548,315)</b>	<b>\$(769,444)</b>

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

	2018	2017
Transfer agent and shareholder registration	5,219	778
Legal and audit	64,323	113,635
Conference	8,951	-
Consulting fees	156,095	172,317
Financial costs	1,800	14,550
Management fees	69,000	69,000
Corporate and general	145,231	108,116
Travel and costs to work abroad	236,353	120,538
Amortization of equipment	26,401	4,146
	\$ 731,373	\$ 603,080

- (i) Consultants were used for business development, capital markets, investor and public relations, and other support.
- (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 and work on 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.

### Summary of Quarterly Results

Three Months Ended	May 31, 2018 \$	February 28, 2018 \$	November 30, 2017 \$	August 31, 2017 \$
Total Revenue	-	-	-	-
Net Loss	(2,548,315)	(770,990)	(499,427)	(499,185)
Basic and diluted (loss) per share	(0.01)	(0.01)	(0.00)	(0.00)
Total assets	4,703,010	4,888,730	1,296,147	734,966

Three Months Ended	May 31, 2017 \$	February 28, 2017 \$	November 30, 2016 \$	August 31, 2016 \$
Total Revenue	-	-	-	-
Net Loss	(769,444)	(250,489)	(1,162,492)	(424,344)
Basic and diluted (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	859,543	819,868	1,220,910	376,757

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

### Liquidity and Capital Resources

The Company's cash decreased to \$1,489,380 at May 31, 2018, from \$2,650,348 at February 28, 2018. The Company's working capital was \$435,825 compared to \$1,078,714 at February 28, 2018. Cash used in operations was \$890,852 compared to \$490,205 in the prior quarter, as detailed below:

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Net loss before income taxes	\$(2,548,315)	\$ (769,444)
<b>Operating items not involving cash</b>		
Accrued interest and accretion	1,800	12,036
Amortization of equipment	26,609	4,146
Loss on fair value adjustment of shares owing	-	45,725
Gain on settlement of debt	-	166,364
Share based payments	1,839,600	-
Shares issued for services	-	25,000
Unrealized foreign exchange gain	18,881	(9,755)
Changes in working capital items		
Prepaid expenses and deposits	(56,558)	5,165
Sales tax and other receivable	(36,496)	(25,267)
Trade payables and accrued liabilities	(139,321)	88,737
Due to directors	2,948	16,013
Due to related companies	-	(3,200)
Cash flows from operating activities	(890,852)	(490,205)

Cash used in investing activities amounted to \$576,499. \$116,742 of the total related to purchases of equipment to support operation and project expenses in the DRC. \$459,757 of the total related to expenses for the Company's exploration projects.

Cash flows from financings activities amounted to \$306,383. The Company received net proceeds of \$525,360 from the exercise of warrants, and repaid \$218,977 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.

### **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 for the three months ended May 31, 2018 and May 31, 2017:

	<b>2018</b>	2017
Management and consulting fees	<b>\$ 69,000</b>	\$ 69,000
Share-based payments	<b>1,192,800</b>	-
	<b>\$ 1,261,800</b>	\$ 69,000

During the three months ended May 31, 2018, \$18,000 of fees were charged by CFO Advantage Inc., a company owned by the Chief Financial Officer of the Company. As at May 31, 2018, \$163,300 of the fees are outstanding (February 28, 2018 - \$145,300) and are included in trade payables and accrued liabilities on the statement of financial position.

As at May 31, 2018, \$47,894 (February 28, 2018- \$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 May 31, 2018, \$18,002 (February 28, 2018- \$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 May 31, 2018, \$96,678 (February 28, 2018 – \$84,330) 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 May 31, 2018, \$195,757 (February 28, 2018 – \$205,157) 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 \$64,323 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 May 31, 2018, \$14,746 (February 28, 2018 - \$72,810) was payable to Dunton Rainville and are included in trade payables 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, meet 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, 2019 and have not been applied in preparing these consolidated financial statements unless stated otherwise. However, the revised standards and interpretations are either 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 May 31, 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 May 31, 2018, the Company has assets of \$2,684,008 (February 28, 2018 - \$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 May 31, 2018 would be \$236,000 (February 28, 2018 - \$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 192,069,210 issued and outstanding common shares, 52,532,000 of warrants outstanding and 15,200,000 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.