



**TANTALEX RESOURCES CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2019**

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

Dated as of January 17, 2020

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 and nine months ended November 30, 2019 and November 30, 2018. 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 condensed interim consolidated financial statements for the three and nine months ended November 30, 2019 and the audited consolidated financial statements for the years ended February 28, 2019 and 2018, 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 refer 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.

## **Overview of Company and Highlights**

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**”) and commenced trading on the CSE under the trading symbol “**TTX**” at market open on October 22, 2013.

Tantalex is a mining company focused on the acquiring, exploring, developing and distributing 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 August 2018, the Company (through its subsidiary Buckell SAS) entered into an assignment agreement (the “**Agreement**”) to acquire Mines d’Or Resources (“**Minor**”) 65% participation in a corporation which owns PER 13698 (Permis Exploitation Rejets) (“**PER 13698**”), at a cost of USD\$3,000,000. PER 13698 grants exclusive rights to mine the tailings of the historical Manono-Kitotolo mine for lithium, tin and tantalum. The new entity is named Société des Tailings de Manono (“**STM**”) and is owned 65% by Tantalex, 30% by La Congolaise D’Exploitation Minière (“**La Cominière**”) and 5% by Minor.

In November 2018, the Company entered into a letter of intent with International Cobalt Corp. (CSE: CO) (“**ICC**”) with respect to a contemplated business combination by way of a proposed amalgamation between Tantalex and ICC with the intention to list the securities of the resulting issuer (“**Amalco**”) on the Canadian Securities Exchange (the “**CSE**”) following completion of the contemplated transaction (the “**Transaction**”).

On August 28, 2019 the Company accepted the resignations of both Dave Gagnon and Sylvain Giffard, as officers and directors of the Company. Mr. Gagnon was acting as Chairman of the board of directors, President and Chief Executive Officer of Tantalex since inception. Mr Giffard acted as director and executive Vice President.

Following these recent resignations, the board of the Company is now composed of Michel Lebeuf, Paul Kania and Luisa Moreno. Until a successor is determined, Michel Lebeuf will act as Chairman of the Board of Directors.

The Company decided for the benefit of their investors, to review and make the appropriate changes to its management team. Accordingly, the Company requested that Mr. Eric Allard be named interim consultant to overlook the current drilling program of the Tailings located in the historical mining district of Manono-Kitotolo in the Democratic Republic of Congo

## **The Transaction**

As per the terms of the Transaction, Amalco's valuation will be deemed to be represented by the aggregate value of each of Tantalex and ICC, on amalgamation into Amalco on a ratio basis of half each (50%) (the "Participation Ratio").

Subject to the adjustments of the Participation Ratio described below, upon closing of the Transaction, all of the Tantalex securities and ICC securities issued and outstanding or other convertible securities shall be exchanged for Amalco equivalent securities so that each of Tantalex and ICC shareholders hold fifty percent (50%) of all of the issued and outstanding share capital of Amalco. As part of the contemplated Transaction, all previously issued and outstanding stock options in the share capital of each of Tantalex and ICC will be cancelled and replaced by stock options of Amalco, to be issued under a new stock option plan to be implemented by Amalco.

Notwithstanding the above, the Participation Ratio in Amalco may be increased or decreased for Tantalex and/or ICC in specific and pre-determined events should certain conditions precedent to the completion of the Transaction, as follows:

### Tantalex's Participation Ratio:

- i. Should Tantalex fail to deliver a Mineral Resource of a minimum of 15 million tons resource at 0.65% Li<sub>2</sub>O, a fifty percent (50%) portion of the Tantalex shares reserved for issuance under the Definitive Agreement shall be cancelled;
- ii. Should the milestone of 15 million tons resource at 0.65% Li<sub>2</sub>O be achieved and confirmed by a National Instrument 43101 Standards of Disclosure for Mineral Projects ("NI 43-101") compliant resource calculation, the total shares of Amalco reserved for issuance shall be immediately issued on a pro-rata basis to Tantalex shareholders;

### ICC's Participation Ratio

As of the date of at the closing of the Transaction, ICC's cash position and the value of certain pre-paid services and contributed into Amalco shall be of a minimum amount of \$8,000,000 (the "Minimum Cash Position") accordingly, should ICC fail to deliver and contribute to Amalco such Minimum Cash Position, ICC's Participation into Amalco shall be reduced proportionally.

Closing and final acceptance of the contemplated Transaction is subject to various terms and conditions comprised of, but not limited to, the receipt of shareholders approval by ICC (the Company received shareholder approval at its annual meeting held March 15, 2019), receipt of any regulatory approvals and material third party consents, including but not limited to approval by the British Columbia Securities Commission and the CSE, the completion of a satisfactory due diligence by each of Tantalex and ICC of the other party and its assets and the entering into a Definitive Agreement.

Available funds to Amalco will be used to develop the exploitation of the parties respective current assets but more specifically to advance production on the Manono Kitotolo Tailings that were recently acquired by Tantalex, as more fully described below.

## **Exploration and Evaluation assets**

### **Manono Kitotolo Tailings (PER 13698)**

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.

Tantalex has completed the following exploration on the Manono Tailings Project to date:

- Grab sampling and associated laboratory assays
- Handheld GPS survey
- Bulk sampling for metallurgical testwork
- Access road investigation on Manono tailings
- An Exploration Target was completed in September 2018

Mineralisation encountered on the Manono tailings varied from spodumene and lepidolite, to traces of cassiterite. The tailings dumps are composed of coarser material averaging 3-5 mm particle size (40 to 60 m in vertical height), while the terraces are composed of finer grained materials and average approximately 5 m in thickness.

Future work programs are planned confirm as much as possible the variability and distribution of Li<sub>2</sub>O grades within the Tailings dumps. Work planned includes a preliminary auger program, a 5,000 m aircore drill program, assaying, detailed topographical survey, and metallurgical tests for defining initial process flowsheet. In addition, a NI43-101 compliant Mineral Resource Estimate is planned to be completed within Q3 2019.

### **Buckell Lithium project**

The Buckell Lithium project 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 LCT Pegmatite Manono-Kitotolo (MK) mine. 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 1,456 metres targeting the northeastern part of the property that lies on strike with the Kitotolo pegmatite. The program intercepted multiple, parallel LCT-pegmatite bodies varying in widths of up to 34.56 metres (these widths are close to true widths as drilling completed as perpendicular as possible on pegmatite intrusions). This first phase drilling program targeted a prominent potassium anomaly on the northeastern part of the project that lies on strike with the famous Manono pegmatite, located 7 km to the northeast. Exploration work up to date included sampling, pitting and laboratory analysis, which confirmed positive identification of pegmatite extensions below the soil cover, which was eventually drilled in phase 1. To date 184 pits have been completed, most up to 6 m depth. Although most pits did not intersect bedrock (mostly due to deep weathering profile) pits did intersect saprolite and pegmatite fragments, some of which gave anomalous Li assay results.

Due to an absence of outcrop, the drillholes were sited based upon pitting completed by Tantalex field teams. The pegmatite bodies intersected by these first 6 drill holes comprises dark green mica with varying amounts of quartz, albite feldspar and black tourmaline as well as low K/Rb and Mg/Li ratios are typical of LCT pegmatites in general.

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.

Additional ground work is continuing and the second phase of drilling will commence as soon as additional target areas have been defined and funding is available. Drilling of the initial six drillholes was performed on a surface area of 2 km<sup>2</sup> whereas the entire concession area totals 920 km<sup>2</sup>. Additional target generation work includes augering and pitting as well as grabs sampling, mapping, regional reconnaissance and construction of access roads towards the south of the concessions.

The following table shows the amounts spent on the Company's projects during the nine months ended November 30, 2019 and the year ended February 28, 2019:

	November 30, 2019	February 28, 2019
Beginning balance	\$ 6,464,496	\$ 931,791
Acquisition costs	-	4,178,635
Project expenses	555,281	1,333,489
Foreign currency adjustment	55,140	20,580
Closing balance	\$ 7,074,917	\$ 6,464,495

### Results of Operations

As at November 30, 2019, the Company had a cash and cash equivalent balance of \$86,797 (February 28, 2019 - \$110,762) and total current assets of \$497,721 (February 28, 2019 - \$535,310). During the period the Company received net cash proceeds of \$1,029,576 from non-interest-bearing loans and \$200,000 of loans bearing annual interest of 12% maturing 1 year from the issue date.

Long term assets comprised of equipment \$304,263 (February 28, 2019 - \$325,878), and exploration and evaluation assets of \$7,074,917 (February 28, 2019 - \$6,464,495).

Total liabilities amounted to \$7,173,174 (February 28, 2019 - \$6,344,315). The increase is attributed to the receipt of \$1,120,751 of loans.

For the three and nine months ended November 30, 2019, the Company recorded a net income (loss) of \$577,589 and \$(291,789) (\$(446,101) and \$(4,020,677) for the three and nine months ended November 30, 2018) and detailed as follows:

	Three months ended November 30,		Nine month ended November 30,	
	2019	2018	2019	2018
<b>EXPENSES</b>				
General and administrative (a)	\$ 135,107	\$ 446,101	\$ 790,536	\$ 2,262,573
Stock based compensation (b)	-	-	-	1,839,600
<b>LOSS BEFORE OTHER ITEMS</b>	(135,107)	(446,101)	(790,536)	(4,102,173)
Gain on settlement of debt (c)	-	58,838	-	81,496
Change in fair value of derivative (d)	1,066,988	-	3,362,705	-
Interest and accretion (e)	(354,292)	-	(2,863,958)	-
<b>NET LOSS FOR THE PERIOD</b>	\$ 577,589	\$ (446,101)	\$ (291,789)	\$ (4,020,677)

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

	Three months ended November 30,		Nine months ended November 30,	
	2019	2018	2019	2018
Legal and audit	(6,107)	12,913	84,901	219,089
Consulting fees	86,361	38,582	78,002	534,485
Financial costs	-	68,629	1,978	77,443
Management fees	18,000	69,000	156,000	260,322
Corporate and general	28,091	94,092	296,758	485,637
Travel and cost to work abroad	8,765	135,705	148,344	604,578
Amortization of equipment	-	27,180	24,552	81,019
	\$ 135,107	\$ 446,101	\$ 790,536	\$ 2,262,573

- (i) Consultants were used for business development, capital markets, investor and public relations, and other support. The decrease was due to the decrease in activity of the Company during the quarter.
- (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. Costs decreased due to a reduction of personnel and related administrative expenses.
- (iv) Travel includes costs to work abroad consist of (i) management and consultants travel, accommodation, and living expenses while working on site in Africa and managing African operations (ii) costs for representation at trade shows to increase exposure to potential partners and investors (iii) business development and financing meetings. Costs decreased due to a reduced level of activity on African operations, as well as reduced travel for tradeshows and 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 at a price higher than the fair market value of its shares, resulting in a gain on settlement.

(d) The conversion feature of the convertible debentures issued during 2018, is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income.

(e) Interest and accretion on convertible debentures outstanding during the period.

### Summary of Quarterly Results

Three Months Ended	November 30, 2019 \$	August 31, 2019 \$	May 31, 2019 \$	February 28, 2019 \$
Total Revenue	-	-	-	-
Net income (loss)	577,589	(776,943)	(92,435)	(1,630,885)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	7,858,415	7,858,415	7,821,293	7,325,683

Three Months Ended	November 30, 2018 \$	August 31, 2019 \$	May 31, 2018 \$	February 28, 2018 \$
Total Revenue	-	-	-	-
Net Loss	(446,101)	(1,026,262)	(2,548,315)	(770,990)
Basic and diluted (loss) per share	(0.00)	(0.01)	(0.01)	(0.01)
Total assets	7,672,132	7,329,536	4,703,010	4,888,730

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

### Liquidity and Capital Resources

The Company's cash decreased to \$86,797 at November 30, 2019, from \$110,762 at February 28, 2019. The Company's working capital deficit was \$6,675,453 compared to a working capital of \$5,809,005 at February 28, 2019. Cash used in operations was \$789,434 compared to \$1,929,854 in the prior period, as detailed below:

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Net loss before income taxes	\$ (291,789)	\$ (4,020,677)
<b>Operating items not involving cash</b>		
Accrued interest and accretion	2,863,958	-
Depreciation of equipment	21,615	81,496
Gain on settlement of debt	-	(81,496)
Change in fair value of derivative liability	(3,362,705)	-
Stock based compensation	-	1,839,600
Unrealized foreign exchange gain	(40,992)	21,593
Changes in working capital items		
Prepaid expenses and deposits	(65,161)	(5,415)
Sales tax and other receivable	78,785	(122,369)
Trade payables and accrued liabilities	(36,379)	307,158
Due to directors	43,234	50,256
<b>Cash flows from operating activities</b>	<b>(789,434)</b>	<b>(1,929,854)</b>

Cash used in investing activities amounted to \$555,282 related to mineral property costs and geological consultants and related costs on the projects.

Cash flows from financings activities were proceeds of loans received and amounted to \$1,320,751. \$1,120,751 of these loans are non-interest bearing and have a maturity date of one year. \$200,000 of the loans bear an annual interest rate of 12% maturing one year from the date of issuance.

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 nine months ended November 30, 2019 and November 30, 2018:

	2019	2018
Management and consulting fees	\$ 156,000	\$ 260,322
Share-based payments	-	1,192,800
	<b>\$ 156,000</b>	<b>\$ 1,453,122</b>

During the nine months ended November 30, 2019, \$54,000 (nine months ended November 30, 2018 - \$54,000) of fees were charged by CFO Advantage Inc., a company owned by the Chief Financial Officer of the Company. As at November 30, 2019, \$101,300 of the fees are outstanding (February 28, 2019 - \$57,300) and are included in trade payables and accrued liabilities on the statement of financial position. On July 11, 2018, the Company settled \$150,000 of amounts owing through the issuance of 1,000,000 units. Each unit was issued at \$0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at \$0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of \$18,000.

On July 11, 2018, the Company settled \$47,894 through the issuance of 319,293 units, with 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. Each unit was issued at \$0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at \$0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of \$5,747.

On July 11, 2018, the Company settled \$20,000 through the issuance of 133,333 units with Charbone Buckell, a related company by virtue of Dave Gagnon, the CEO and a director of the Company, being a common director. Each unit was issued at \$0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at \$0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of \$2,400. During the year, the Company acquired a 90% interest in Buckell SAS. 80% was acquired from Charbone Buckell at a cost of USD\$1,600.

As at November 30, 2019, \$27,737 (February 28, 2019 – \$16,463) was payable to Dave Gagnon, the former CEO and a director of the Company (resigned August 28, 2019), for outstanding management fees and are included in amounts Due to Directors on the statement of financial position. On July 11, 2018, the Company settled \$150,000 through the issuance of 1,000,000 units. Each unit was issued at \$0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at \$0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of \$18,000.

As at November 30, 2019, \$240,714 (February 28, 2019 – \$205,756) was payable to Sylvain Giffard, a former director (resigned August 28, 2019), for outstanding management fees, and are included in amounts Due to Directors on the statement of financial position. On July 11, 2018, the Company settled \$50,000 through the issuance of 333,333 units. Each unit was issued at \$0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at \$0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of \$6,000.

During the nine months ended November 30, 2019, the Company was charged \$47,461 (nine months ended November 30, 2018 - \$196,726) 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 November 30, 2019, \$42,974 (February 28, 2019 - \$64,000) 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, 2019, \$90,000 of debt was settled to a director through the issuance of 600,000 units. Each unit was issued at \$0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at \$0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of \$10,800.

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. In assessing impairment of exploration and evaluation assets, the Company must make some estimates and assumptions regarding future circumstance, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future exploitation or sale when the activities have not reached a stage that permits reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. 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 year.

#### **Share-based payments**

The fair value of share-based payment costs 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. Estimates are made as to the volatility of its own share price, 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**

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**

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The adoption had no impact on the financial statements.

### **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 year.

#### *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 or are at a fixed interest rate. 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 November 30, 2019, 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 November 30, 2019, the Company has assets of \$5,229,613 (February 28, 2019 - \$4,978,989) denominated in a US dollars. 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 November 30, 2019 would be \$522,900 (February 28, 2019 - \$444,414).

#### *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 years 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 194,882,623 issued and outstanding common shares, 55,346,177 of warrants outstanding and 8,050,000 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.