



**TANTALEX LITHIUM RESOURCES CORPORATION  
(FORMERLY TANTALEX RESOURCES CORPORATION)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31 2023**

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

Dated as of October 30, 2023

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Tantalex Lithium Resources Corporation (Formerly 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 six months ended August 31, 2023 and August 31, 2022. 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 unaudited condensed interim financial statements for the three and six months ended August 31, 2023 and the audited consolidated financial statements for the years ended February 28, 2023 and February 28, 2022, and related notes thereto. The Company's unaudited condensed interim 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**

Tantalex Lithium Resources Corporation (formerly Tantalex Resources Corporation) Tantalex Resources Corporation ("Tantalex" or "the Company") was incorporated under the Business Corporations Act (British Columbia) on September 28, 2009.

Tantalex Lithium Resources is a Canadian junior exploration company listed on the Canadian Securities Exchange (CSE:TTX), the OTCQB (OTC:TTLXF) and the Frankfurt Stock Exchange (FSE: DW8). The company is focused on developing Lithium projects in Africa, producing Lithium, Tantalum and Tin.

The directors and management aim to position Tantalex as a first-class exploration and development company in the region, with high standards for both environmental sustainability and the social well-being of local communities.

It is the Company objective to develop its portfolio of assets. By building a strong team of experienced professionals, our focus is on delivering our projects – on time, on budget and always in a sustainable way. Through this sustainable development we aim to create value for our shareholders and the countries we operate in.

## **Operational Highlights for the six months ended August 31, 2023 and to the date of this MD&A**

- Commenced commissioning of the Titan plant;
- Completed and released the Manono Lithium Tailings Preliminary Economic Assessment with IRR of 87.4% and NPV of USD\$764 million.
- Filed an updated NI 43-101 mineral resource report for the Manono Lithium Tailings Project now including tin and tantalum.
- Executed a term sheet with Glencore International AG (“Glencore”) on September 8th for a marketing offtake agreement for the lithium to be produced from its Manono Lithium Tailings Project.
- The Company held its Annual General Meeting of Shareholders August 2, 2023 whereby Tantalex shareholders re-elected Hadley Natus, Eric Allard, Yves Kabongo, Simon Collins, Luisa Moreno and Matthew Botell as directors. The shareholders also reappointed McGovern Hurley LLP, Chartered Professional Accountants, as the auditors of the Corporation.

## **Financing Highlights for the six months ended August 31, 2023 and to the date of this MD&A**

- Received USD\$2,000,000 of a working capital facility that had been entered into January 2023.
- Entered into a USD\$2,000,000 loan agreement with a director of the Company, and subsequently converted the loan (plus interest) to 26,922,546 common shares of the Company.
- Entered into a USD\$500,000 bridge loan agreement with a private investor at arm’s length.
- Closed a non-brokered private placement in several tranches for total gross proceeds of approximately \$1.3m.

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

### **LOI with Minor SARL (“Minor”)**

On July 7, 2021, the Company announced that it entered into a binding LOI with Minor to expand its land package in the prolific Manono lithium, tin and tantalum hub with an earn-in option agreement to acquire the entirety of the dumps that are located on PER 13698.

In July 2021, the Company signed an agreement (“Agreement”) with MINOR SARL to acquire the property interests and related tailings at Manono, DRC. Upon signing, the Company paid USD\$1,000,000 to enter into the Agreement.

The earn-in Agreement allows for TTX SAU, a wholly owned subsidiary of Tantalex in the DRC, to acquire up to an effective 52% interest in Minocom Mining SAS (“Minocom’s”) interest in certain property holdings. In the initial phase of the earn-in agreement, TTX SAU acquired a 25% interest for a payment of \$2,000,000 USD (USD\$1,000,000 and 20,000,000 shares of Tantalex, valued at \$1,600,000 based on the quoted market price on issuance), in addition to the \$3,000,000 USD that was paid in fiscal 2019.

TTX SAU also held an option to buy an additional 27% interest in Minocom for either USD\$10,000,000 or 20,000,000 shares of Tantalex to be decided by MINOR after the completion of the initial resource estimate.

On June 17, 2022, the Company announced that it effectively exercised its option to acquire an additional 27% stake in the MINOCOM assets for a total consideration of USD \$500,000 and the issuance of 35,000,000 common shares of the Company pursuant to an amending agreement executed on May 17, 2022. As at August 31, 2023 the USD\$500,000 (\$680,450) was paid. The 35,000,000 shares will be issued upon closing of the transaction and therefore have not been recorded at August 31, 2023. This will be effective by TTX SAU having ownership of 52% of MINOCOM SAS and where MINOR will hold 18% and Cominiere SA will hold 30%. The Company is currently in process of completing the transaction.

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).

During the six months ended August 31, 2023 and to the date of this MDA the Company completed the following:

The Company filed an updated technical report titled “NI 43-101 Mineral Resource Report for the Manono Lithium Tailings Project, with an effective date of September 4th, 2023 (the “Mineral Resource Report”). A summary of the Mineral Resource estimates per deposit as well as the total Measured, Indicated and Inferred and combined Measured and Indicated Mineral Resources is shown in Table 1 below. The volumes and grades associated to Li<sub>2</sub>O have not changed from the original report dated December 13th 2022 but now includes tin and tantalum grades from tailings dumps I, G and K. To be noted that assays from Dump C have not yet been re-assayed for the Sn and Ta grades, therefore only an Inferred Li<sub>2</sub>O Mineral Resource is declared for this deposit.

<b>Table 1</b>					
<b>Manono Mineral Resources a 0.20% Li<sub>2</sub>O cut-off grade – 23 August 2023</b>					
<b>Deposit</b>	<b>Classification</b>	<b>Tonnes (Mt)</b>	<b>Li<sub>2</sub>O %</b>	<b>Sn ppm</b>	<b>Ta ppm</b>
Cc	Inferred	2.99	0.32	-	-
Ic	Inferred	0.51	0.49	583	29
Gc	Indicated	0.29	0.78	579	30
	Inferred	0.51	0.84	554	29
Gf	Indicated	1.39	0.35	183	22
	Inferred	0.13	0.33	209	26
K	Measured	3.77	0.86	305	25
	Inferred	2.33	0.67	652	35
<b>Li<sub>2</sub>O, Sn and Ta Mineral Resources</b>					
<b>Total</b>	Measured	3.77	0.86	306	25
	Indicated	1.69	0.42	252	24
	<b>Measured &amp; Indicated</b>	<b>5.46</b>	<b>0.73</b>	<b>289</b>	<b>25</b>
	Inferred	3.48	0.66	614	33
<b>Li<sub>2</sub>O only Mineral Resources</b>					
<b>Total</b>	Inferred	2.99	0.32	-	-

*Notes:*

- 1. All tabulated data have been rounded and as a result minor computational errors may occur.*
- 2. Mineral Resources are not Mineral Reserves, have no demonstrated economic viability*
- 3. Li<sub>2</sub>O % grades calculated by applying a factor of 2.153 to Li % grades*
- 4. Mt = Million tonnes, ppm = parts per million*
- 5. Inferred Li<sub>2</sub>O, Sn and Ta Mineral Resources are totalled for the Southern Sector dumps (Ic, Gc, Gf and K).*
- 6. Inferred Li<sub>2</sub>O only Mineral Resources are for the Cc dump.*

The Mineral Resource was estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Best Practice Guidelines and is reported in accordance with the 2014 CIM Definition Standards, which have been incorporated by reference into National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101), and may be found at [www.tantalexlithium.com](http://www.tantalexlithium.com) or under the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Preliminary Economic Assessment**

On October 23, 2023, the Company filed its NI 43-101 Preliminary Economic Assessment (PEA) Report for the Manono Lithium Tailings Project, Manono, Democratic Republic of Congo, with an effective date of October 6th, 2023.

### **Key PEA Highlights**

#### **Excellent project economics and financial returns**

- Robust pre-tax NPV10% of approximately US\$764 million and 87.4% IRR on a nominal basis, and a pretax NPV10% of approximately US\$638 million and 82.3% IRR on a real basis.
- Rapid payback of 1 year after first production using a Life of Mine spodumene concentrate price of US\$2,800/t SC5.5 (FOB, Africa) as forecast by Fastmarkets, an internationally recognized price reporting agency.
- Project Capital Cost Estimate (CAPEX) of US\$147,7M including contingencies.
- Life-of-Mine (LOM) of 6 years with an estimated annual production of 112,000 t of spodumene concentrate.

#### **Low risk plant operation and tailings reclamation**

- Ready to use tailings dump resources to feed beneficiation plant with minimum cost of mining, crushing, grinding, and processing.
- Process plant nameplate capacity is 1.26Mtpa of run-of-mine (ROM) ore based on robust flowsheet using learnings from other lithium producers.
- A number of opportunities have been identified to improve capital and operating costs and plant capacity. The exploration program is being finalized with a focus on increasing indicated resources and extending life of project.

The PEA was prepared by Sedgman Novopro of Montreal, Canada with Mineral Resource and Mining contributions from MSA Group in accordance with National instrument 43-101, Standards of Disclosure for Mineral Projects (NI 43-101).

### **Term Sheet with Glencore**

On September 8, 2023, the Company executed a term sheet from Glencore International AG (“Glencore”) for a marketing offtake agreement for the lithium to be produced from the Manono Lithium Tailings Project. The term sheet includes the following key commercial terms:

- Secured Convertible Financing Facility in three (3) tranches:
  - First Tranche USD 2M upon execution of the marketing offtake agreement (MOA);
  - Second Tranche USD 3M upon Glencore’s satisfactory review of the PEA;
  - Third Tranche Financing of 1/3 of the total CAPEX required for the Manono Lithium Tailings Project subject to conditions precedent.
- Commitment Fee of 1.5% flat calculated on the total initial prepayment amount, to be deducted from the prepayment on each disbursement.

The transaction is subject to various CPs, including the execution of definitive agreements and completion of outstanding due diligence to Glencore's satisfaction

### **Joint Venture with United Cominiere - PR12447 & PR12448**

United Cominiere SAS, a joint venture between Tantalex (70%) and COMINIÈRE SA (30%), holds 2 adjacent permits PR12447 and PR12448, each encompassing about 390 km<sup>2</sup>. Manono-Kitotolo is a very large rare-metal pegmatite that extends over an area 800m wide and over 15 km long that has mainly been exploited for cassiterite and columbite– tantalite. Tantalex controls 25km of a 70km long geologic trend ("pegmatite corridor") which extends from the Dathcom SAS Manono Lithium Tin Project, located immediately east of PR12448 in the north, to PR12453, located immediately to the west of PR12447 in the south. The "pegmatite corridor", is highly prospective for further discoveries and to this day remains highly unexplored.

### **Current and planned work**

Recent airborne geophysical studies suggest the Manono-Kitotolo pegmatite extends undercover to the southwest into PR12448. Tantalex drilled 6 holes in 2018 confirming the presence of pegmatite in the northeast corner of PR 12448 where diamond hole BMDD001 intercepted multiple, parallel spodumene-bearing pegmatite bodies totalling 99.5 metres in apparent thickness. In the south, east of PR12447 on PR12453, shallow reverse circulation drilling intersected a number of low-grade lithium bearing pegmatite veins with widths of between 7m and 16m with many holes ending in mineralization indicating deeper drilling is required. The pegmatite corridor is highly prospective for hard rock lithium and alluvial tin-tantalum production. A 25km long, 5 km wide corridor, which has been defined by an aeromagnetic survey. Dathcom SAS Mineral's Roche Dure Li-Sn-Ta deposit located 9km to the northeast, along the trend of the corridor.

Two 4km x 2km radiometric K anomalies are located at the northeast and southwest ends of the corridor, indicating the presence of pegmatites below a shallow cover.

Detailed mapping activities are continuing throughout our concessions 12448 and 12447 which encompass a total area of 800km<sup>2</sup>. Our geological team is making progress in adding additional prospective drilling targets and identifying outcropping pegmatites throughout the concessions. The drilling of the first principal targets on the Corridor is planned once the financing has been completed. A total of 20,000m is planned over the coming months.

### **TiTan Tin & Tantalum Plant**

Tantalex owns a 70% stake in the mining concessions PR12447 & 12448 with state company Cominiere SA owning the remaining 30%. Exploration work in 2020/21 has indicated a 9km long Lubule River catchment area within PR12447. The Company has been granted a full mining license for these concessions covering over 3,700 Ha of known mineralized G2 gravels.

During the six months ended August 31, 2023 and to the date of this MDA the Company completed the following:

The team progressed with multiple activities on and around the TiTan mine, with the goal of becoming a modern tin and tantalum alluvial processing plant in the DRC, and completed the construction activities finishing with the electrical connection of the various modules, building of offices and TSF excavations. The production decision has been made without a mining study disclosable under NI 43-101.

The Company commenced commissioning on the TiTan plant which has been designed with a capacity of 130 tonnes per hour. The Company has completed its first production of wet concentrate during the commissioning phase and is still active in making technical adjustments for reaching optimal ore throughput.

The company is also active on completing all export administrative procedures with the relevant Authorities. Once these are completed, first export will then be able to occur.

The Company secured the services of RCS Global Group / Better Mining to implement its Upstream Assurance Mechanism (UAM) Services for its mining operations on the TiTan plant. This mechanism

combines two permanent processes: Due Diligence and Monitoring (Better Mining) and Digital Supply Chain Traceability (RCS TRACE).

The Company established an ongoing relationship with the “Carter Center” since February 2023 and secured their formal assistance to guide the implementation of an exemplary Community Development Plan for the TiTan project, the first of its kind in both Tanganyika and Haut-Lomami provinces.

## Results of Operations

As at August 31, 2023, the Company had a cash and cash equivalent balance of \$373,187 (February 28 2023 - \$110,958) and total current assets of \$672,205 (February 28, 2023 - \$336,659). Long term assets at August 31, 2023, increased to \$9,857,604 from \$8,689,455 (February 28, 2023) and are comprised of a \$510,176 loan receivable and \$9,347,428 consisting of alluvial mining plant construction, construction vehicles, and other equipment.

Total liabilities amounted to \$33,455,082 (February 28, 2023 - \$29,071,323). The increase is largely attributed to additional loans and advances received from related parties (see related party section). These loans and advances were used towards the construction of the Titan alluvial mining plant, acquiring equipment, and to conduct work on the Company’s projects.

For the three and six months ended August 31, 2023 the Company recorded a net loss of \$3,169,305 and \$7,284,672 compared to a net income of \$68,075 for the three months ended August 31, 2022 and a net loss of \$4,240,034 for the six months ended August 31, 2023. Net loss for the periods is detailed as follows:

### For the three and six months ended August 31, 2023 and August 31, 2022

(expressed in Canadian dollars)

	Three months ended August 31,		Six months ended August 31,	
	2023	2022	2023	2022
<b>EXPENSES</b>				
General and administrative (a)	\$ 1,205,426	\$ 884,712	\$ 2,815,569	\$ 1,612,345
Exploration expenses (b)	1,228,506	2,098,106	3,115,398	3,414,448
Stock based compensation (c)	110,000	233,374	193,673	233,374
<b>LOSS BEFORE OTHER ITEMS</b>	(2,543,932)	(3,216,192)	(6,124,640)	(5,260,167)
Change in fair value of derivative liability (d)	588,888	3,877,584	368,621	2,034,070
(Loss) gain on foreign exchange	162,907	(44,704)	226,040	(191,575)
Interest and accretion	(1,377,168)	(548,613)	(1,754,693)	(822,362)
<b>NET (LOSS) INCOME FOR THE PERIOD</b>	\$ (3,169,305)	\$ 68,075	\$ (7,284,672)	\$(4,240,034)

(a) A breakdown of the general and administrative expenses for the three and six months ended August 31, 2023 and August 31, 2022 is as follows (in \$’s):

	Three months ended August 31		Six months ended August 31	
	2023	2022	2023	2022
Transfer agent and shareholder registration	\$ 14,056	\$ 6,488	\$ 19,751	\$ 12,336
Legal and audit	59,638	208,807	201,214	296,184
Consulting fees	262,018	128,302	354,692	177,860
Management fees (i)	386,422	375,067	945,553	587,560
Office and general (ii)	331,308	71,070	935,862	348,836
Business development (iii)	33,658	-	121,631	-
Depreciation	118,326	94,978	236,866	189,569
	\$1,205,426	\$ 884,712	\$2,815,569	\$ 1,612,345

There was an overall increase in most expenses categories as the Company continued to advance its business plan.

- (i) Includes senior and other management used to run corporate and operational activities, increase due to increase in operations and management required to support exploration and development activities in Africa. See also related party transactions.
  - (ii) Office and general include public company costs (such as transfer agent, press releases, regulatory fees, insurance, travel to and from DRC, and other), maintaining offices in North American and Africa and salaries for employees based in Africa. Increase due to increase in operations compared to the prior period.
  - (iii) The Company commenced marketing campaigns to increase investor awareness of the Company and its projects.
- (b) Represents costs related to the Company's exploration projects.
- (c) Represents the value of the stock options and RSUs expensed during the period. This is a non-cash expense.
- (d) The conversion features of the convertible debentures issued were 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.

### Summary of Quarterly Results

Three Months Ended	August 31, 2023 \$	May 31, 2023 \$	February 28, 2023 \$	November 30, 2022 \$
Total Revenue	-	-	-	-
Net income (loss)	(3,169,305)	(4,115,367)	3,191,125	(7,099,567)
Basic and diluted loss per share	(0.01)	(0.01)	0.00	(0.01)

Three Months Ended	August 31 2022 \$	May 31, 2022 \$	February 28, 2022 \$	November 30, 2021 \$
Total revenue	-	-	-	-
Net income (loss)	68,075	(4,308,109)	(4,599,087)	(10,261,525)
Basic and diluted (loss) per share	0.00	(0.01)	(0.02)	(0.01)

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditure required to advance its projects. Net income in the three months ended February 28, 2023 and August 31, 2022 was the result of the positive change in the derivative liability which offset expenses.

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

### Liquidity and Capital Resources

The Company's cash increased to \$373,187 at August 31, 2023, from \$110,958 at February 28, 2021. The Company's working capital deficit was \$21,883,856 compared to a working capital deficit of \$18,264,969 at February 28, 2023. Cash used in operating activities was \$5,792,627 compared to \$1,680,042 in the prior period.

Investing activities reflected cash used of \$1,430,038 for the construction of its Titan mining plant, and for the purchase of other equipment.



For the six months ended August 31, 2023 the Company had cash from financing activities totalling \$7,484,894, being proceeds loans (see related party section), private placement financing and proceeds from the exercise of stock options.

Currently the Company does not have the required working capital to maintain corporate operations and conduct exploration programs on its property, and has been relying on loans and advances from related parties. The Company continues to restructure its debt, and raise funds. However, 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 and/or revenues from future production. 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.

There were no changes in the Company's approach to capital management during the period.

Total principal debt outstanding as of the date of this MD&A was as follows:

#### Loans

Amount	Currency	Maturity Date
\$1,000,000	USD	March 2024
\$1,000,000	USD	July 2024
\$3,000,000	USD	January 2024 (early repayment date) and March 31, 2023 (late repayment date)
\$7,213,006	USD	Earlier of 18 months from commencement of mining Titan or Dec 31, 2024
\$3,000,000	USD	February 2025
\$500,000	USD	October 1, 2023

#### Debentures

Amount	Currency	Maturity Date
\$750,000	USD	Nov 2022 (currently negotiating new terms)
\$100,000	CAD	Nov 2022 (currently negotiating new terms)
\$1,350,000	USD	Nov 2022 (currently negotiating new terms)
\$700,000	CAD	Nov 2022 (currently negotiating new terms)
\$1,231,784	USD	January 2024

Further information regarding the Company's loans and convertible debentures, is included in Notes 9 & 11 of the unaudited condensed interim consolidated financial statements for the six months ended August 31, 2023.

#### 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 VPs, is as follows for the six months ended August 31, 2023 and August 31, 2022:

	2023	2022
Management and consulting fees	\$ 541,409	\$ 484,355
Share-based payments	42,857	157,219
	<b>\$ 584,266</b>	<b>\$ 641,574</b>

During the six months ended August 31, 2023, \$60,750 (six months ended August 31, 2022 - \$49,800) of fees were charged by CFO Advantage Inc., a company owned by the Chief Financial Officer of the Company. As at August 31, 2023, \$71,275 (February 28, 2023 - \$83,793) of the fees are outstanding and are included in trade payables and accrued liabilities on the statement of financial position. On September 6, 2022, the Company settled \$40,000 of debt with CFO Advantage Inc. with the issuance of 500,000 common shares. During the six months ended August 31, 2023, 2,000,000 common shares were issued on the exercise of 2,000,000 stock options by the Chief Financial Officer.

During the six months ended August 31, 2023, \$119,000 (six months ended August 31, 2022 - \$64,500) of fees were charged by 3IM Technologies ("3IM"), a Company owned by the CEO (and former VP) of the Company. As at August 31, 2023, \$45,096 (February 28, 2023 - \$68,847) of the fees and expenses are outstanding and are included in trade payables and accrued liabilities on the statement of financial position. On September 6, 2022, the Company settled \$60,000 of debt with 3IM Technologies. with the issuance of 750,000 common shares. As at August 31, 2023, \$nil (February 28, 2023, \$13,412) is also included in accounts payable as due to the CEO for expenses paid for on behalf of the Company. On August 17, 2023, 3IM provided a \$60,000, non-interest bearing, short term loan to the Company with no specific terms of repayment.

During the six months ended August 31, 2023, the Company was charged \$68,125 (six months ended August 31, 2022 - \$84,908) by law firms for legal services and disbursements where Michel Lebeuf (former Interim CEO, former director and the current corporate secretary of the Company) is a partner. As at August 31, 2023, \$40,948 (February 28, 2023 - \$32,007) was payable and are included in trade payables and accrued liabilities on the statement of financial position.

During the six months ended August 31, 2023, the Company was charged \$79,746, by Matthew Botell, director of the Company, as consulting fees. \$239,238 of fees remained payable at August 31, 2023.

During the six months ended August 31, 2023, the Company was charged \$108,886, by Hadley Natus, director of the Company, as consulting fees. \$29,986 of fees remained payable at August 31, 2023. During the period, 5,116,666 common shares were issued to Mr. Natus upon the exercise of 5,116,666 stock options.

Amounts included in trade payable are accrued liabilities are unsecured, non-interest bearing and have no fixed terms of repayment.

On April 20, 2023, the Company entered into a USD\$2,000,000 loan agreement with Simon Collins, a director of the company, which was subsequently settled with the issuance of 26,922,546 common shares.

On July 8, 2022, the Company entered into a USD\$3,000,000 (see note 9 to the unaudited condensed interim consolidated financial statements for the three and six months ended August 31, 2023) with Trade Cloud, a company controlled by Matthew Botell and Simon Collins, directors of the Company.

During the year ended February 28, 2023, the Company had the following transactions with Afrimet Resources ("Afrimet"), and Coproco Group SARL ("Coproco"), companies controlled by Hadley Natus, a director of the Company.

- Entered into an agreement for Grid Note #1 (see note 9 to the unaudited condensed interim consolidated financial statements for the three and six months ended August 31, 2023).
- Entered into an agreement for Grid Note #1 (see note 9 to the unaudited condensed interim consolidated financial statements for the three and six months ended August 31, 2023).
- Entered into an agreement for the Facility (see note 9 to the unaudited condensed interim consolidated financial statements for the three and six months ended August 31, 2023).
- \$17,153 included in accounts payable at February 28, 2023 for expense paid by Afrimet on behalf of the Company.
- \$127,525 is owing to Coproco for invoices paid on behalf of the Company.
- During the year ended February 28, 2023, the Company was charged \$73,101, by Mr. Natus as consulting fees, which remained payable at February 28, 2023.

## **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 annual audited consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and 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:

### **Estimation of uncertainty**

Information about the significant estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

### **Stock based compensation, warrants and RSUs**

The fair value of share-based payments and warrants 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 based on historical volatility, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. RSUs with vesting conditions based on market factors are valued using the Monte-Carlo valuation model. Estimates are made as to the volatility of its own share price based on historical volatility, and the probability the market conditions will be achieved.

### **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.

### **Assessment of indicators of impairment**

At the end of each reporting period, the Company assesses whether there are any indicators, from external and internal sources of information, that an asset may be impaired, thereby requiring adjustment to the carrying value.

### **Expected credit losses**

Determining an allowance for ECLs requires management to make estimates and assumptions about credit losses expected to occur in the future, which is based on the probability of default, loss given default, and expected cash shortfall relating to the underlying loan receivable. The expected credit loss is determined by evaluating a range of possible outcomes incorporating the time value of money and reasonable and supportable information about past events, current conditions, and future economic forecasts. Management is not aware of any material ECL on its loan receivable or other financial assets.

### **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.

**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.

**Estimation of decommissioning and reclamation costs and the timing of expenditure**

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Cost estimates are updated annually to reflect known developments and are subject to review at regular intervals.

**Income, value added, withholding and other taxes**

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

**Contingencies**

Refer to Note 19 of the unaudited condensed interim consolidated financial statements for the three and six months ended August 31, 2023.

The amounts recognized in the consolidated financial statements are derived from the Company's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position and its financial performance and cash flows.

**Derivative Liabilities**

The Company values derivative liabilities by reference to their fair value at the date at which the instrument is granted and each reporting period. Estimating fair value requires determining the most appropriate valuation model. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life and volatility and making assumptions about them. Changes in the input assumptions can materially affect the fair value estimate.

**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 August 31, 2023, 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 and development 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 August 31, 2023, the Company has assets of \$9,355,322 (February 28, 2023 – \$8,219,129) denominated in a foreign currency. The impact to equity of a 10% increase or decrease in foreign currencies to the Canadian dollar exchange rate at August 31, 2023 would be \$935,500 (February 28, 2023 - \$821,900).

#### *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 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 607,647,103 issued and outstanding common shares, 30,113,334 options outstanding and 6,900,000 restricted share units.

### **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.