SRG MINING

(formerly SRG Graphite Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED ON JUNE 30, 2019

AS OF August 23, 2019

TSX-V: SRG

INDEX

SCOPE OF MD&A AND NOTICE TO INVESTORS

This management discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of August 23, 2019, and complements the unaudited interim condensed consolidated financial statements of SRG Mining Inc. (the "Company" or "SRG"), which include SRG Guinee SARL ("SRG Guinee") and SRG Graphite International Inc. ("SRG Intl"), its wholly owned subsidiaries, for the second quarter ended on June 30, 2019. These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. The Company has prepared this MD&A following the requirements of National Instrument 51-102, Continuous Disclosure Obligations.

The interim condensed consolidated financial statements and related notes have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2018.

Management of the Company is responsible for the preparation and presentation of the interim condensed and annual consolidated financial statements and notes thereto, MD&A and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The unaudited interim condensed consolidated financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on August 23, 2019. These documents and more information about the Company are available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A are forward-looking statements or information. The Company is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Company. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results are summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

COMPANY OVERVIEW

The Company was incorporated on April 16, 1996 under the Canada Business Corporations Act. SRG Mining Inc. common shares are currently listed on the TSX-V under the trading symbol "SRG.V". The Company's head office is located at #132 – 1320 Graham boulevard, Mont-Royal, Quebec, Canada, H3P 3C8.

SRG is a Canadian-based resource company with the goal of creating shareholder value by becoming a leader in the production and delivery of low-cost, quick-to-market, quality graphite. The Company is focused on evaluating and developing the Lola graphite deposit, which is located in the Republic of Guinea, West Africa. The Lola Graphite occurrence has a prospective surface outline of 3.22 km^2 of continuous graphitic gneiss, one of the largest graphitic surface areas in the world. SRG owns 100% of the Lola Graphite Property. **Figure 1** presents the Company's Lola graphite research permit and the surrounding village along with a map showing the deposit's location in the country and the possible import/export routes.

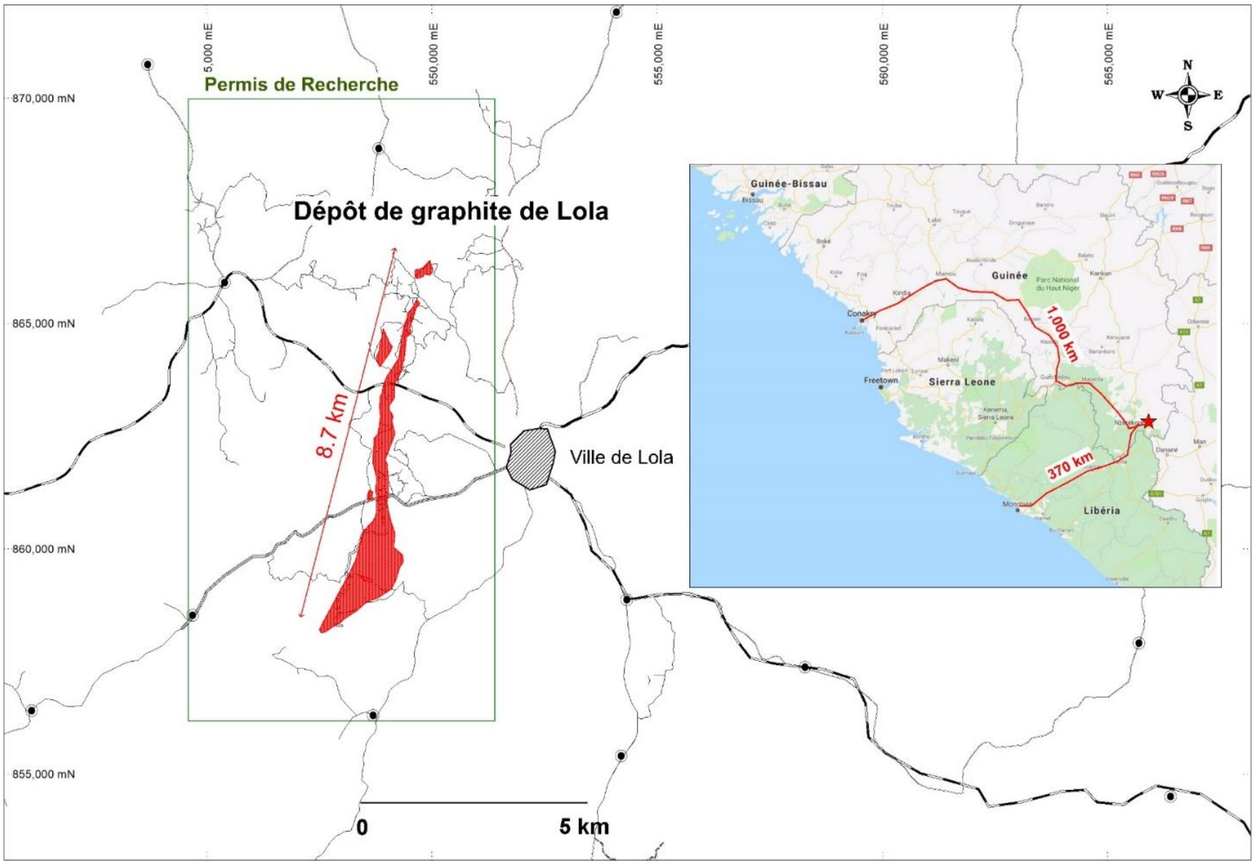


Figure 1 Exploration permits in Guinea

HIGHLIGHTS

- On January 19, 2019, the Company announced that its on-site metallurgical laboratory achieved its first 95% graphite samples. This allows the company to quickly produce and send samples to prospective clients.

- On March 14, 2019, the Company reported the final assay results of its 2018 drilling campaign for its Lola Graphite deposit in Guinea, West Africa. These results represent 71 new boreholes, bringing the total drilling program for the project to 638 boreholes for 22,239 meters ("m"). Of these boreholes, 10 were drilled at depth to confirm the presence of graphitic carbon ("Cg") within the non-weathered rock assemblage below the graphite-rich surface saprolite. All 638 boreholes will be included in the updated resource estimate produced as part of the Company's feasibility study expected in the first half of 2019.

- On March 22, 2019, the Company received its environmental conformity certificate from the government of Guinea for its Lola graphite project. This certificate is the only environmental and social permit required to move forward with the construction of the project. This certificate was the only required missing documents for the Company to file an application for its mining license from the Ministry of Mines. The Company filed its mining license application on April 1, 2019.

- On April 9, 2019, the Company reported the results of its 200-tonne ("t") piloting project at SGS Canada. From the 200t processed, 12.8t of graphite flakes were produced at an average grade of 96.8% total carbon ("Ct"). With this graphite in hand, the Company will be better positioned to secure offtake agreements as it continues its sales efforts with its various clients in North America, Europe, and Asia.

- On May 15, 2019, the Company has filed an application with the TSX-Venture Exchange of its intention to re-price and extend the expiry date of the Warrant Indenture dated May 18, 2018 made between the Company and Computershare Trust Company of Canada (the "Warrant Agent"). These adjustments have been incorporated into the terms of a Supplemental Warrant Indenture dated May 15, 2019 and have became effective May 17, 2019 between the Company and the Warrant Agent amending the Warrant Indenture.

  A total of 6,134,100 share purchase warrants (the "Warrant") were issued by the Company under the Warrant Indenture pursuant to a Prospectus offering announced on May 1, 2018. Each Warrant entitled the holder to purchase one common share of the Company at the price of $2.30 per common share and are scheduled to expire on May 18, 2019. The term will be extended to 4:00 p.m. (Montreal time) on March 30, 2020. The exercise price of the Warrants has been amended to $1.20. (the "Amended Warrant"). The Amended Warrants will be subject to an accelerated expiry date which will be reduced to 30 days, if, for any ten consecutive trading days during the unexpired term of the Amended Warrant (the "Premium Trading Days"), the closing price of the Company's shares is $1.44, and for more certainty, the reduced exercise period of 30 days will begin no more than 7 calendar days after the tenth Premium Trading Day. All other terms of the Warrant Indenture will remain unchanged.

  Concurrent with the issuance of the Warrants pursuant to the Warrant Indenture, 1,333,333 warrants were issued by the Company pursuant to the closing of an equity offering announced on May 1, 2018 (the "Equity Financing Warrants") Each Equity Financing Warrant entitled the holder to purchase one common share of the Company at the price of $2.30 per common share and are scheduled to expire on May 18, 2019. The term will be extended to 4:00 p.m. (Montreal time) on March 30, 2020. The exercise price of the Equity Financing Warrants has been amended to $1.20 (the "Amended Equity Financing Warrants"). The Amended Equity Financing Warrants will be subject to an accelerated expiry date which will be reduced to 30 days, if, for any ten consecutive trading days during the unexpired term of the Amended Warrant (the "Premium Trading Days"), the closing price of the Company's is $1.44, and for more certainty, the reduced exercise period of 30 days will begin no more than 7 calendar days after the tenth Premium Trading Day.

- On July 3, 2019 the Company has received the approval of the TSX-V Venture Exchange to change the name of the Company from SRG Graphite Inc. to SRG Mining Inc. Effective at market open on July 4, 2019, the Company's name has been changed to SRG Mining Inc.

- On July 4, 2019, the Company has announced the results of its Feasibility Study ("FS") for the development of the Lola Graphite project in the Republic of Guinea, West Africa. The FS was prepared by Montreal-based DRA/Met-Chem, a division of DRA Americas Inc. ("DRA/Met-Chem").

The FS was officially started in September 2018 and has been produced with the input of numerous engineering and consulting firms, notably DRA/Met-Chem, Epoch, BBA, Sahara Natural Resources, MDEng, SGS Canada, CCIC, and Jenike & Johanson. Included in the FS is an updated resource calculation, which follows the Company's 2018 drilling campaign, bringing the total resource to 46.0 million tonnes ("Mt") of measured and indicated resources grading 4.09% graphitic carbon ("Cg").

The following lists the highlights of the Feasibility Study:

- Average annual production of 54,600 tonnes of graphite flakes over a 29-year mine life.
- Proven & probable reserves of 42.0Mt @ 4.17% Cg.
- Capital costs of US$123 million ("M") including a power plant of US$5.8M, concentrate transport equipment of US$3.6M, and contingency of US$12M.
- Added flexibility of the plant to process soft saprolite and fresh rock, provides optionality and the ability to expand the production profile.
- Average operational costs of US$470/tonne ("t") and US$38/t of transport. For the first 16 years of production, the average operational costs are US$447/t.
- Pre-tax NPV (8%) of US$277M and internal rate of return ("IRR") of 28%.
- Post-tax NPV (8%) of US$159M and IRR of 21%.
- Average grade of graphite flakes over 95%.
- A low strip ratio of 0.69.

- On August 8, 2019, the Company announced a Memorandum of Understanding and a Financing. See page 6 for more details.

- On August 19, 2019, the Company announced the filing of its Feasibility Study for the Lola Graphite project in the Republic of Guinea, West Africa.

OVERALL PERFORMANCE

Over the past 12 months, the company has been focusing on executing the feasibility study for its Lola graphite project. On August 19th, the Company filed its feasibility study for its Lola Graphite deposit; one year after filling its preliminary economic assessment. The FS was prepared by Montréal-based DRA/Met-Chem, a division of DRA Americas Inc. The results of the FS were positive with a pre-tax IRR of 28% over a 29-year mine life. This report took into consideration the new mineral resource estimate which increased in-situ graphitic carbon by 237% and increased measured and indicated resources to 676,900t to of Cg content at a 3% cut-off-grade, an increase of 218%.

The Company has completed its drilling activities at the Lola Graphite deposit. The completed campaign brings the total drilling program for the project to 638 boreholes for 22,239 meters ("m"). See Mineral Property Portfolio section for more information.

The Company has applied for and received its environmental conformity certificate, an important milestone as the Company looks forward to the development of the Lola project. The mining permit was applied for in April of this year and the process is ongoing with the Guinean Authorities.

Business Objectives and Milestones

The Company's key business objectives are (a) the completion of engineering studies on the Lola Graphite deposit, which includes the feasibility study and the detailed engineering for the project; (b) the signing of off-take agreements for SRG's graphite flakes; (c) obtain required permits for the Lola graphite project from the Government of Guinea and (d) the project financing of the Lola graphite project.

The completion of the engineering studies requires, among other thing, a Regulation 43-101-compliant feasibility study which was recently completed, and detailed engineering to finalize construction costs and the selection of a construction partner.

The Company also expects to devote significant resources to selling and placing its graphite product by entering into off-take agreements. This which required the production of a large quantity of samples and the hiring of key personnel in order to negotiate off-take agreements with potential buyers. While product sales are an ongoing effort that will continue for the life of the project, they are particularly crucial before the completion of construction finance as off-take agreements are generally required to secure project financing.

The Company has completed an environmental and social assessment compliant with the International Finance Company (IFC) Performance Standards. Furthermore, SRG is implementing a corporate social responsibility program that will focus on economic integration and employment of women from the town of Lola. A resettlement action plan, which will also follow IFC Performance Standards, will be conducted in the comping months.

MEMORANDUM OF UNDERSTANDING

On August 8, 2019, the Company announced that a US based industrial firm with significant experience in West Africa (the "US-based Partner") has entered into a Share Purchase Agreement to acquire 8,300,000 of the 24,658,267 common shares held by Sama Resources Inc. ("SRI") in the share capital of SRG, for an aggregate purchase price of US$5,000,000 (the "Sale"). The Sale shall occur in five equal, monthly tranches and is expected to fully close by December 15, 2019.

Concurrently with the aforementioned Sale, and as part of its ongoing efforts to advance its flagship graphite project located in Lola, Guinea (the "Project") the Company has entered into a Memorandum of Understanding (the "MoU") with the US-based Partner.

Under the terms of the MoU, the parties will jointly investigate cooperation possibilities in various areas such as debt financing (project financing), energy production at site, mining services, graphite concentrate transportation from site-to-port and graphite product placement in the United States. No consideration is payable under the MoU. The parties will agree on the terms on which any such collaboration will be implemented (including financial terms) if and when they identify a suitable opportunity.

FINANCING

SRG has entered into a Convertible Debt Agreement ("Debt Agreement") with SRI whereby SRI makes available to SRG a credit facility of up to US$5,000,000, bearing a 10% per annum interest rate which will be repayable in 12 months in cash or shares with a conversion price of $0.91 per SRG share at the election of SRI. A tranche of US$1,000,000 has been received on August 7, 2019.

Prior to the finalization of the Debt Agreement, SRG received a bridge loan from SRI of C$1,000,000, bearing a 10% per annum interest rate is repayable no later than June 18, 2020. A repayment of $300,000 was completed on August 8, 2019.

MINERAL PROPERTY PORTFOLIO

The Company's exploration programs are designed, managed and reviewed by Marc-Antoine Audet, P. Geo, PhD, Lead Geologist for SRG. The Company's technical reports and metallurgical tests are designed, managed and reviewed by Raphaël Beaudoin, P. Eng, Vice President of Operations for SRG. Both individuals are 'qualified persons' ("QP"), as defined by National Instrument 43-101, Standards for Disclosure for Mineral Projects ("NI 43-101") in their respective fields.

Lola Graphite Property

SRG Guinee currently owns 100% of the Lola Graphite research permit 5349 covering a surface area of 94.38 square kilometers of property near the town of Lola in eastern Guinea. The occurrence is bordered by Côte d'Ivoire (50km) and Liberia (11km) and located 3.5 km west of the town of Lola **(Figure 1)**.

A research permit gives the applicant the right to explore for minerals for a certain time period as prescribed by the Mining law and regulation. In Guinea, the land is federal and as such, applications to the government, through the ministry of mines and energy, is required to obtain a research permit.

On September 2, 2013, the Republic of Guinea awarded SRG Guinee, through ministerial order NºA2013/4543/MMG/SGG, the Lola Graphite research permit covering a surface area of 380 square kilometers for a first period of three years renewable for two additional periods of two years each.

On August 29, 2016, the Republic of Guinea awarded SRG Guinee, through ministerial order NºA2016/4059/MMG/SGG, the Lola Graphite research permit a first renewal period of two years. As per the legislation, the surface area was reduced to 187 square kilometers.

On August 10, 2018, the Government of Guinea awarded SRG Guinée, through ministerial order NºA2018/5349/MMG/SGG, the Lola Graphite research permit for a final two-year period, and, as per the legislation, the surface area was reduced to 94.38 square kilometers (from 187 square kilometers). SRG Guinée has agreed to complete an exploration program of US$4,532,445 (approximately $5,935,000) by August 9, 2020, of which US$1,092,962 ($1,600,749) has not yet been spent.

There are no environmental liabilities associated with the licenses and there are no surface right agreements in place or being negotiated.

Project Update

The Lola Graphite deposit is 8.7 kilometers long with an average width of 370m, and up to 1,000m wide (**Figure 2**). The first 20 to 50m, for an average of 32m, of the deposit is well weathered (lateralized), which allows graphite flakes from the silicate gangue to be easily liberated. Soft milling promotes recovery of large and jumbo flakes. Graphite mineralization continues at depth within the non-weathered sheared gneiss although the company stops drill holes after the first meter into the fresh rock. 10 holes averaging 127m in depth (and up to 167m) were conducted to confirm mineralization. The average grade of the fresh rock drills holes is 4.15% Cg at a CoG of 1.70% Cg.

During the FS, the company modified the front-end of the processing plant to allow the processing of a blended ore ratio of soft-rock/hard-rock of 50/50. This provides the flexibility in mine design, tailings management and optimizes the ore body's metallurgy.

On August 19, 2019 the Company filed a feasibility study for the Lola project. Highlights of the Lola graphite FS are presented on page 6 of this report. A video of the project can be found at this link.

MINERAL RESOURCES UPDATE

The FS was prepared using data from the Mineral Resource Estimate published on June 18, 2019 which represented 638 boreholes for 22,239 meters ("m") drilled up to December 31, 2018. To maximize the life of mine of the project, the FS uses the resource at a cut-off grade of 1.65% graphitic carbon ("Cg"), which includes measured resources of 6.84 million tons ("Mt") grading 4.39% Cg, indicated resources of 39.2Mt grading 4.07% Cg and inferred resources of 4.25Mt grading 3.75% Cg. The resource has been pit-constrained at US$1,300/t.

Figure 2 depicts the resource locations on the deposit and represents approximately 40% of the deposit outline.

MINERAL RESERVES

A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource, including diluting materials. A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proved Mineral Reserve. A Proved Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proved Mineral Reserve implies a high degree of confidence in the Modifying Factors. Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Mineral Reserves Estimate (1.70% Cg Cut-Off)

Resources	M Tonnes	Volume (Mm^3)	Grade (% Cg)
Proved - Oxide	6.67	4.13	4.43
Probable – Oxide	20.89	12.92	4.11
Probable – Fresh Rock	14.50	7.56	4.15
Total Proved and Probable Reserves	**42.06**	**24.61**	**4.17**

* due to rounding errors, totals may not add-up exactly.

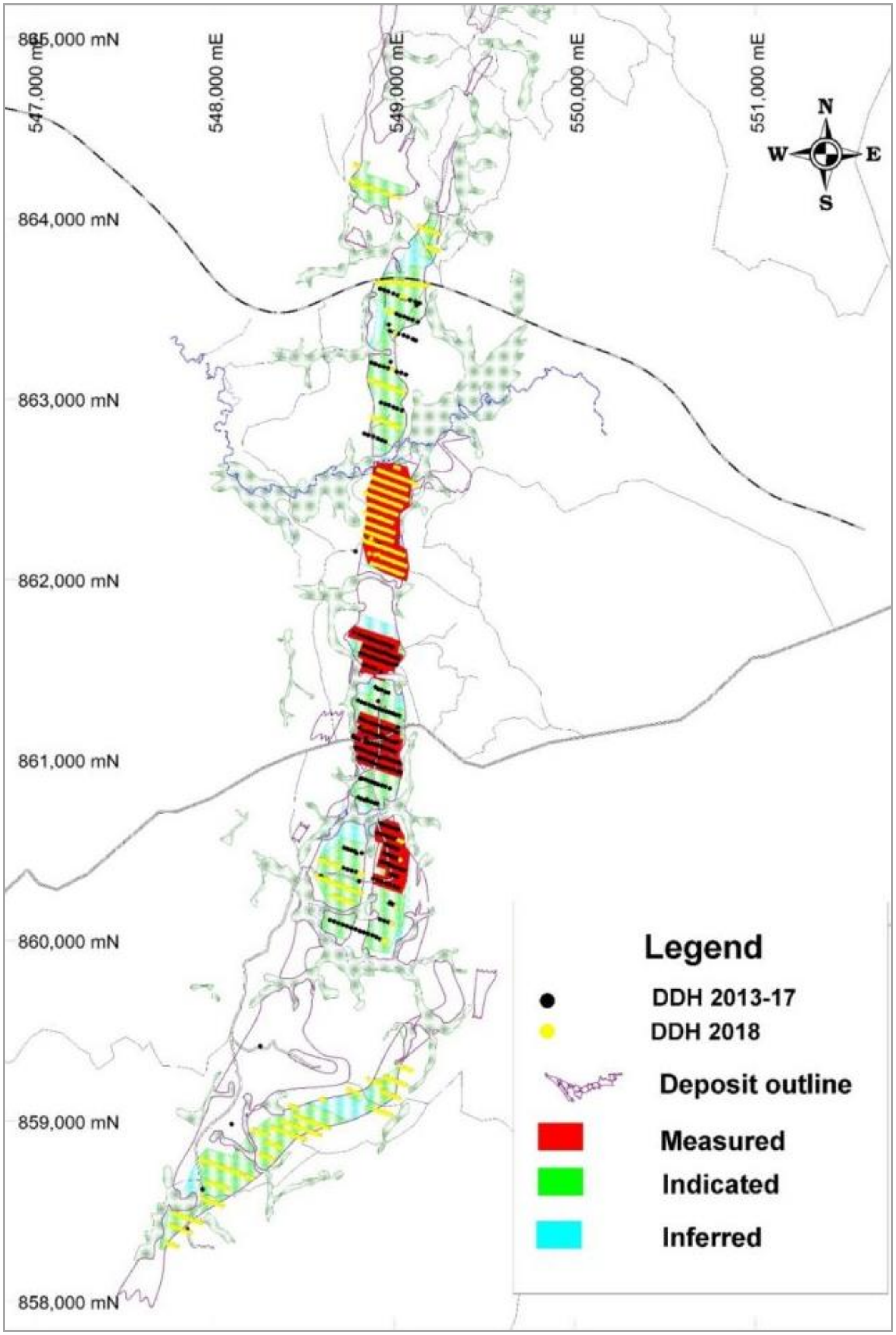


Figure 2 Map of the deposit with resource classification

MINING

The Lola deposit is characterized with its saprolite surface mineralization, which continues at depth into the fresh rock bed. For the FS, mining operations are a mix of the weathered zone, and fresh rock. The first 30 meters of the deposit represent the weathered material.

The average grade fed to the processing plant over the 29-year mine life is 4.17% Cg, and the total material mined per year is 2.45Mt (mineralized material and waste) with an average strip ratio of 0.69. Mining costs were established at US2.23/t, considering preliminary pit design and access roads. **Table 1** provides a summary of Mining highlights.

Table 1 Mining highlights

Mining costs (US$/t material mined)	2.23
Average graphite grade (% Cg)	4.17%
Stripping ratio (waste/mineralized)	0.69
Average graphite bearing material mined per year (t/y)	1,450,344
Average waste mined per year (t/y)	1,008,276
Mine of Life (years)	29 years

The overall layout of the plant can be found at this link.

PROCESS

The processing plant and waste dump are located on a plateau, west of the main pit, where the land is already conveniently flat and barren of trees. It is currently less than one kilometer from the visual mineralization. This proximity will ensure short cycle times and contribute to the control of production costs.

Efforts were made to keep a simple flowsheet with limited polishing and flotation stages. Saprolite ore beneficiation process has an overall graphite recovery of 73.1%, producing a graphite concentrate grade of 95.4 % Cg. The addition of up to 45% of fresh rock in the feed blend improves the overall graphite recovery to 84.2%. A suitable process flowsheet able to handle saprolite as well as a feed blend with fresh rocks has been developed for the feasibility study. Reagents used for processing are diesel as a collector and methyl isobutyl carbinol ("MIBC") as a frother, both commonly available and routinely used reagents in the graphite sector. The processing costs are US$8.91/t of processed material resulting in US$280/t of graphite concentrate produced in saprolite and US$10.86/t of processed material resulting in US$304/t of graphite concentrate. **Table 2** provides a summary of results.

Table 2 Process highlights

Processing costs (US$/t plant feed)	9.36
Processing costs (US$/t concentrate)	294
Average concentrate grade (%Cg)	>95%
Graphite plant recovery	81%
Average material fed to the plant (t/year)	1,530,000

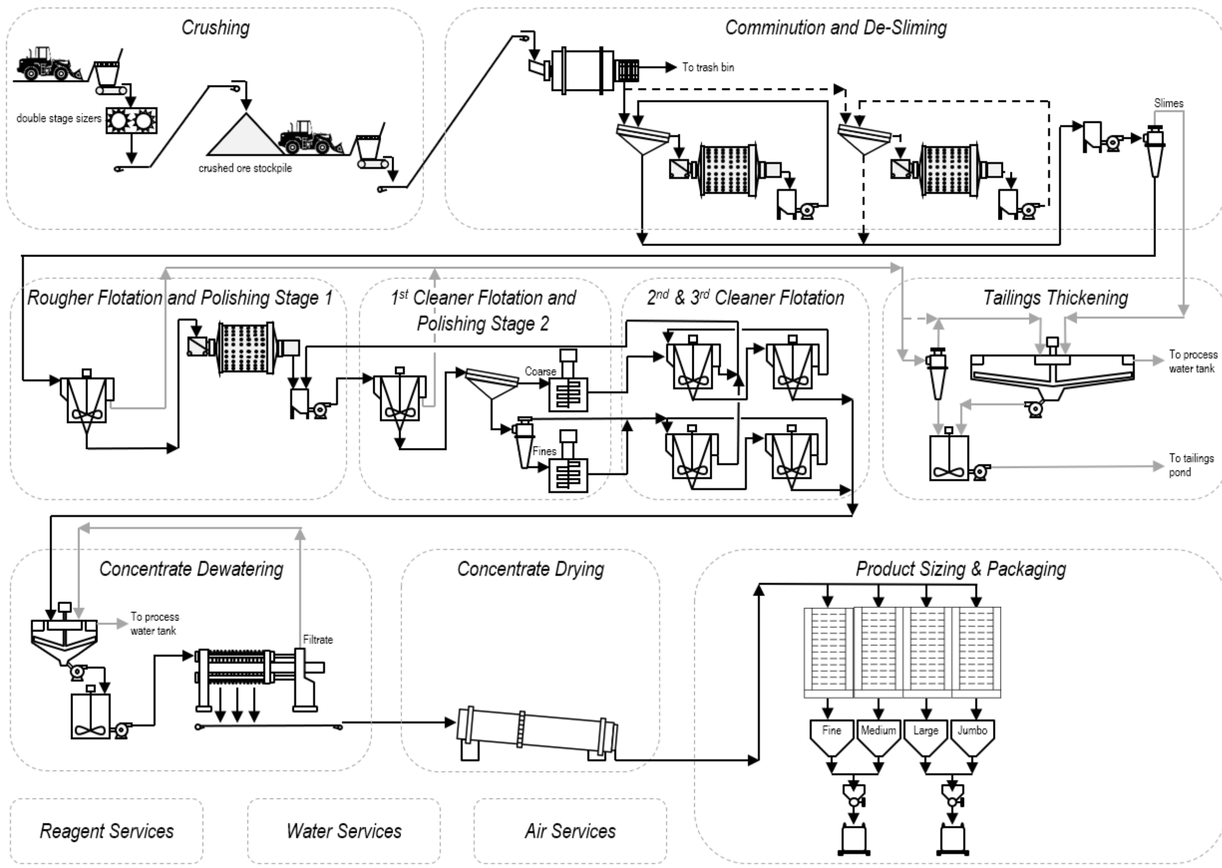
Process description:

Mineralized material handling, crushing, scrubbing, grinding and de-sliming circuits were designed considering the mix of saprolitic and hard rock properties of the deposit. The relatively low competency of the material allows the design to use two mineral sizers at the front end instead of a jaw crusher or cone crusher. These processing units are known for their low operational cost and reliability compared with conventional jaw and cone crushers.

The crushed material is fed into a scrubber which promotes flake preservation and consumes less energy compared with conventional milling methods. The scrubber discharge is screened, where the coarse fraction is fed to a closed-circuit ball mill, before being recombined with the screen fines. The combined slurry is then fed through a de-sliming stage, where ultra-fines, including slime, clay and organic material are removed. This leads to an upgraded and cleaner material feeding the flotation circuit, resulting in an overall simpler flowsheet.

After de-sliming, the material is fed to the rougher flotation bank producing a rougher concentrate. A first polishing stage further liberate the graphite flakes. The polished rougher concentrate goes through a first cleaning stage and is then fed into a splitting screen, dividing the fine from the coarse graphite, in order to apply the relevant specific polishing energy to each stream. After their respective polishing and cleaning stages, the two streams are recombined, thickened, filtered and dried. The dried concentrate is then screened into four different size fractions before being bagged, and finally stored and shipped to clients. **Figure 3** provides a summary of the Process flowsheet.

Figure 3 Process flowsheet



Environment:

The Environmental Baseline Study ("EBS") was launched March 10, 2017. The Ivorian group "SIMPA" has been contracted to complete the EBS and the subsequent Impact Study. SRG replaced SIMPA with Montreal-based EEM Sustainable Management ("EEM") and Guinean firms Sylvatrop Consulting, a bio-diversity expert, and Guinée Environment Services to produce a study which meets Guinea's standards and the International Finance Corporation's ("IFC") 2012 edition of the Environmental and Social Performance Standards. On March 22, 2019 the Company received its Environmental Conformity Certificate from the government of Guinea for its Lola graphite project.

The Company is partnering with Giovannetti Consultant ("GC") to develop its resettlement action plan ("RAP"), which will also follow IFC's 2012 edition of the Performance Standards, namely PS5 pertaining to land acquisition and resettlement. While only 150 economic relocations and 6 physical relocations are expected, a well-detailed RAP is required to ensure best practices are followed. Frederic Giovannetti, founder of GC, brings over 38 years of relevant experience and has recently led the preparation of the new IFC Resettlement Handbook to be published in 2019.

Estimated expenditures

The current estimate for expenditures on the Lola Graphite Property (both corporate and capitalized expenditures) for the next year is approximately $3,000,000. The proceeds will be used for the following work:

- Complete processing bulk graphite sample for business development and signing of off-take agreements;
- Complete detailed engineering for the Lola Graphite project;
- Obtain required permits for the Lola Graphite project from the Government of Guinea;
- Complete project finance for the Lola Graphite project.

MARKET INFORMATION

Graphite

The natural flake graphite market in 2018 was approximately 740kt, of which battery demand comprises a small portion of ~150kt[1]. The take-up of electric vehicles ("EV") is likely to drive robust demand growth from this segment over the next 5-10 years. Benchmark Minerals' assessment of demand growth is that ~650ktpa of graphite is required by 2022 & 1.2Mtpa by 2025 for the lithium-ion battery market only. Both natural flake graphite from mining & synthetic graphite will continue to compete on cost vs performance. Graphite mine supply will need to expand substantially to meet this need at an acceptable cost. It is estimated that 1Mt of new flake mine supply will be needed by 2025[1]. The relatively new and immature nature of the electric car vehicle market means there is a large degree of risk to forecasting demand. **Figure 4** provides current uses for graphite while **Figure 5** depicts demand forecast by UBS.

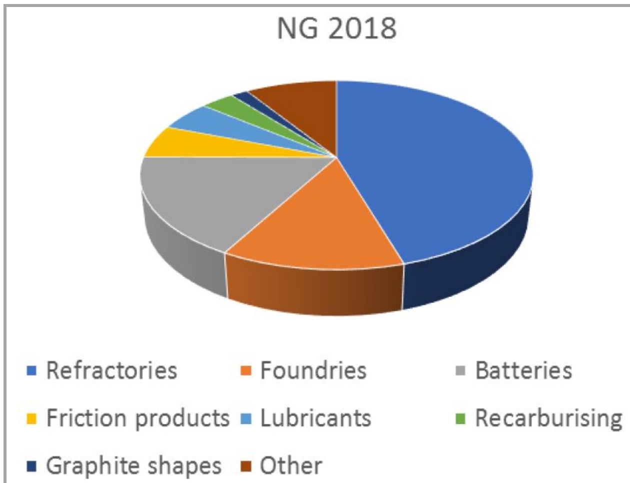


Figure 4 Global graphite demand (2018)[2]

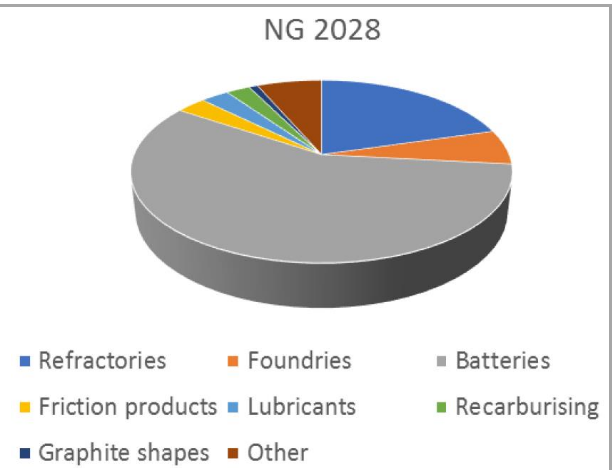


Figure 5 Global graphite demand forecast[2]

Battery Anode Material ("BAM") will be a very large driver of natural flake graphite over the coming years. **Figure 6** below provides four charts from the specialized research firm, Benchmark Minerals, which depicts the forecast growth in LiBs, the affect on demand BAM, the split between synthetic and natural graphite use, and finally the natural flake graphite demand for the battery industry.

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[1] Benchmark Minerals, Syrah Resources, SRG Graphite
[2] Source: Morgan Advanced Materials

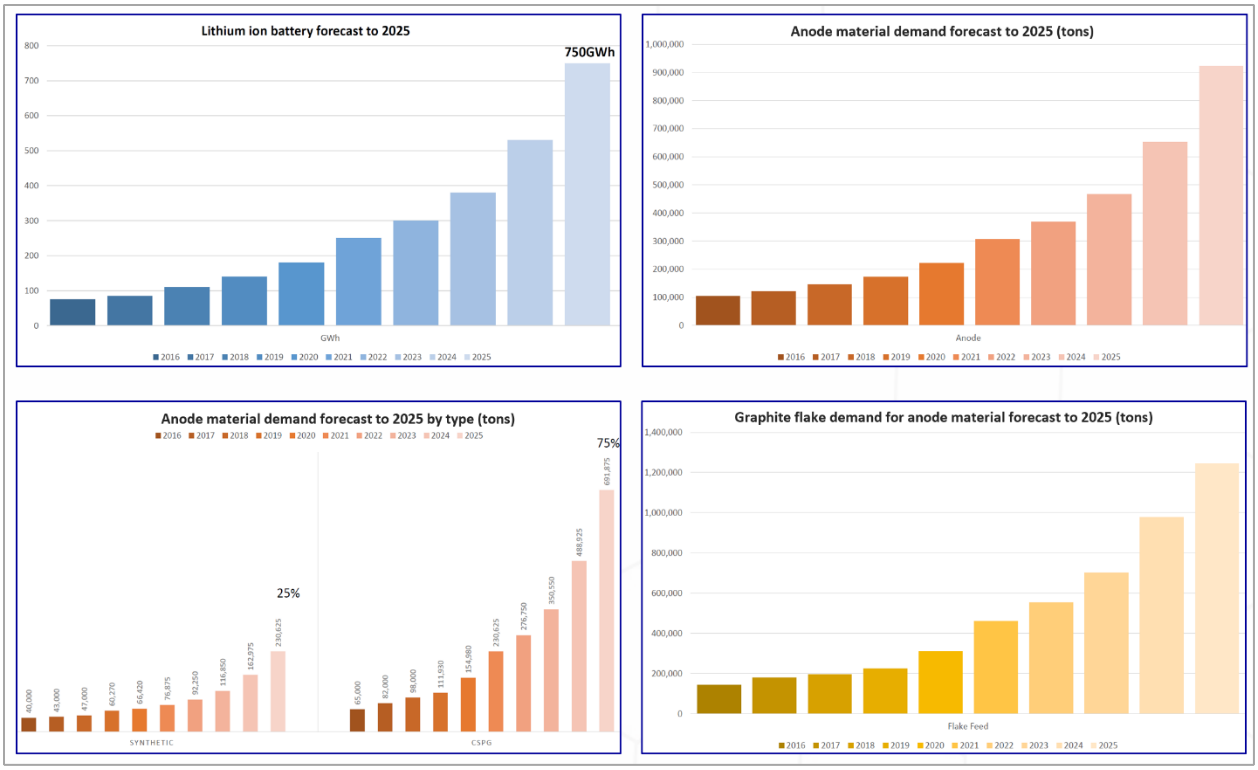

Figure 6 LiB forecast and effect on graphite demand charts (Benchmark Minerals)

SELECTED FINANCIAL INFORMATION

Going concern uncertainty

These consolidated financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its evaluation and development activities. The Company has incurred a net loss and comprehensive loss for the period ended June 30, 2019 of $6,040,666 (June 30, 2018 – $4,243,587) and has an accumulated deficit of $24,148,929 (December 31, 2018 – $17,386,163). In addition, the Company had working capital of $(1,863,992) as at June 30, 2019 (December 31, 2018 – $3,388,913), including cash and cash equivalents of $862,409 (December 31, 2018 – $4,524,482). To date, the Company has financed its cash requirements primarily by issuing common shares, units or borrowing money. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly. Based on the extent of the Company's current plan and anticipated expenditures, the Company will need to raise additional financing within the next 6 months to complete the evaluation and development of the Lola Graphite Property.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Management has assessed its liquidity needs and estimates that these funds will not be sufficient to meet its obligations, budgeted expenditures and commitments for the next 12 months. Based on the extent of the Company's current stage and anticipated plan, it will need to raise additional financing, which cast significant doubt on its ability to continue as a going concern. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to it.

If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

These Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.
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Financial Position Analysis

	June 30, 2019	December 31, 2018
	$	$
Total assets	2,617,477	6,125,473
Total liabilities	3,529,393	1,802,239
Total equity	(911,917)	4,323,234
Working capital*	(1,863,992)	3,388,913

*Working capital is a measure of current assets less current liabilities.

Assets

Total assets at June 30, 2019, were $2,617,477 compared to $6,125,473 at December 31, 2018, a decline of $3,507,997 mainly due to a decline in cash of $3,662,073 and a decline in prepaid expenses and deposits of $297,550. These were offset by an increase in property and equipment of $149,941 and an increase of $301,865 in sales tax and other receivables. The decrease in cash is related to the continued exploration and evaluation activities and the feasibility study. The adoption of IFRS 16 has boosted assets by $242,385 with the recognition of the right-of-use assets related to the lease of offices and lodgements. Excluding such right-of-use assets Property and equipment would have declined $92,444 as amortization was greater than acquisitions. $250,000 of the decline in prepaids and deposits are associated with the feasibility study.

Liabilities

Total liabilities at June 30, 2019 were $3,529,393 compared to $1,802,239 as at December 31, 2018, an increase of $1,727,154. This increase results from the adoption of IFRS 16 which added a lease liability of $225,967. The increase in accounts payables and accrued liabilities of $553,963 is directly related to the growth of the Company's mineral exploration and feasibility activities in 2019 and treasury management. The Company received a bridge loan of $1,000,000 from Sama Resources Inc. during the period.

Equity

At June 30, 2019, the Company had an equity of $(911,917) compared to $4,323,234 as at December 31, 2018, a decrease of $5,235,151 mainly due the comprehensive loss in the period of $6,040,666. The loss was offset by the recognition of stock-based compensation of $805,515.

Operating Results analysis

	Three-month period ended June 30, 2019	Three-month period ended June 30, 2018 (Adjusted)	Six-month period ended June 30, 2019	Six-month period ended June 30, 2018 (Adjusted)
		$		$
Revenues	-	-	-	-
Net loss	2,689,622	2,501,499	6,040,666	4,243,587
Net loss per share	0.04	0.04	0.09	0.07

THREE-MONTH PERIOD ENDED JUNE 30, 2019 COMPARED TO THE THREE-MONTH PERIOD ENDED JUNE 30, 2018.

For the three-month period ended June 30, 2019, the Company recorded a net loss of $2,689,622 compared to $2,501,499 for the same period in 2018, an increase of $188,123. The exploration and evaluation expenditures have remained stable for the period with an increase of $7,816. Expenditures related to engineering study increased by $788,522 to $854,931 from Q2 2018. Expenditures related to metallurgical tests increased by $87,115 to $150,098 as there were limited expenditures on metallurgical tests in Q2 2018. Salaries and wages of employees directly involved in Exploration and Evaluation ("E&E") grew by $110,003 from Q2 2018 as employees were hired. These E&E expenditures were offset by declines in other areas notably drilling fell by $988,879 from Q2 2018 to $nil as drilling activity has ceased. Geochemistry expenditures also fell by $84,455 to $4,076. General and administrative expenses grew by $193,196 from Q2 2018 as the Company has a larger administrative workforce; and share based compensation increased by $272,861 to $328,208. These increases are related to the growth of the Company. The Company also incurred $96,396 of expense associated with the production of graphite for customers and test whereas only $31,249 was spent in Q2 2018. This increase in expenditure of $65,687 was necessary to develop prospective clients.

SIX-MONTH PERIOD ENDED JUNE 30, 2019 COMPARED TO THE SIX-MONTH PERIOD ENDED JUNE 30, 2018.

For the six-month period ended June 30, 2019, the Company recorded a net loss of $6,040,666 compared to $4,243,587 for the same period in 2018, an increase of $1,797,079. This increase in net loss is mainly due to an increase in exploration and evaluation expenditures of $907,582, as activity on the Lola graphite project increased. Expenditures related to engineering study for the feasibility study increased by $1,383,990 to $1,549,363, environmental study expenditures increased by $291,402 to $350,540 in connexion with the Company's Environmental Conformity Certificate that has been received on March 22, 2019. Expenditures related to metallurgical tests increased by $416,840 to $479,823 as there were limited expenditures on metallurgical tests in the first half of 2018. Salaries and wages of employees directly involved in Exploration and Evaluation ("E&E") grew by $190,099 as employees were hired. These E&E expenditures were offset by declines in other areas notably drilling fell by $1,481,093 from the first half of 2018 to $2,242 as drilling activity has ceased. Geochemistry expenditures also fell by $185,003 to $12,150. General and administrative expenses grew by $579,382 for the period as the Company has a larger administrative workforce; and share based compensation increased by $395,593 to $659,564. These increases are related to the growth of the Company. The Company also incurred $449,521 of expense associated with the production of graphite for customers and test whereas only $90,850 was spent in the same period last year. This increase in expenditure of $358,671 was necessary to develop prospective clients.

Cash Flows analysis

	Three-month period ended June 30, 2019	Three-month period ended June 30, 2018 (Adjusted)	Six-month period ended June 30, 2019	Six-month period ended June 30, 2018 (Adjusted)
			$	$
Cash required by operating activities	(2,081,907)	(2,663,153)	(4,526,920)	(4,120,376)
Cash required by investing activities	(225)	(277,911)	(6,506)	(506,339)
Cash generated (required) by financing activities	959,352	10,595,247	(871,353)	10,704,524

THREE-MONTH PERIOD ENDED JUNE 30, 2019 COMPARED TO THE THREE-MONTH PERIOD ENDED JUNE 30, 2018.

Operating Activities

For the three-month period ended June 30, 2019, operating activities required cash flows of $2,081,907 compared to $2,663,153 for the same period in 2018, a decrease of cash consumption of $581,246. This decrease in the use of cash flows is due to the decrease in the net loss after adjustment for items not affecting cash which went from $2,324,178 in Q1 2018 to $2,210,046 in Q1 2019. Non-cash working capital items increased to $128,139 compared with consuming $338,975 in Q1, 2018.

Investing Activities

For the three-month period ended June 30, 2019, investing activities required cash flows of $225 compared to $277,911 for the same period in 2018, a decrease of $277,686 due to reduced investment in capital asset in Q2 2019 versus Q2 2018.

Financing Activities

For the three-month period ended June 30, 2019, financing activities generated cash flows of $959,352 compared to an increase of cash of $10,595,247 for the same period in 2018. The cash flows generated are related to a loan from a related party of $1,000,000 in 2019 and the completion of a public offering and a private placement for total net proceeds of 10,372,820 for the same period in 2018. Repayment of lease liabilities recognized with the adoption of IFRS 16 decreased cash by $36,919.

SIX-MONTH PERIOD ENDED JUNE 30, 2019 COMPARED TO THE SIX-MONTH PERIOD ENDED JUNE 30, 2018, 2018.

Operating Activities

For the six-month period ended June 30, 2019, operating activities required cash flows of $4,526,920 compared to $4,120,376 for the same period in 2018, an increase of cash consumption of $406,544. This increase in the use of cash flows is mainly due the net loss after adjustment for items not affecting cash which went from $3,762,807 in 2018 to $5,076,748 in 2019, an increase of 1,313,941. However, this difference in the use of cash flows was offset by to the non-cash working capital items which increased to $549,828 in 2019 compared to a decrease of $357,569 for the same period in 2018. The main difference is coming from the increase in payable due to the for the six-month period ended June 30, 2019.

Investing Activities

For the six-month period ended June 30, 2019, investing activities required cash flows of $6,506 compared to $616,417 for the same period in 2018, a decrease of $499,833 due to reduced investment in capital asset in the first half of 2019 versus the same period in 2018. These outflows were offset by a decrease in deposits on property and equipment of $110,078 in 2018.

Financing Activities

For the six-month period ended June 30, 2019, financing activities generated cash flows of $871,353 compared to an increase of cash of $10,704,524 for the same period in 2018. The generated cash flows of 2019 are due to a loan received from a major shareholder and related company of $1,000,000 and the Company repaid $56,338 of advances to that related company. Repayment of lease liabilities recognized with the adoption of IFRS 16 decreased cash by $72,309. The generated cash flows of 2018 are due to the completion of a public offering and a private placement for total net proceeds of $10,372,820 as well as to the exercise of 625,000 stock options for additional proceeds of $241,625. In addition, the Company amount payable to a related company increased to $90,079.

Quarterly Results Trends

The operating results for each of the last eight quarters are presented in the following table. Management considers that the information for each of those quarters was determined in the same way as for our audited financial statements for the year ended December 31, 2018.

	June 30, 2019	Mar 31, 2019	Dec 31 2018	Sept 30, 2018 (Adjusted)	June 30, 2018 (Adjusted)	March 31, 2018 (Adjusted)	Dec 31 2017 (Adjusted)	Sept 30 2017 (Adjusted)
	$	$	$	$	$	$	$	$
Operations:								
Revenues			-	-	-	-	-	-
Net loss	(2,689,622)	(3,351,044)	(3,509,595)	(2,530,487)	(2,501,499)	(1,742,089)	(1,629,624)	(920,006)
Net loss per share	(0.04)	(0.05)	(0.05)	(0.04)	(0.04)	(0.03)	(0.03)	(0.02)

RELATED PARTIES TRANSACTIONS

Related parties include the Company's key management personnel and related companies. Unless otherwise stated, balances are usually settled in cash.

Key management personnel are the members of the Board of Directors, the President and the Chief Financial Officer ("CFO"), the Vice-President Corporate and Legal Affairs, and the Vice-President Operations, Metallurgy, and Process Design.

Transactions with key management personnel

Key management personnel are the members of the Board of Directors, the President and the Chief Financial Officer ("CFO"), the Vice-President Corporate and Legal Affairs, and the Vice-President Operations, Metallurgy, and Process Design.

Remuneration of key management personnel

During the period ended June 30, 2018, the Company incurred accounting fees of $36,000 and a termination fee of $54,000 with the former CFO. These fees are recorded under professional fees in the consolidated statement of loss and comprehensive loss. During the period ended June 30, 2019, no fees were incurred with the former CFO. As at June 30, 2019 no amount was due to the former CFO (June 30, 2018 - $36,000).

During the period ended June 30, 2019, the Company incurred fees of $58,250 (for the six-month period ended June 30, 2018 – $49,500) with two officers. These fees are recorded under legal fees in administration expenses. As at June 30, 2019 and June 30, 2018, no amounts are due to these officers.

During the period ended June 30, 2019, the Company incurred salaries of $176,000 (for the six-month period ended June 30, 2018 – $155,800) to two employees who are officers of the Company, which was recorded in E&E expenses as well as under general and administrative expenses. As at June 30, 2019, and June 30, 2018, no amounts are due to these officers.

During the period ended June 30, 2019, the Company recognized stock-based compensation of $636,695 (for the six-month period ended June 30, 2018 – $228,102) in connection with stock options granted to officers and directors solely, of which $56,151 was expensed under E&E expenses (for the six-month period ended June 30, 2018 – Nil) and $580,544 was expensed under general and administrative expenses (for the six-month period ended June 30, 2018 – $228,102).

Transactions with related parties

During the period ended June 30, 2019, the Company incurred fees of $20,000 from a consultant who is also a director and the Qualified Person under National Instrument NI 43-101 (for the six-month period ended June 30, 2018 – $30,000). This expense was recorded in E&E expenses under geology and prospecting. As at June 30, 2019, $nil (June 30, 2018 – $nil) was due to that consultant.

During the period ended June 30, 2019, a corporation where the Company's Executive Chairman is also the President and Chief Executive Officer, charged a total amount of $6,720 (for the six-month period ended June 30, 2018 – $19,408) to the Company. This amount was expensed in consulting fees. These fees were for technical services which were rendered by a consultant of that corporation. As at June 30, 2019, and June 30, 2018 no amount is due to that corporation.

During the period ended June 30, 2018, the Company paid a salary of $22,000 to an individual related to the Company's Executive Chairman. This expense was recorded under salaries and benefits in administrative expenses. No amounts were paid to the individual in 2019. As at June 30, 2019, and June 30, 2018 no amounts were due to that individual.

During the period ended June 30, 2019, the Company incurred fees of $83,361 (for the six-month period ended June 30, 2018 – $57,063) with a corporation where the Company's Executive Chairman is also a shareholder of that corporation. As at June 30, 2019, $16,754 was due to that corporation (June 30, 2018 – $10,492).

During the period ended June 30, 2019, a subsidiary of Sama Resources Inc. charged the Company $39,976 for services recorded as E&E expenses as well as services recorded as general and administrative expenses (for the six-month period ended June 30, 2018 – $203,596). As at June 30, 2019, $6,852 was owing to Sama Resources Inc. and its subsidiary (June 30, 2018 – $3,750).

COMMITMENTS

The Company has lease commitments for office premises, exploration camps and land in Guinea, which call for total payments of GNF512,650,000 (approximately: $12,342 in 2019, $32,001 in 2020, $23,763 in 2021, $3,564 in 2022, $1,728 in 2023 and $432 in 2024).

The Company has lease commitments for office premises in Canada, which expire at the end of 2019 and call for a payment of $33,696 in 2019.

The Company has entered into a consulting agreement expiring on March 14, 2020 for total payment of $30,622 in 2019 and $12,759 in 2020 and another one expiring on May 31, 2020 for total payment of $39,000 in 2019 and $32,500 in 2020.

Minimum annual payments relating to the above commitments in the next five fiscal years and thereafter are as follows:

Year	Leases $	Other $
2019	46,038	69,622
2020	32,001	45,259
2021	23,763	-
2022	3,564	-
2023	1,728	-
Thereafter	432	-

Termination and change of control provisions

Certain agreements between the executive team and the Company contain termination without cause and change of control provisions. Assuming that these agreements would be terminated without cause during the year ending December 31, 2019, the total amounts payable in respect of severance would amount to $827,750. If a change of control would occur during the year ending December 31, 2019, the total amounts payable in respect of severance, if elected by the executive members, would amount to $827,750.

OUTSTANDING SHARE DATA

	Number of Shares Outstanding (Diluted)
Outstanding as of August 23, 2019	69,422,152
Shares reserved for issuance pursuant to warrants outstanding	8,592,433
Shares reserved for issuance pursuant to stock options outstanding	6,208,000
	84,222,585

As at the date of this MD&A, the Company had outstanding stock options enabling holders to acquire common shares of the Company as follows:

Number Outstanding	Exercise Price $	Expiry Date
200,000	0.41	June 21, 2022
150,000	1.20	October 24, 2023
2,808,000	0.365	February 20, 2027
100,000	0.50	March 31, 2027
100,000	0.50	April 25, 2027
25,000	0.36	June 14, 2027

325,000	1.30	November 22, 2027
135,000	1.72	January 14, 2028
2,285,000	1.10	August 8, 2028
80,000	0.89	October 30, 2028
6,208,000		

As at the date of this MD&A, the Company had outstanding warrants enabling holders to acquire common shares of the Company as follows:

Number Outstanding	Exercise Price	Expiry Date
	$	
7,467,433	1.20	March 20, 2020
1,125,000	0.50	October 24, 2019
8,592,433		

The 7,467,433 warrants are subject to an accelerated expiry date which will be reduced to 30 days, if, for any ten consecutive trading days during the unexpired term of the warrants (the "**Premium Trading Days**"), the closing price of the Company's shares is $1.44, and for more certainty, the reduced exercise period of 30 days will begin no more than 7 calendar days after the tenth Premium Trading Day.

Deferred stock unit plan

On April 26, 2019, the Company has adopted a Deferred Stock Unit Plan ("DSUP"). Shareholders have voted in favor of the DSUP on June 20, 2019 and it has been accepted by the Exchange on July 31, 2019.

The DSUP will be required to be approved and ratified by the shareholders on an annual basis. The DSUP is a non-dilutive long-term incentive plan in which employees, including named executive officers, directors and any other person designated by the Board can participate. The DSUP is intended to advance the interests of the Company through the motivation, attraction and retention of Directors, executive officers, employees, service providers or any other person designated by the Board to participate in the DSUP.

A maximum of 6,940,000 shares of the Company may be issued in settlement of DSUs. It is understood that the Company may grant a higher number of DSUs, subject however to having to pay the excess in cash. No DSU have been issued.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors and/or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Canada Business Corporations Act dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the federal laws of Canada, the directors and officers of the Company are required to act honestly, in good faith, and in the best interests of the Company.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes.

There is full disclosure of the Company's critical accounting policies and accounting estimates in Note 2 of the audited consolidated financial statements for the year ended December 31, 2018.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these estimates on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about these significant judgments, assumptions and estimates that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are disclosed in Note 4 of the audited consolidated financial statements for the year ended December 31, 2018.

NEW ACCOUNTING STANDARDS ISSUED AND IN EFFECT

The new accounting standards issued and in effect are disclosed in note 3 of our unaudited interim condensed consolidated financial statements for the period ended June 30, 2019.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET IN EFFECT

The new accounting standards issued but not yet in effect are disclosed in note 3 of our unaudited interim condensed consolidated financial statements for the period ended June 30, 2019.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company currently has no source of revenue other than interest on cash balances. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

Early Stage – Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Exploration and Evaluation

Mineral exploration and evaluation is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

All of the mineral claims to which the Company has a right to acquire an interest are in the exploration stages only and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

Supplies, Health and Infrastructure

The Company's property interests are often located in remote, undeveloped areas and the availability of infrastructures such as surface access, skilled labour, healthy labour, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. In Guinea, power may need to be generated onsite.

Mining Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to its mining properties in which it has a material interest, there is no guarantee that title to such mining properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements, transfers, or native claims, and title may be affected by undetected defects.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in most countries provides restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

The Company believes that it is in compliance with all material laws and regulations which currently apply to its activities. However, there can be no assurance that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Political and Economic Risks of Doing Business in Guinea

All of the Company's mineral properties are currently located in Guinea which is a politically stable country. The fiscal laws and practices are well established and generally consistent with Western rules and regulations. However, there is no assurance that future political and economic conditions in this country will not result in its government adopting different policies respecting foreign development and ownership of mineral properties. Any changes in laws, regulations or shifts in political attitudes regarding investment in the Guinea mining industry are beyond its control and may adversely affect its business. The Company's exploration and evaluation activities may be affected in varying degrees by a variety of economic and political risks, including cancellation or renegotiation of contracts, changes in Guinean domestic laws or regulations, changes in tax laws, royalty and tax increases, restrictions on production, price controls, expropriation of property, fluctuations in foreign currency, restrictions on the ability to repatriate earnings and pay dividends offshore, restrictions on the ability to hold foreign currencies in offshore bank accounts, environmental legislation, employment practices and mine safety. In the event of a dispute regarding any of these matters, the Company may be subject to the jurisdiction of courts outside of Canada which could have adverse implications on the outcome.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Information Systems Security Threats

Although the Company has not experienced any material losses to date relating to cyber attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Operating Hazards and Risks

Mining operations involve many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial conditions.