SRG GRAPHITE INC.
(Formerly Sama Graphite Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017

AS OF APRIL 16, 2018

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 April 16, 2018, and complements the audited consolidated financial statements of SRG Graphite Inc. (the "Company" or "SRG"), which include Sama Resources Guinee SARL ("SRG Guinee") and SRG Graphite International Inc. ("SRG Intl") which is inactive for now, its wholly owned subsidiaries, for the year ended December 31, 2017. These audited 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.

Management of the Company is responsible for the preparation and presentation of the 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 consolidated financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on April 16, 2018. 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. Prior to the completion of the Reverse Takeover transaction on December 31, 2016, the Company was operating under the name of Section Rouge Media Inc. ("SRM") and its common shares were listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SRO.V". Following the completion of the Reverse Takeover transaction, SRM changed its name to Sama Graphite Inc. On June 30, 2017, Sama Graphite Inc. changed its name to SRG Graphite Inc. ("SRG" or the "Company") and the Company's 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 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. Management is also very optimistic about the nickel-cobalt-scandium deposit, known as the Gogota deposit, located on the same permit as the Lola graphite deposit. **Figure 1** presents the Company's research permits depicting the Company's two deposits.

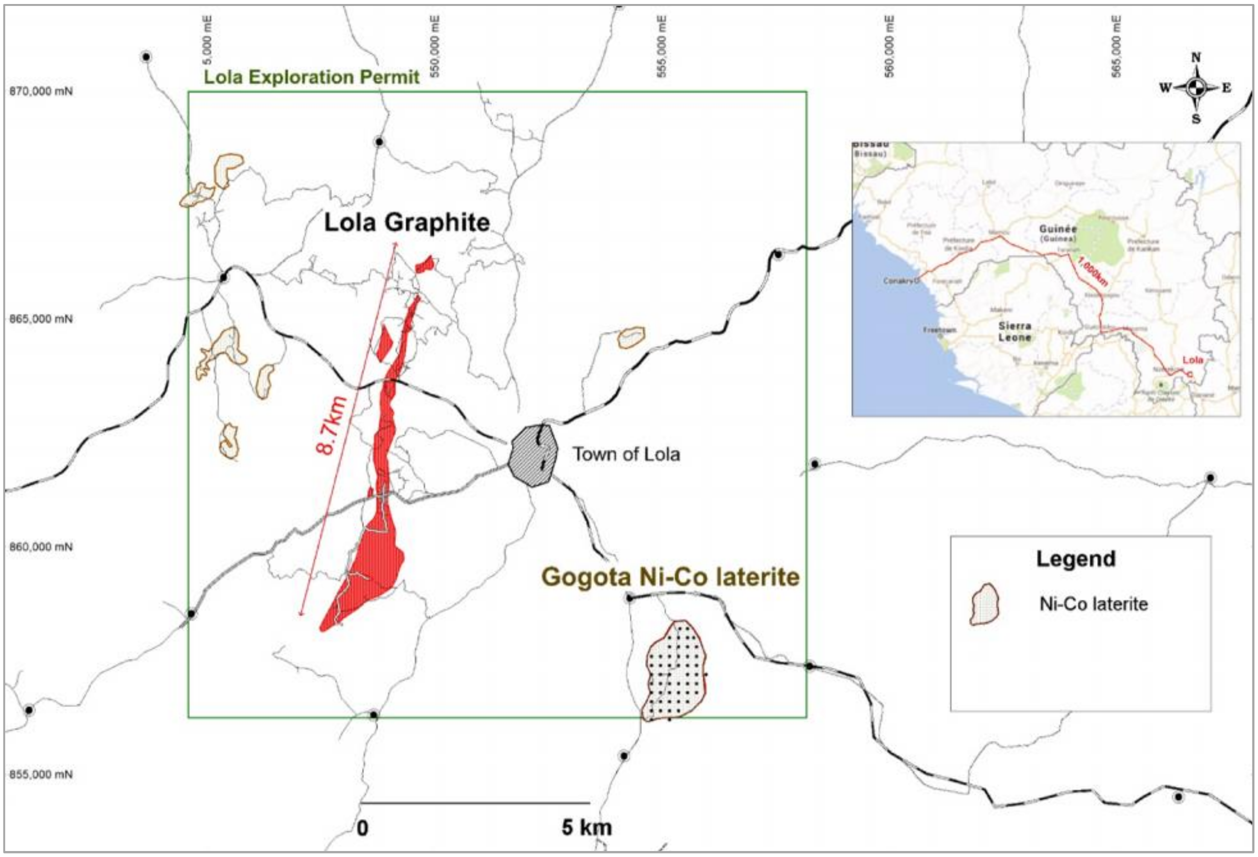

Figure 1 Exploration permits in Guinea

HIGHLIGHTS

- On June 21, 2017, the Company announced that Mr. Yves Grou joined the Company's board of directors.

- On June 30, 2017, the Company announced that it has changed its company name to SRG Graphite Inc. ("SRG"). The Company has filed the necessary Articles of Amendment and has received approval from TSXV regulatory authorities to change its name. SRG shareholders approved a special resolution in this regard at the Company's Annual and Special Meeting of Shareholders held on June 14, 2017.

- On August 16, 2017, the Company announced a non-brokered private placement with CORIS Capital SA ("CORIS") of 7,500,000 units at a price of $0.40 per Unit, for total gross proceeds of $3,000,000. Each Unit will be comprised of one common share of the Company and one-half of one non-transferable share purchase warrant. Each whole warrant will entitle CORIS to purchase for a period of 24 months from the date of closing, one additional common share of the Company at an exercise price of $0.50 per warrant.

- On August 31, 2017, the Company announced the closing of tranche 1 of the non-brokered private placement announced on August 16, 2017 with CORIS. The Company has issued a total of 5,250,000 units at a price of $0.40 per Unit for gross proceeds of $2,100.000. The remaining $900,000 of the non-brokered private placement will close following approval of documentation filed with the TSX-V. Upon closure of the second tranche, CORIS will own a 18% interest in the Company and will have the right to assign two board members.

- On September 7, 2017, the Company announced results from battery grade characterization tests with Dorfner ANZAPLAN Co. ("ANZAPLAN") in Germany for graphite concentrate from the Company's 100%-owned Lola Graphite deposit. ANZAPLAN reported that bulk density, tap density, morphology, chemical purity and specific surface area of the spherical graphite product obtained from the Lola Graphite deposit are similar to typical spherical graphite products in the market. ANZAPLAN confirmed that the Lola Graphite concentrate is well suited for producing the anode material used to manufacture lithium-ion batteries. Results from the Lola Graphite tests indicate a spherical graphite production yield of 46% compared to typical yields of 30% to 40%.

- On September 13, 2017, the Company announced assay results from 12 boreholes drilled at the Lola Graphite deposit. Nine of the 12 intercepts returned grades above 10% graphitic carbon, including 10.06% Cg over 48.0 meters combined intercepts.

- On September 27, 2017, the Company announced that it has engaged Montreal-based Met-Chem, a division of DRA Americas Inc., to undertake a Preliminary Economic Assessment for the Lola Graphite Project.

- On October 25, 2017, the Company announced the closing of tranche 2 of the non-brokered private placement announced on August 16, 2017 with CORIS. The Company has issued a total of 2,250,000 units at a price of $0.40 per Unit for gross proceeds of $900,000. CORIS now owns a 18% interest in the Company and will have the right to assign two board members.

- On November 7, 2017, the Company announced a memorandum of Understanding with Great Lakes Graphite Inc. ("GLK") for the potential supply of between 5,000 and 20,000 tons per year of natural flake graphite.

- On November 28, 2017, the Company announced the exercise of 2,625,000 share purchase warrants by CORIS at a price of $0.50 per warrant share. This provides the CORIS with 2,625,000 Units.

- On December 22, 2017, the Company announced its maiden mineral resource estimate for its Lola Graphite deposit. Base case pit-constrained indicated resource stood at 3.96Mt @ 5.66% graphitic carbon ("Cg") and an inferred resource of 4.6Mt @ 6.45% Cg using a cut-off grade of 1.23% Cg.

- On January 23, 2018, the Company announced that it has planned to resume activities at the cobalt-nickel-scandium project, known as the Gogota deposit, at the Company's Lola project in Guinea.

- On February 1, 2018, the Company announced the appointment of Ugo Landry-Tolszczuk as president and chief operating officer. Dr. Marc-Antoine Audet is stepping down as president and chief executive officer but remains a member of the Board of Directors and will continue to act as lead geologist and qualified person.

- On February 7, 2018, the Company filed a National Instrument 43-101 technical report supporting the initial resource estimate for its 100-per-cent-owned Lola graphite deposit located in the Republic of Guinea, as reported in SRG's news release dated December 22, 2017.

- On March 21, 2018, the Company released drill results from its continuing drilling program at the Lola graphite deposit in Guinea, West Africa. A total of 346 boreholes, totaling 9,600 meters, have been drilled on the property of which 175 boreholes, totaling 4,698 m, since the company announced its maiden resource on December 22, 2017. A drilling contract was awarded to Foraco SA, an experienced drilling contractor, to expedite the completion of the 2018 drilling program.

- On March 26, 2018, the Company released the remaining assay results from the drilling program conducted on the Company's cobalt-nickel-scandium Gogota project in Guinea, West Africa.

OVERALL PERFORMANCE

On December 22, 2017, the Company announced its maiden mineral resource estimate for its Lola graphite deposit. Base case pit-constrained indicated resource stood at 3.96Mt @ 5.66% graphitic carbon ("Cg") and an inferred resource of 4.6Mt @ 6.45% Cg using a cut-off grade of 1.23% Cg. The mineral resource estimate was prepared by Montréal-based Met-Chem, a division of DRA Americas Inc. ("Met-Chem"). The resource estimate was based on drilling up to the cut-off date of September 30, 2017 which covered 4,936m of drilling representing 18% of the deposit surface area of 3.22km^2.

The Company continued its drilling activities at the Lola Graphite deposit and as of March 21, 2018, 346 diamond drill holes ("DDH") for a total of 9,600 meters ("m") have been completed. An environmental and social impact assessment according to the Guinean's BGEEE guideline and IFC guidelines has also been commenced. Metallurgical investigations with SGS Lakefield and ProGraphite GmBH continued as the Company moves forward with the development of the process flowsheet. The Company hired Montreal-based Met-Chem to undertake a Preliminary Economic Assessment for the Lola Graphite Property which is expected to be completed by the end of the first half of 2018.

The Company also continued to work on its Gogota nickel-cobalt-scandium deposit, located on the same permit as the Lola Graphite deposit. The Gogota cobalt-nickel-scandium occurrence has a prospective surface outline of 1.96 km^2 and is approximately 5km away from the Company's Lola graphite deposit. The Company has hired Met-Chem to undertake a National Instrument 43-101 compliant resource estimate expected in before the end of the first half of 2018.

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, Director 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 (Research Permit "Permit de Recherche", PR 4543)

SRG owns 100% of SRG Guinee, its Guinean subsidiary. SRG Guinee owns 100% of research permit PR4543 to explore a combined 187 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)**. The property is centered on UTM WGS 84 zone 29N latitude 7° 48' 00'' (UTM 863,000 N) and longitude 8° 32' 00' (UTM 551,000E). The area includes the communities of Lola and several smaller villages. The property is approximately 27km from the town Nzérékoré, the second largest city in Guinea, which has a population of approximately 300,000.

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. Pursuant to SRG Guinee's request in 2012, the Republic of Guinea awarded SRG Guinee, through ministerial order NºA2013/4543/MMG/SGG dated September 2, 2013, the Lola Graphite research permit for a first period of three years renewable for two additional periods of two years each. The latest renewal occurred on August 29, 2016 and is set to expire on August 29, 2018. Management does not foresee any issues with maintaining land rights.

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

SRG Guinee has agreed to complete an exploration program of GNF 9,361,376,000 (approximately $1,313,087 as at December 31, 2017) by August 29, 2018. The Company to date has spent a total of $2,635,255.

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. Given the volume of graphite available in the weathered portion of the deposit, the Company does not expect to mine the fresh rock portion of the deposit for decades into operation.

The graphite mineralization is well exposed at surface on its entire strike length with sample grades ranging from trace to up to 20% of graphitic carbon ("Cg") and often seen in higher concentration agglomerates.

A drilling campaign representing 18% of the deposit's surface area was completed on September 30, 2017. The campaign included 172 boreholes for a total of 4,936 meters and 10 trenches for 1,326 meters. A total of 3,932 samples were taken from the boreholes and trenches for analysis. These results were then analysed by Activation Laboratory ("Actlab"), Ontario. A maiden mineral resource report was prepared by Met-Chem. The results are presented in Table 1. These results confirm that there are significant resources of graphite on the property. These results, along with improving market conditions for graphite have lead the Company to increase the amount of annual graphite production in the Company's upcoming preliminary economic assessment ("PEA") to 50,000 tons per year ("tpa") of concentrate from the previously announced 25,000 tpa.

Table 1 Lola Graphite Property Maiden Mineral Resources at a cut-off grade of 3.0% Cg and sensitivities at 1.23%Cg and 5.0% Cg cut-off grades of CG

Base Case Mineral Resources				
Cut-off-grade Cg %	**Classification**	**Tonnes (t)**	**Cg (%)**	**In situ Cg (t)**
3%	Indicated	3,961,417	5.66	224,118
	Measured			
	Total Ind. & Meas.	**3,961,417**	**5.66**	**224,118**
	Inferred	4,616,787	6.45	297,783
Sensitivities				
Cut-off-grade Cg %	**Classification**	**Tonnes (t)**	**Cg (%)**	**In situ Cg (t)**
1.23%	Indicated	6,825,820	4.19	285,802
	Measured			
	Total Ind. & Meas.	**6,825,820**	**4.19**	**285,802**
	Inferred	7,563,830	4.76	360,038
Cut-off-grade Cg %	**Classification**	**Tonnes (t)**	**Cg (%)**	**In situ Cg (t)**
5%	Indicated	1,860,404	7.70	143,168
	Measured			
	Total Ind. & Meas.	**1,860,404**	**7.70**	**143,168**
	Inferred	2,413,469	8.71	210,213

CIM definitions (May 10, 2014) observed for classification of mineral resources.
Block bulk densities interpolated from specific gravity measurements taken from core samples.
Mineral resources are not mineral reserves and have no demonstrated economic viability. The estimate of mineral resources may be materially affected by mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors ("Modifying Factors").
Numbers may not add due to rounding.

Drilling continued through the end of the year and into 2018. As of March 1, 2018, an additional 156 boreholes have been completed representing an additional 4,099m. This additional drilling brings the total drilling of the Lola deposit to 328 boreholes for 9,035m. Drilling will continue well into 2018 to fully define the resource for the Company's PEA and Feasibility Study. **Figure 2** presents the Company's current drilling program.

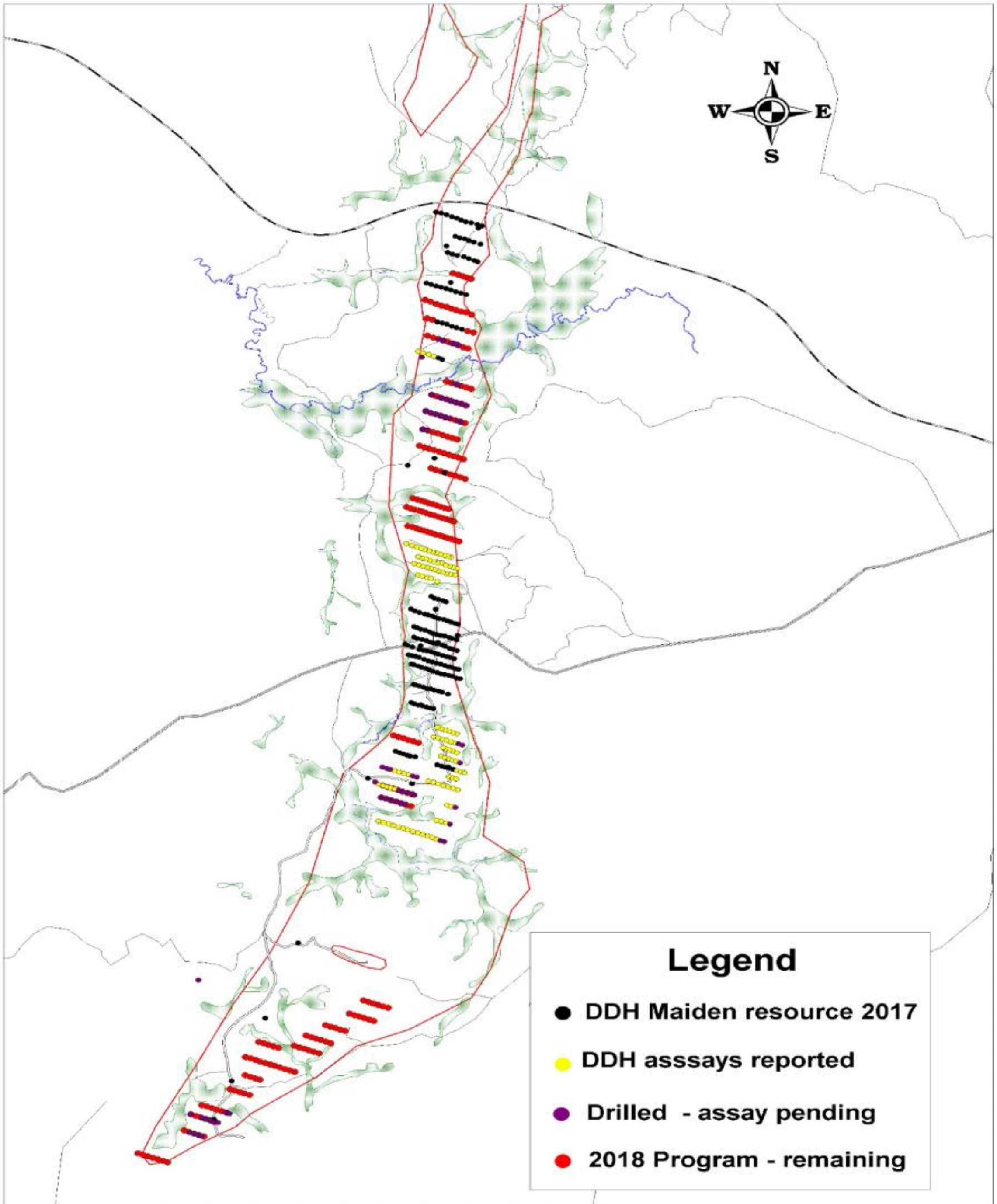

Figure 2 Company drilling program for the Lola graphite deposit

Laboratory work and analysis have continued with ProGraphite, Anzaplan and SGS Lakefield to refine the process flow sheet and determine the metallurgy associated with the graphite found at the Lola deposit. Results indicate that the graphite is of excellent quality and flake size making it suitable for a very wide range of graphite applications, including the important traditional markets. These markets include: refractories, crucibles, friction products, carbon brushes and sealants. Additionally, the combination of very favorable ash composition, high crystallinity, high oxidation resistance and excellent purification behavior makes the graphite very valuable for demanding new technology applications, including energy storage applications and particularly with regards to spherical graphite for lithium-ion batteries ("LiB").

Main Observations from metallurgical testing:

- The high proportion of large and jumbo flakes is impressive. Only very few natural flake graphite deposits have such a high percentage of jumbo and large flakes. This is a major advantage for the Lola deposit, as large flakes trade at significantly higher prices.
- The concentrate was screened to get particle size distribution information with very favorable results: very coarse material. Over 50% of the graphite is large flake (+80 mesh), and 26% is "jumbo" flake material (+50 mesh).
- Main elemental impurities are silicon, aluminum and iron, which is typical for flake graphite. Impurities known to cause issues in various applications, such as sulfur, calcium, vanadium or heavy metals are at very low levels or inexistent in the Lola graphite concentrate.
- Key advantages of the Lola graphite are the favorable ash composition and low effort required to attain high carbon grades.
- The graphite is of very high crystallinity, which means that the graphite crystals are almost perfect, making this graphite suitable for highly demanding applications such as LiBs or synthetic diamonds.
- Purification tests concluded that the graphite could easily be upgraded with standard processes to levels above 99.95% Cg with most elements, already under the limits for battery application. The purification performed was "mild" compared to the "harsh" purification usually applied for LiB grade material, thereby attesting again to the likelihood that the material will be very suitable for such application.
- The volatiles are low, oxidation resistance is very high and the specific surface area is in the normal range.
- The graphite from the Lola Graphite deposit has a high bulk density (>700 g/l), typical Chinese graphite has bulk densities of 450-550 g/l for +80 mesh.

Table 2 provides the latest flotation test results from SGS. These results show flake size fractions and the percentage of fixed carbon ("FC"). **Figure 3** shows a microscope image of the graphite flakes at 24x zoom. presents the Company's flake size distribution compared to some other publicly traded graphite companies' deposits. Anzaplan was engaged by the Company to produce battery anode material ("BAM") from the Lola graphite concentrate. Results are presented in Figure 4. Figure 5 depicts spheronized graphite produced by Anzaplan.

Table 2 Size fraction and fixed carbon content of the Lola graphite concentrate

Flake size (mesh)	Flake size (µm)	Proportion (%)	FC (%)
+48 (Jumbo)	315	26%	97%
+80 (Large)	180	31%	96%
+100 (Medium)	150	9%	96%
-100 (Fine)	-150	34%	97%

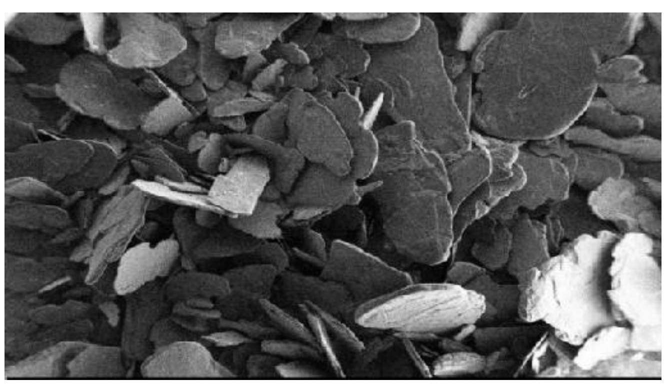

Figure 3 Microscope image of graphite flakes from the Lola deposit (24x)

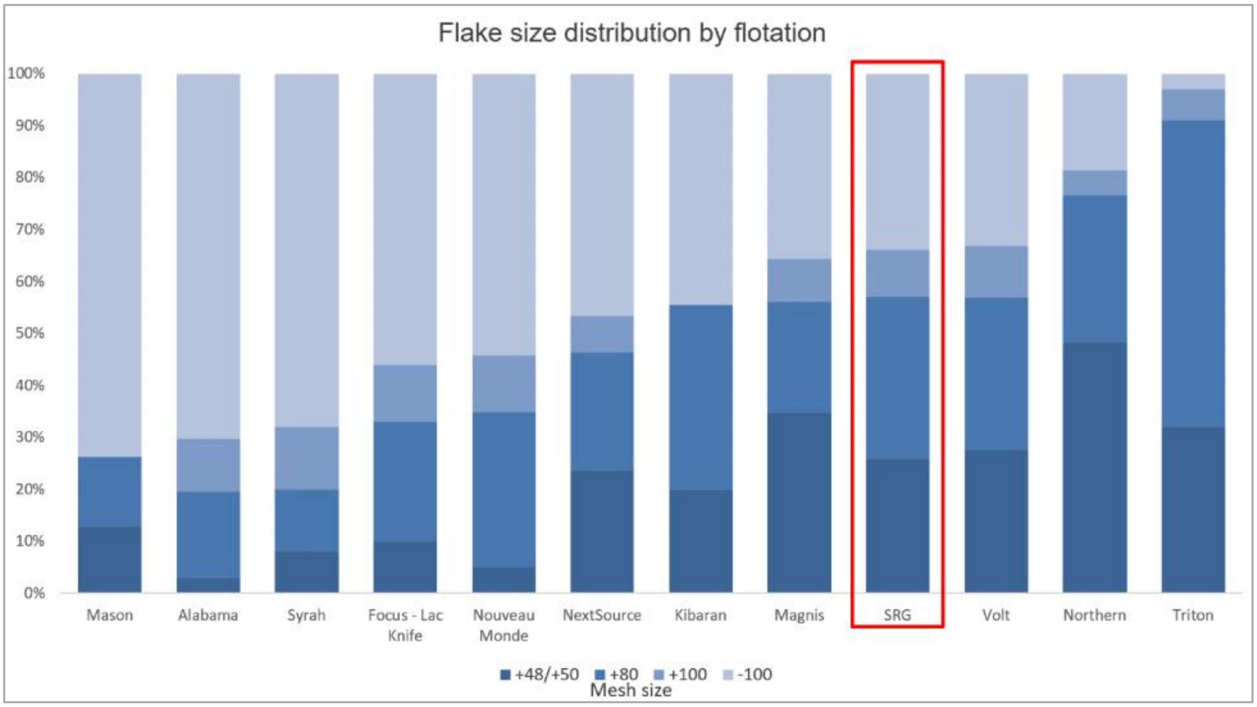

Figure 4 Flake size comparison

Table 3 Battery anode material test results of the Lola graphite concentrate

Product	Tap density (g/cm^3)	D_{50} (µm)	Ratio D_{90}/D_{10}	BET (m^2/g)	Capacity (mAh/g)*	Yield (wt.-%)
SRG	**0.96**	**16.3**	**2.6**	**6.9**	**365**	**46%**
Ref 10	0.88	12.1	2.6	7.0	365	
Ref 26	1.01	23.4	2.8	3.8		

* reversible capacity after 3 cycles

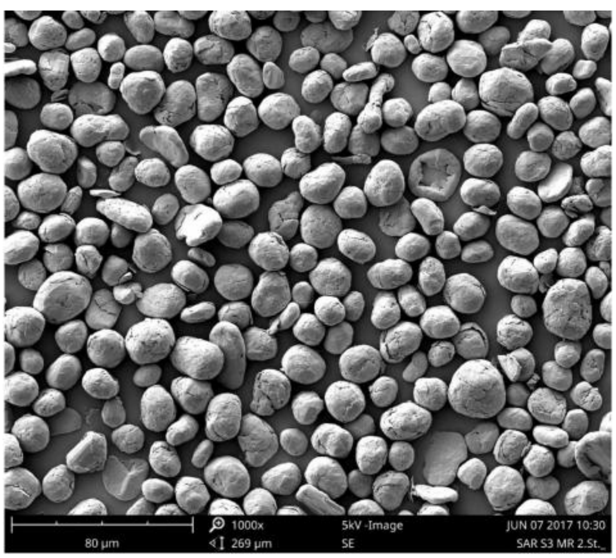

Figure 5 SEM micrograph of spheronized material (1000x)

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. The EBS scope of work was modified to an IFC Guideline Environmental and Social Impact Assessment Study ("ESIA"). The company has hired a full-time resource to ensure the proper monitoring of SIMPA and to ensure best practices are used for both health and safety along with environmental and social aspects of the project.

During the year ended December 31, 2017, the Company capitalized $1,981,900 at the Lola Graphite Property.

Estimated expenditures

The current estimate for expenditures on the Lola Graphite Property (both corporate and capitalized expenditures) for the next year is approximately $8,060,000. The proceeds will be used for the following work:

- Drill 17,000 meters, including regional exploration
- Complete the Environmental and Social Impact Assessment Study
- Complete PEA level test works and start metallurgical test works for the Feasibility study
- Complete and publish the PEA
- Complete the Feasibility study by end of 2018
- Process bulk graphite sample for business development
- Complete the construction and commission a mineral processing laboratory

Gogota Property

On January 23, 2018, the Company announced the resumption of activities at its cobalt-nickel-scandium project, known as the Gogota deposit approximately 5km away from the Company Lola deposit (see **Figure 1**). SRG resumed activities on the Gogota deposit and expects to file a National Instrument ("NI") 43-101 compliant maiden mineral resource estimate in H1 2018. SRG acquired the Lola project from Sama Resources in the 2016 transaction. The Gogota deposit was discovered during a regional exploration program carried out over portions of the Lola project in 2013. It has a prospective surface outline of 1.96km^2.

In 2013, 51 vertical drill holes were carried out over the Gogota Deposit. 31 holes were drilled over a 200-meter by 400-meter grid and 20 were drilled over a 200-meter by 200-meter grid. In 2013, the first phase of sampling from 31 drill holes representing 800 samples were sent for analysis and returned significant cobalt ("Co"), nickel ("Ni"), and scandium ("Sc") results, among others. In February 2018, the second phase of 20 drill holes representing 425 samples, were sent to Actlab for analysis. The results are presented in Table 4. The results show significant nickel, cobalt and scandium grades. Given these results and the market conditions for both nickel and cobalt, the Company has hired Met-Chem to complete a National Instrument 43-101 compliant resource estimate expected in H1 2018. **Figure** 6 depicts the 51 boreholes and the associated assay results.

Table 4 Gogota assay results on 51 dill holes

HOLE-ID	From m	Length m	Co %	Ni %	Scandium gr/t	Fe %	MgO %	SiO2 %	Al2O3 %
GG24-400800	15.50	5.50	0.18	0.75	37.28	45.90	0.26	9.92	12.29
GG24-600800	9.00	16.00	0.17	1.39	26.88	51.80	0.43	3.94	4.66
GG24-800400	2.00	18.20	0.19	1.43	45.06	52.19	0.38	3.33	4.99
GG24-800600	3.70	13.50	0.22	1.27	29.18	51.32	0.48	8.29	3.29
GG24-800800	4.00	20.80	0.15	1.41	29.62	53.42	0.60	4.51	4.05
GG25-200200	5.00	14.50	0.13	1.30	33.11	51.24	0.42	7.83	3.11
GG25-200400	6.00	10.00	0.13	1.19	30.00	48.02	0.33	13.22	2.74
GG25-200600	8.00	3.00	0.17	1.28	35.30	52.03	0.62	3.01	5.15
GG25-200800	11.00	19.00	0.17	1.29	27.90	53.40	0.53	2.95	3.49
GG25-400200	4.00	14.50	0.18	1.52	31.73	53.29	0.30	6.38	3.49
GG25-400400	12.50	20.00	0.17	1.53	24.77	49.87	0.37	5.47	5.56

HOLE-ID	From m	Length m	Co %	Ni %	Scandium gr/t	Fe %	MgO %	SiO2 %	Al2O3 %
GG25-400600	7.00	16.00	0.16	1.36	29.88	50.14	0.76	4.30	6.73
GG25-400800	8.00	17.80	0.16	1.25	24.50	50.90	0.69	4.04	5.67
GG25-600400	0.00	7.50	0.13	1.08	20.91	40.14	0.63	9.86	14.09
GG25-600600	3.80	14.40	0.13	1.52	25.23	44.64	1.30	7.45	10.35
GG25-600800	6.00	22.00	0.17	1.46	32.62	44.39	1.14	6.94	10.91
GG34-400200	1.50	6.90	0.13	1.58	40.30	44.14	2.73	9.75	8.21
GG34-400400	3.00	1.50	0.11	0.90	33.84	27.56	3.00	38.39	7.28
GG34-600200	1.50	17.90	0.20	1.38	26.91	47.19	1.08	6.02	7.77
GG34-600400	3.00	22.00	0.17	1.51	28.61	48.59	0.69	4.47	7.00
GG34-600600	7.00	25.00	0.21	1.37	32.41	47.73	1.60	5.97	6.20
GG34-600800	1.00	8.50	0.18	1.28	34.71	44.66	0.49	6.26	11.74
GG34-800200	2.10	12.00	0.24	1.16	32.63	48.08	0.49	5.11	10.11
GG34-800400	15.00	3.00	0.17	1.53	37.50	48.63	1.12	9.61	6.33
GG34-800600	6.00	23.00	0.18	1.27	39.14	51.63	0.40	3.63	4.89
GG34-800800	5.50	12.50	0.16	1.42	31.20	50.25	1.18	6.81	5.97
GG35-200200	14.00	16.00	0.16	1.33	23.13	49.83	0.34	8.75	3.43
GG35-200600	10.50	10.00	0.22	1.51	26.50	46.95	1.04	7.94	6.22
GG35-200800	2.60	16.40	0.21	1.26	28.42	48.62	0.84	3.93	7.64
GG35-400200	0.00	14.10	0.17	1.39	23.95	48.09	0.61	4.86	8.53
GG35-400400	0.90	4.40	0.21	1.27	31.49	50.04	0.84	6.62	6.42
GG35-400600	4.00	2.50	0.14	1.16	30.00	42.41	0.92	13.51	10.98
GG35-400800	3.00	8.00	0.18	1.19	36.25	49.11	0.80	5.71	8.77
GG35-600200	1.50	12.50	0.15	1.33	29.62	40.82	1.47	11.44	12.14
GG35-600400	1.60	1.60	0.27	0.51	13.75	31.37	0.29	7.15	25.89
GG35-600600	7.00	15.50	0.14	1.80	22.09	41.77	4.72	13.43	6.12
GG35-600800	2.00	16.40	0.13	1.65	29.46	49.25	0.75	8.21	5.24
GG44-600200	1.50	1.50	0.12	0.58	20.00	32.64	0.21	18.54	19.08
GG44-800200	8.50	14.00	0.21	1.45	36.43	49.57	0.45	5.61	5.98
GG44-800400	8.00	7.50	0.18	0.69	38.26	42.53	1.70	13.26	10.46
GG45-200200	4.50	1.60	0.22	1.28	26.25	44.55	1.21	9.93	9.39
GG45-200400	1.50	24.50	0.16	1.37	26.47	50.99	0.68	4.73	5.28
GG45-400200	2.30	7.40	0.15	0.95	38.91	41.86	0.58	12.44	13.18

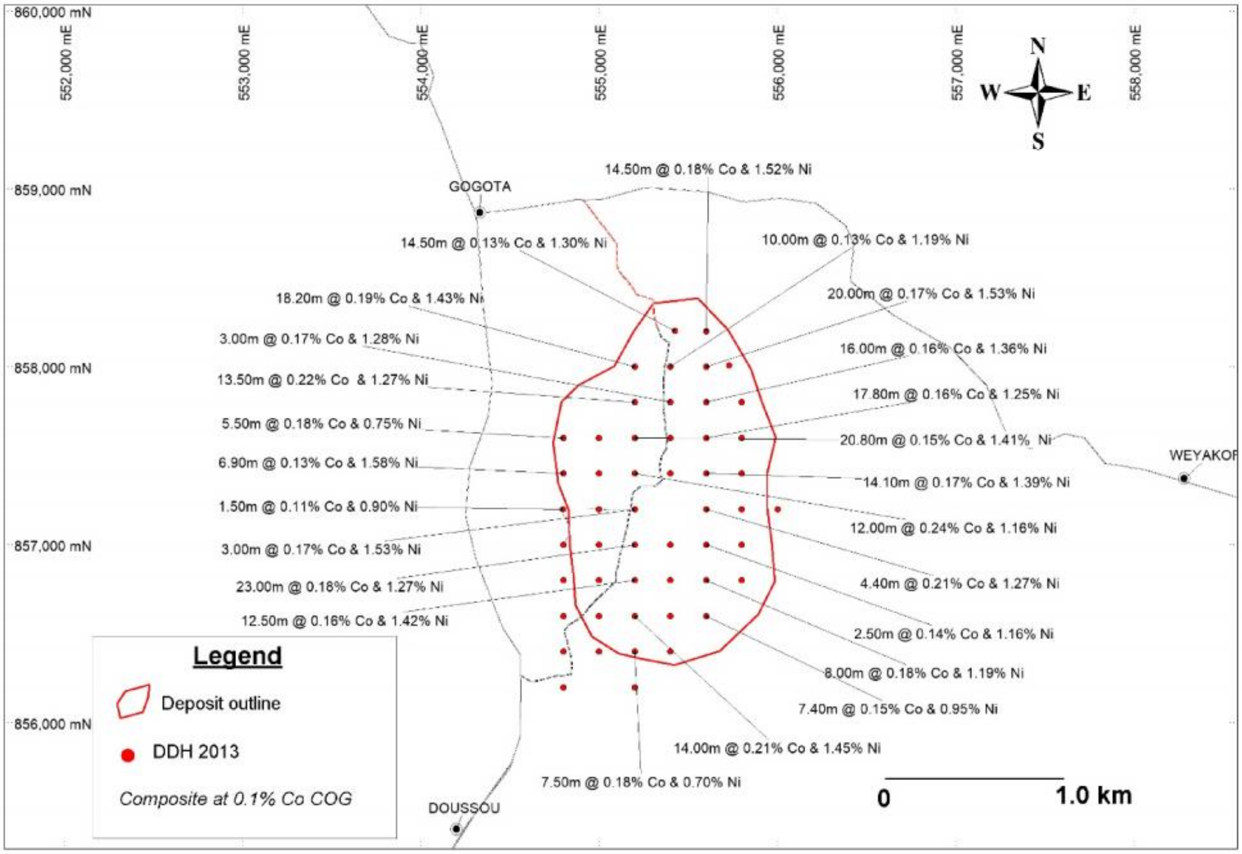

Figure 6 Gogota deposit boreholes map

Estimated expenditures

The current estimate for expenditures on the Gogota Property (both corporate and capitalized expenditures) for the next year is approximately $140,000. The proceeds will be use for the following work:

- Complete the maiden resource estimate
- Complete preliminary metallurgical test work

MARKET INFORMATION

Graphite

The Graphite market in 2016 was ~2.4Mtpa[1], of which battery demand comprises a small portion of ~200ktpa. But take-up of electric vehicles ("Evs") is likely to drive robust demand growth from this segment over the next 5-10 years. UBS' assessment of demand growth is that ~650ktpa of extra graphite is required by 2022e & 1.7Mtpa by 2025e, growing from 2.4Mtpa to over 4Mtpa. 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 2025e[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 7** provides current uses for graphite while **Figure 8** depicts demand forecast by UBS.

In terms of volume, the global graphite market grew from 2.0 million tons in 2010 to 2.5 million tons in 2016, an annual growth rate of 3.8%.

[1] UBS, market report June 15, 2017

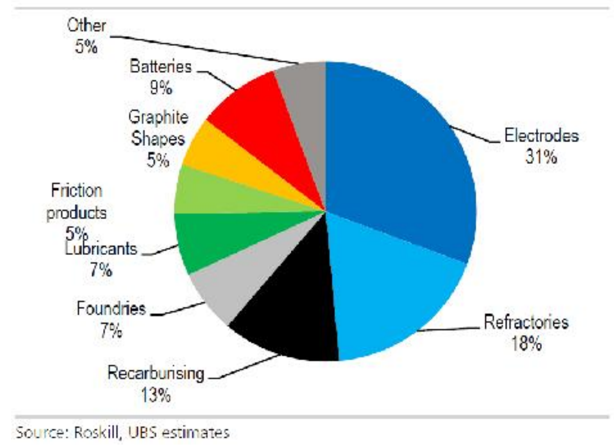

Figure 7 Global graphite demand (2016)

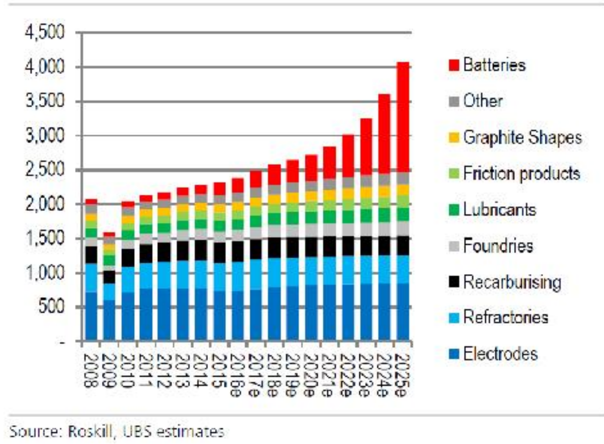

Figure 8 Global graphite demand forecast

BAM will be a very large driver of natural flake graphite over the coming years. The figure 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.

Figure 9 LiB forecast and effect on graphite demand charts (Benchmark Minerals)

Nickel

Usage of nickel has increased over time and until today, has been correlated with economic development. World nickel demand increased from 907 thousand tonnes in 1990 to 1.465 million tonnes in 2010, an annual average growth rate of 2.3%. Since then the strong growth recorded by the Chinese economy has further accelerated the increase in nickel demand that recorded in only 8 years, from 2010 up to 2017, an annual growth rate of 4.6% bringing total nickel supply to 2.1Mt. Asia is now by far the largest regional market for nickel currently representing 71% of total world demand. China alone now accounts for close to 52% of world nickel demand compared with18% ten years earlier.

The global nickel market has traditionally been driven by stainless steel production using both high-purity class 1 and lower-purity class 2 nickel products. Significant expansion of low-cost class 2 nickel capacity over the past decade, in particular nickel pig iron, has caused nickel prices to fall from the highs of USD 29,000 per metric ton in 2011 to an average of just above USD 10,000 per metric ton in 2017, resulting in the curtailment of higher-cost class 1 capacity. However, the growing adoption of EVs and the resulting demand for high-purity nickel is providing a much-needed reprieve for the industry as a shift towards nickel-rich battery chemistries accelerates.

Currently, class 1 nickel supply suitable for battery production represents approximately half of global supply of 2.1Mt, although only 350Kt is available to be processed into powder and briquettes that could be used to produce nickel sulphate (in 2017 approximately 65 Kt to 75 Kt of nickel content will be used to make nickel sulphate)[2]. With annual battery demand expected to reach 750GWh by 2025, which would mean a class 1 nickel demand of approximately 400Kt for battery production alone. This comes on top of class 1 demand from traditional end-use segments i.e., plating, foundry and super-alloys. A shortfall in class 1 nickel production seems increasingly likely as current low nickel prices do not support class 1 nickel capacity expansions and alternative strategies e.g., shifting existing production from nickel cathode to nickel sulfate or refining nickel intermediates, seem unlikely to provide long term solutions. As a result, not only will nickel prices likely need to move towards incentive pricing but the future pricing mechanism is likely to reflect two distinct nickel products: class 1 and class 2.

Cobalt

Cobalt is primarily extracted as a by-product of copper and nickel mining. Currently the Democratic Republic of Congo represents 65% of the world production, with the remaining production scattered world wide. Cobalt is used in a variety of industries, including super alloys, consumer batteries and a growing EV market and energy storage batteries. **Figure 10** presents the current demand for cobalt by sector. The total market demand in 2016 was approximately 100Kt.

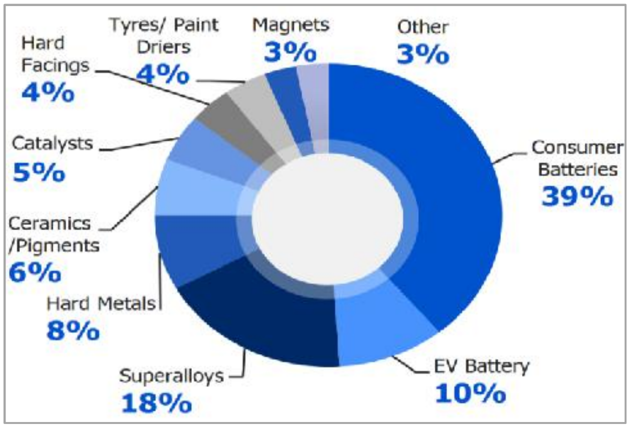

Figure 10 Cobalt demand by sector (2016)[3]

As demand for Evs and grid storage grows, demand for cobalt will follow. Three types of batteries use cobalt: Lithium-Cobalt-Oxide ("LCO"), Nickel-Manganese-Cobalt ("NMC") and Nickel-Cobalt-Aluminum ("NCA"). There is, in fact, more cobalt in these three types of batteries than lithium. Assuming the majority of battery capacity moves quickly to 622 NMC chemistry (60% nickel, 20% manganese, 20% cobalt) from the current 111 chemistry, approximately 140Ktpy of cobalt will be needed by 2025. Given the scarcity of the resource, the price per ton has soared from USD 30,000 per metric ton in 2015 to over USD 90,000 per metric ton, today.

[2] The future of nickel: A class act, McKinsey&Company, November 2017
[3] Cobalt 27 corporate presentation, March 2018

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 exploration and evaluation activities. The Company has incurred a net loss and comprehensive loss for the year ended December 31, 2017 of $2,382,586 (for year ended December 31, 2016 – $744,496) and has an accumulated deficit of $4,467,238 (December 31, 2016 – $2,084,652). In addition, the Company had working capital of $2,758,698 as at December 31, 2017 (December 31, 2016 – $1,624,173), including cash and cash equivalents of $3,251,456 (December 31, 2016 – $2,263,162). To date, the Company has financed its cash requirements primarily by issuing common shares or units. 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 exploration, the Company will need to raise additional financing within the next 6-12 months to complete the feasibility study of the Lola Graphite project.

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 the Company's obligations, budgeted expenditures and commitments through December 31, 2018. Based on the extent of the Company's current stage and anticipated plan, the Company will need to raise additional financing, which cast significant doubt on the Company's 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 the Company.

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.

The consolidated 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.

Financial Position Analysis

The information presented at December 31, 2017 and 2016, represents the consolidated information of SRG following the Reverse Takeover transaction completed on December 31, 2016 while those for the year ended December 31, 2015 are those of SRG Guinee only.

	December 31, 2017	December 31, 2016	December 31, 2015
	$	$	$
Total assets	6,200,523	2,949,322	448,349
Total liabilities	573,450	647,518	1,787,086
Total equity (deficiency)	5,627,073	2,301,804	(1,338,737)
Working capital (deficiency)*	2,758,698	1,624,173	(1,784,074)

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

<u>Assets</u>

Total assets at December 31, 2017 were $6,200,523 compared to $2,949,322 at December 31, 2016, an increase of $3,251,201 mainly due to an increase in cash of $988,294, in deposit on property and equipment of $110,078 due to payments made on two vehicles not delivered at December 31, 2017 and in exploration and evaluation assets of $1,981,900 directly related to the expenditures incurred on the Lola Graphite Property.

Liabilities

Total liabilities at December 31, 2017 were $573,450 compared to $647,518 at December 31, 2016, a decrease of $74,068. Accounts payables and accrued liabilities have increased by $292,310. However, amounts due to a major shareholder, Sama Resources Inc. ("Sama"), and amounts due to a related company have decreased by $267,590 and $98,788 respectively. The Company was able to make these payments as a result of the private placement completed as part of the Reverse Takeover transaction completed at December 31, 2016. The increase in accounts payables and accrued liabilities is due to the recognition of an accrual of $242,000 for foreign tax charged by the Guinean government for services received or good purchased from foreign suppliers.

Equity

At December 31, 2017, the Company had an equity of $5,627,073 compared to $2,301,804 at December 31, 2016, an increase of $3,325,269 mainly due to a non-brokered private placement of $3,000,000, to the exercise of warrants and stock options for total proceeds of $1,443,500 and to the recognition of a stock-based compensation of $1,295,367. However, these increases were offset by the period net loss of $2,382,586.

Operating Results analysis

Readers are invited to take into consideration that the results herein presented for the year ended December 31, 2017 represent the consolidated results of SRG Graphite Inc. and its subsidiaries following the Reverse Takeover transaction completed on December 31, 2016, which results are being compared to past financial results of SRG Guinee only.

	Three-month period ended December 31, 2017	Three-month period ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
	$	$	$	$
Revenues	-	-	-	-
Net loss	710,274	726,726	2,382,586	744,496
Net loss per share	0.01	0.03	0.04	0.03

THREE-MONTH PERIOD ENDED DECEMBER 31, 2017 COMPARED TO THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2016

For the three-month period ended December 31, 2017, the Company recorded a net loss of $710,274 compared to $726,726 for the same period in 2016, a decrease of $16,452. This decrease in net loss is mainly due to the recognition of a stock-based compensation ($94,148), to an increase in consulting fees ($246,304), accounting fees ($34,452), travel and representation ($39,857), office administration ($83,015), office supplies, utilities and rent ($18,965), investor related fees ($19,800) and to the loss on disposal of property and equipment ($25,712). The increase in foreign exchange loss is related to the fluctuations of the Guinean franc compared to the Canadian dollar. Most of these increases are directly attributable to the consolidation of results of SRG Graphite Inc. and SRG Guinee following the completion of the Reverse Takeover transaction on December 31, 2016. However, all of these increases were offset by a decrease in listing expense ($589,017) which is directly related to the Reverse Takeover transaction completed on December 31, 2016.

YEAR ENDED DECEMBER 31, 2017 COMPARED TO THE YEAR ENDED DECEMBER 31, 2016

For the year ended December 31, 2017, the Company recorded a net loss of $2,382,586 compared to $744,496 for the same period in 2016, an increase of $1,638,090. This increase in net loss is mainly due to the recognition of a stock-based compensation ($1,128,072) and a loss on disposal of property and equipment ($25,712) as well as an increase in consulting fees ($374,351), accounting fees ($75,070), travel and representation ($113,997), office administration ($179,880), office supplies, utilities and rent ($80,544), investor relation fees ($87,800) and foreign exchange loss ($98,550) which is related to the fluctuations of the Guinean franc compared to the Canadian dollar. While most of these increases are directly attributable to the consolidation of results of SRG Graphite Inc. and its subsidiary following the completion of the Reverse Takeover transaction on December 31, 2016, the increase in stock-based compensation is directly attributable to the 4,633,000 stock options granted during 2017. All of these increases were however offset by a decrease in listing expense ($589,017) which was recognized through the Reverse Takeover transaction completed on December 31, 2016.

Cash Flows analysis

	Three-month period ended December 31, 2017	Three-month period ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
	$	$	$	$
Cash required by operating activities	(387,352)	(146,631)	(1,284,086)	(163,221)
Cash generated (required) by investing activities	(554,647)	386,821	(1,773,730)	245,674
Cash generated by financing activities	1,331,422	1,998,536	4,046,110	2,178,155

THREE-MONTH PERIOD ENDED DECEMBER 31, 2017 COMPARED TO THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2016

Operating Activities

For the three-month period ended December 31, 2017, operating activities required cash flows of $387,352 compared to $146,631 for the same period in 2016, an increase of $240,721. This increase in the use of cash flows is mainly due to the net loss increase after adjustment for items not affecting cash which went from $328,230 in 2016 to $591,238 in 2017. However, non-cash working capital items generated cash flows of $203,886 compared to $181,599 for the same period in 2016.

Investing Activities

For the three-month period ended December 31, 2017, investing activities required cash flows of $554,647 compared to generated cash flows of $386,821 for the same period in 2016, a decrease of $941,468 in generated cash flows due to exploration and evaluation expenditures which required cash flows of $550,540 in 2017 compared to $112,410 in 2016. The generated cash flows of 2016 were due to the cash acquired through the Reverse Takeover transaction of $499,231.

Financing Activities

For the three-month period ended December 31, 2017, financing activities generated cash flows of $1,331,422 compared to $1,998,536 for the same period in 2016, a decrease of $667,114. The generated cash flows of 2017 are due to the exercise of warrants and stock options for total proceeds of $1,395,850 while those of 2016 were due to the completion of a private placement for total proceeds of $1,755,000 and advances received from the major shareholder and related company of $199,943 and $71,118 respectively.

YEAR ENDED DECEMBER 31, 2017 COMPARED TO THE YEAR ENDED DECEMBER 31, 2016

Operating Activities

For the year ended December 31, 2017, operating activities required cash flows of $1,284,086 compared to $163,221 for the same period in 2016, an increase of $1,120,865. This increase in the use of cash flows is mainly due to the net loss increase after adjustment for items not affecting cash which went from $344,907 to $1,228,256 in 2017. In addition, non-cash working capital items required cash flows of $55,830 in 2017 compared to generated cash flows of $181,686 for the same period in 2016.

Investing Activities

For the year ended December 31, 2017, investing activities required cash flows of $1,773,730 compared to generated cash flows of $245,674 for the same period in 2016, a decrease of $2,019,404 due to exploration and evaluation expenditures which required cash flows of $1,552,617 in 2017 compared to $253,557 in 2016, to property and equipment acquisition of $63,128 in 2017 and to deposits on property and equipment and on exploration and evaluation expenditures of $110,078 and $47,907 respectively in 2017.

Financing Activities

For the year ended December 31, 2017, financing activities generated cash flows of $4,046,110 compared to $2,178,155 for the same period in 2016, an increase in generated cash flows of $1,867,955 mainly due to the non-brokered private placement for total proceeds of $3,000,000 and to the exercise of stock options and warrants which generated cash flows of $1,443,500. However, these inflows were offset by the repayment of the due to the major shareholder and the repayment of a portion of the due to the related company of $267,590 and $98,788 respectively.

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, 2017.

Readers are invited to take into consideration that periods presented following the Reverse Takeover transaction on December 31, 2016 represent the consolidated results of the Company while prior periods include results of SRG Guinee only.

	Dec 31, 2017	Sept 30, 2017	June 30, 2017	March 31, 2017	Dec 31, 2016	Sept 30, 2016	June 30, 2016	March 31, 2016
	$	$	$	$	$	$	$	$
Operations:								
Revenues	-	-	-	-	-	-	-	-
Net loss	(710,274)	(488,379)	(559,444)	(624,489)	(726,726)*	(2,342)	(10,929)	(4,499)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.00)	(0.00)	(0.00)

* The main impact in net loss is due to the listing expense of $589,017 recognized as part of the Reverse Takeover transaction.

TRANSACTIONS WITH RELATED PARTIES

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 remuneration of key management personnel includes the following:

Transactions with key management personnel

During the year ended December 31, 2017, the Company incurred fees of $69,000 (for the year ended December 31, 2016 – $31,770) with the CFO. These fees are recorded under accounting fees (for the year ended December 31, 2016 – recorded under listing expenses) in the consolidated statement of loss and comprehensive loss. As at December 31, 2017, $10,000 (December 31, 2016 – $31,770) is due to the CFO. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2017, the Company incurred fees of $20,500 (for the year ended December 31, 2016 – nil) with an officer. These fees are recorded under legal fees. As at December 31, 2017, no amount was due to the officer.

During the year ended December 31, 2017, the Company incurred fees of $122,085 (for the year ended December 31, 2016 – $13,875) with a corporation controlled by a director who is also the President and Chief Executive Officer. An amount of $60,417 was recorded under consulting fees (for the year ended December 31, 2016 – nil) in the consolidated statement of loss and comprehensive loss and $61,668 (for the year ended December 31, 2016 – $13,875) have been capitalized to the Company's E&E assets. As at December 31, 2017, $45,000 (December 31, 2016 – $13,875) is due to that corporation. This amount is included in accounts payable and accrued liabilities (December 31, 2016 – included in the Due to the major shareholder as these fees were charged to Sama Guinee prior to the Reverse Takeover transaction).

During the year ended December 31, 2017, the Company recognized a stock-based compensation of $592,214 (for the year ended December 31, 2016 – nil) in connection with stock options granted to officers and directors solely, which was recognized in the consolidated statement of loss and comprehensive loss.

Transactions with related parties:

During the year ended December 31, 2017, the Company incurred fees of $61,050 (for the year ended December 31, 2016 – nil) with a corporation where the Company's Executive Chairman is also the President and Chief Executive Officer of that corporation. This amount was recorded under consulting fees. These fees were for legal and technical services which were rendered by employees of that corporation. As at December 31, 2017, $1,351 (December 31, 2016 – nil) is due to that corporation. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2017, the Company incurred fees of $56,250 (for the year ended December 31, 2016 – nil) with a corporation where the Company's Executive Chairman is also a shareholder of that corporation. This amount was recorded under consulting fees. As at December 31, 2017, $64,673 (December 31, 2016 – nil) is due to that corporation. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2017, a major shareholder, Sama, charged a total amount of $56,958 to the Company. An amount of $12,918 was recorded under office supplies, utilities and rent, $1,679 under travel and representation fees, $1,549 under audit fees and $261 under shareholders' information fees in the consolidated statement of loss and comprehensive loss and $40,652 was capitalized to the Company's E&E assets. As at December 31, 2017, an amount of $41,231 is due to the major shareholder. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2016, the major shareholder charged a total amount of $168,081 to the Company. An amount of $31,200 was recorded under consulting fees, $6,275 under office supplies, utilities and rent, $23,095 under administrative fees, $76,311 under listing expenses and $31,200 was capitalized to the Company's E&E assets. These amounts were included in the Due to the major shareholder of $267,590 at December 31, 2016.

As of December 31, 2017, the related company advanced a total amount of $16,418 (the major shareholder and related company had advanced a total of $382,796 as at December 31, 2016). This advance is non-interest bearing, unsecured and due on demand.

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 ended December 31, 2018, the total amounts payable in respect of severance would amount to $674,500. If a change of control would occur during the year ended December 31, 2018, the total amounts payable in respect of severance, if elected by the executive members would amount to $674,500.

OUTSTANDING SHARE DATA

	Number of Shares Outstanding (Diluted)
Outstanding as of April 16, 2018	61,504,719
Shares reserved for issuance pursuant to warrants outstanding	1,125,000
Shares reserved for issuance pursuant to stock options outstanding	4,143,000
Shares outstanding - fully diluted	66,772,719

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
	$	
3,258,000	0.365	February 20, 2027
200,000	0.410	June 21, 2022
100,000	0.500	March 31, 2027
100,000	0.500	April 25, 2027
25,000	0.360	June 14, 2027
325,000	1.300	November 22, 2027
135,000	1.720	January 14, 2028
4,143,000		

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
	$	
1,125,000	0.50	October 24, 2019

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 3 of the audited consolidated financial statements for the year ended December 31, 2017.

ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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 5 of the audited consolidated financial statements.

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.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such 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 maybe 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.