(formerly SRG Graphite Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2020

AS OF MAY 29, 2020

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 May 29, 2020, and complements the unaudited condensed consolidated financial statements of SRG Mining Inc. (the "Company" or "SRG"), which include: SRG Guinee SARL ("SRG Guinee"), SRG Graphite International Inc. ("SRG Intl"), SRG Liberia Inc. ("SRG Liberia") and SRG Lithium ("SRG Lithium"), its wholly owned subsidiaries, for the first quarter ended on March 31, 2020. These unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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, 2019.

Management of the Company is responsible for the preparation and presentation of the condensed interim 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 condensed consolidated interim financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on May 29, 2020. 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.

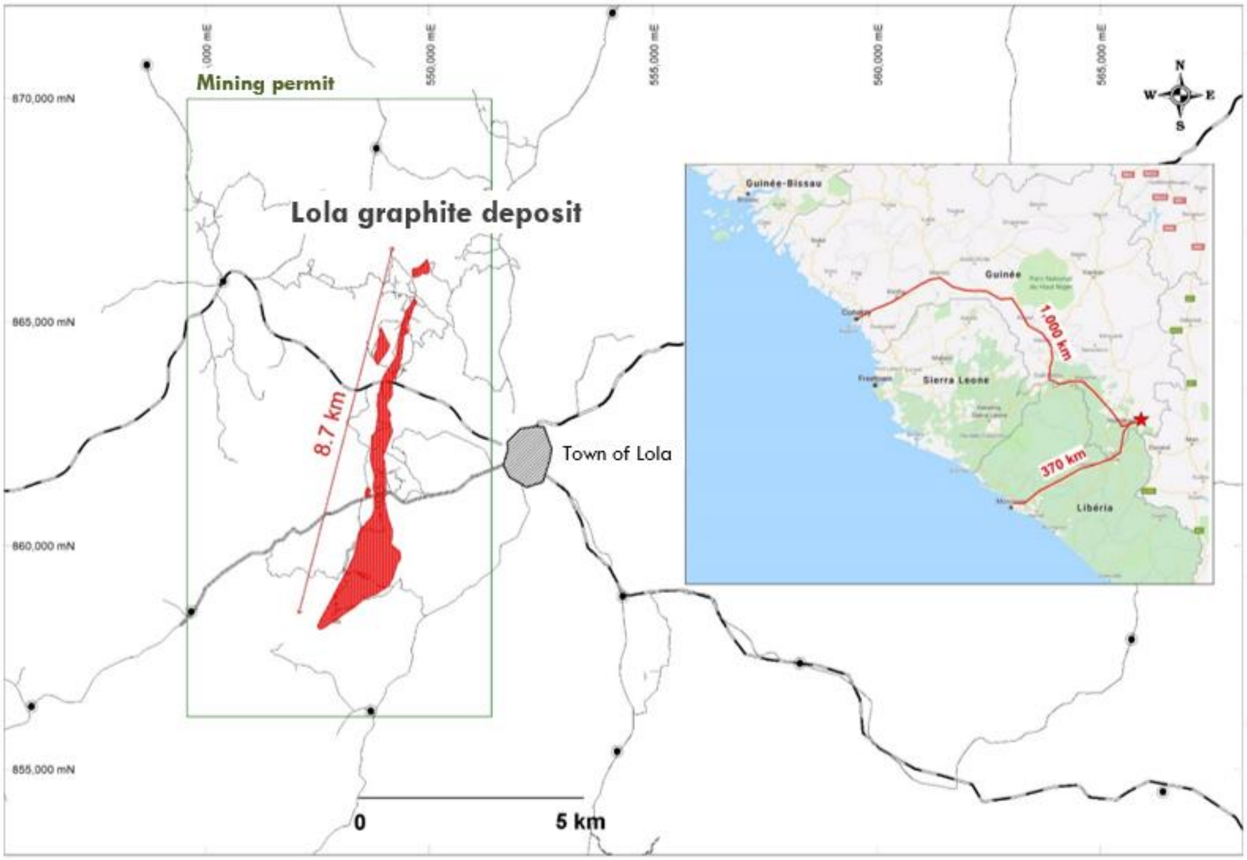


Figure 1 Exploration permits in Guinea

Mining
for tomorrow

HIGHLIGHTS

- On January 16, 2020, a total of 568,493 stock options were exercised at a price of $0.365 per stock option for total proceeds of $207,500.

- On January 20, 2020, a total of 125,000 stock options were exercised at a price of $0.365 per stock option for total proceeds of $45,625.

- On March 5, 2020, the Company announced the closing of the first tranche of a non-brokered private placement (the "Private Placement"). The Company has issued a total of 3,894,000 units (the "Units") of SRG at a price of $0.50 per Unit for gross proceeds of $1,947,000. Each Unit is comprised of one common share of the Company (a "Share") and one non-transferable share purchase warrant. Each whole warrant (a "Warrant") will entitle the holders to purchase for a period of 36 months from the date of closing (the "Expiry Date"), one additional common share of the Company (a "Warrant Share") at an exercise price of $1.00 per Warrant Share. In addition to that, 145,800 brokers warrants were issued.

- On March 10, 2020, the Company announced the closing of the second tranche of a non-brokered private placement. The Company has issued an extra total of 894,000 units for gross proceeds of $447,000. Together with the first tranche, the Company has issued a total of 4,788,000 units of SRG at a price of $0.50 per Unit for gross proceeds of $2,394,000. In addition, 52,780 brokers warrants were issued.

- On April 2, 2020 the Company announced the closing of a concurrent non-brokered private placement for the issuance of a total of 180,000 units of SRG at a price of $0.50 per Unit for gross proceeds of $90,000, all on the same terms and conditions of the Units described hereinabove.

  The Company also announced that it has agreed with Sama Resources Inc. (''SRI'') to close the position it had taken under the Convertible Debt Agreement ("Debt Agreement") (see Financing section). Under said Debt Agreement, the first draw of US$1,000,000 was subject to a 10% interest rate and could be repaid through a conversion of shares at a price of $ 0.91 per share at the election of SRI. SRI and SRG have agreed to proceed with repayment of said balance of US$1,000,000 through a conversion and issuance of 1,557,110 shares to SRI. Pursuant to this issuance SRI will now hold 24,805,377 shares of SRG. The Debt Agreement has been henceforth terminated.

  The Company also announced the resignation of Mr. Vincent Hogue and Mr. K. Abdoulaye Compaore from the Board of Directors effective immediately and the appointment of Mr. Yacouba Saré, a senior executive and nominee of Coris Capital S.A., as an additional director to the board of directors effective immediately.

- On April 15, 2020, the Company announced that DRA Global ("DRA") has been selected as the provider of Engineering, Procurement and Construction Management ("EPCM") services for SRG's Lola graphite project in Guinea. This selection is the result of a competitive tender process where several international engineering firms were invited and responded with qualifying and attractive proposals.

- On May 12, 2020, the Company announced that, pursuant to its stock option plan and subject to regulatory acceptance, it has granted an aggregate total of 1,108,493 incentive stock options to certain directors, officers and consultants of the Company, subject to certain vesting provisions. These options will be exercisable at a price of $0.37 per common share and will expire on May 11, 2030.

OVERALL PERFORMANCE

Over the past 12 months, the company has been focusing on executing the feasibility study ("FS") for its Lola graphite project, obtaining the necessary permits and regulatory approvals, and working on project financing. 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% a pre-tax NAV of US$ 277 million (CA$ 374 million) over a 29-year mine life. This report took into consideration the new mineral reserve estimate of 6.67Mt of proven reserves grading 4.43% Cg in oxidized material, 20.89Mt probable reserves grading 4.11% Cg in oxidized material and 14.50Mt grading 4.15% Cg in hard rock material.

The Company applied for and received its environmental conformity certificate, and its mining permit. The mining permit received in November 2019 and is for a fifteen (15) year period. The permit is renewable and was granted via presidential decree number D/2019/291/PRG/SGG.

After nearly two years of work on sales agreements, the Company signed five, three-year binding off-take agreements for a total of 128,000t over that period. These agreements represent approximately 85% of the Company's anticipated production. Our efforts in continuously producing graphite from our lab in Guinea and producing a bulk sample is in line with these efforts to secure sales. The Company continues to believe in signing sales agreements and having many potential clients test and qualify our material. These efforts will remain ongoing throughout the life of the Project.

Business Objectives and Milestones

Given the COVID-19 pandemic, economic conditions for both junior mining and for battery minerals has seen a material adverse effect. While the long-term outlook for battery minerals, and graphite remain strong in the medium to long-term, the short-term demand is impacted negatively. As such, the Company's main objective is assuring the continuation of the business while reducing burn rate to a minimum. The Company will to continue progressing the Lola graphite project with regards to project financing, in country administrative elements and sales efforts, but all capital expenses will be reduced or eliminated until the business outlook returns to pre-COVID levels.

FINANCING

On April 2, 2020, SRI and SRG have agreed to proceed with the repayment of the first tranche of US$1,000,000 through a conversion and issuance of 1,557,110 shares to SRI. Pursuant to this issuance SRI now holds 24,805,377 shares of SRG.

In March 2020, the Company completed an equity financing for a total of $2,484,000 issuing 4,986,000 Units comprising of one Common Share and one warrant which entitles the holders to purchase, for a period of 36 months, from the date of closing, one additional common share of the Company at an exercise price of $1.00 per warrant share.
Pursuant to the equity financing, 198,580 brokers warrants were issued.

The net proceeds from the financing completed in March 2020 were $2,419,625 as follows:

Source of Funds	Amount
Gross Proceeds from the Offering	$2,484,000
Less Underwriters' Fee	($45,430)
Less Expenses of the Offering	($18,945)
Funds Available Following Closing	**$2,419,625**

In connexion with the equity financing, a total of 198,580 brokers warrants were issued which entitles the holders to purchase for a period of 36 months, from the date of closing, one additional common share of the Company at an exercise price of $1.00 per warrant share.

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 – Mining Permit

On November 6, 2019, the Government of Guinea awarded SRG Guinée, through presidential decree NºD/2019/291/PRG/SGG, the Lola Graphite mining permit for a first period of fifteen years. It can be renewed several times, upon application of its holder and under the same conditions as for its original grant, each time for a period lasting no more than five years. The mining permit covers an area of 94.38 kilometers square. SRG Guinée has agreed to develop the mine and has an obligation to engage ten percent of the budgeted US$110,000,000 during the first year of issuance of the permit. Management will ask for a deferment of this obligation to the government of Guinea due to the ongoing COVID-19 pandemic and is expecting the government to provide the requested deferment.

The Company paid US$481,485 in superficial rights for the mining permit in March 2020 to secure the mining permit. Annual surface rights of US$7,079 have also been paid to the government of Guinea.

Project Update

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.

In November 2019, the Company received its mining permit from the Government of Guinea.

As of this MD&A, the company has five, three-year binding off-take agreements for its graphite flakes which represents 85% of its anticipated production.

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.

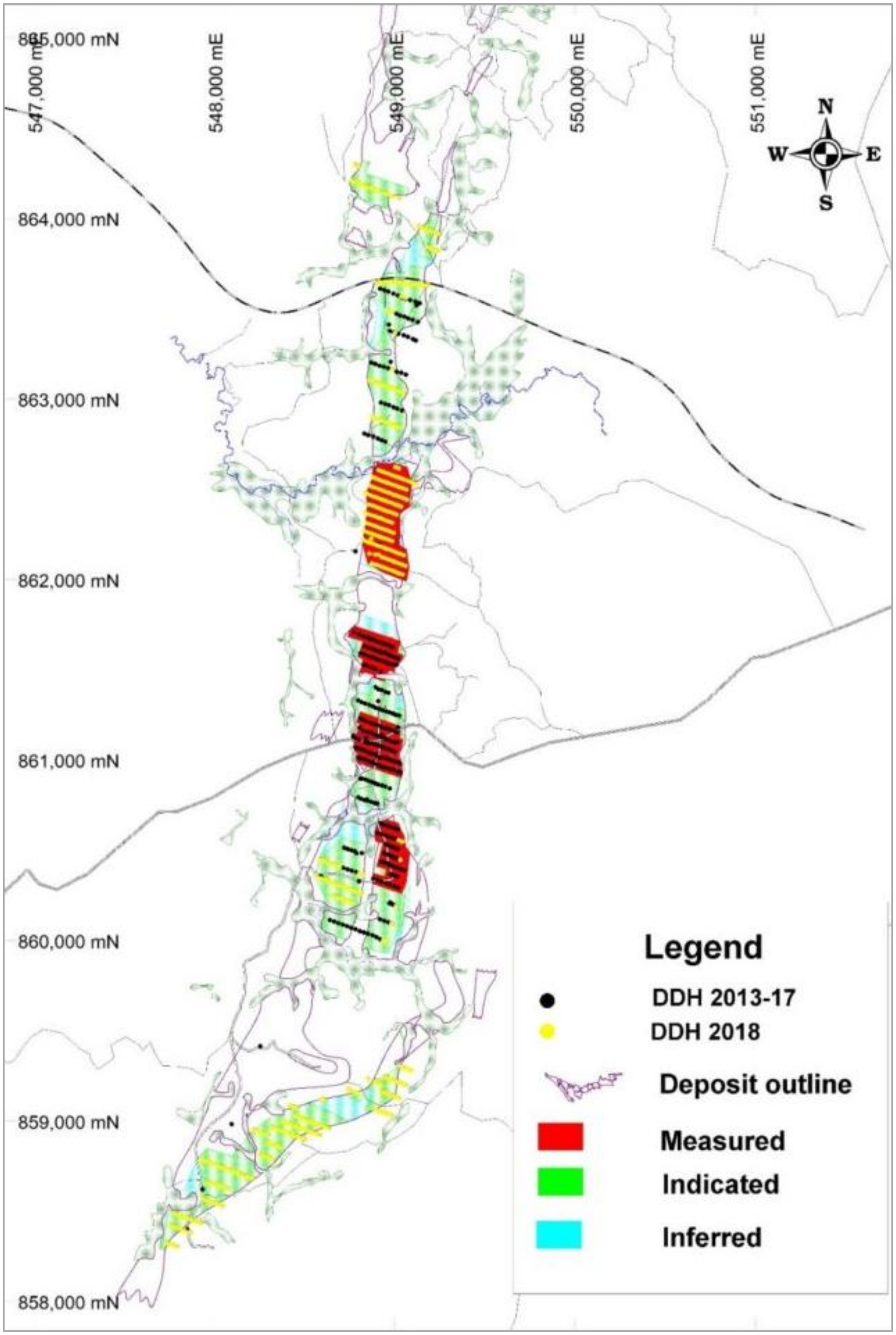


Figure 2 Map of the deposit with resource classification

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 32 meters of the deposit represents 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

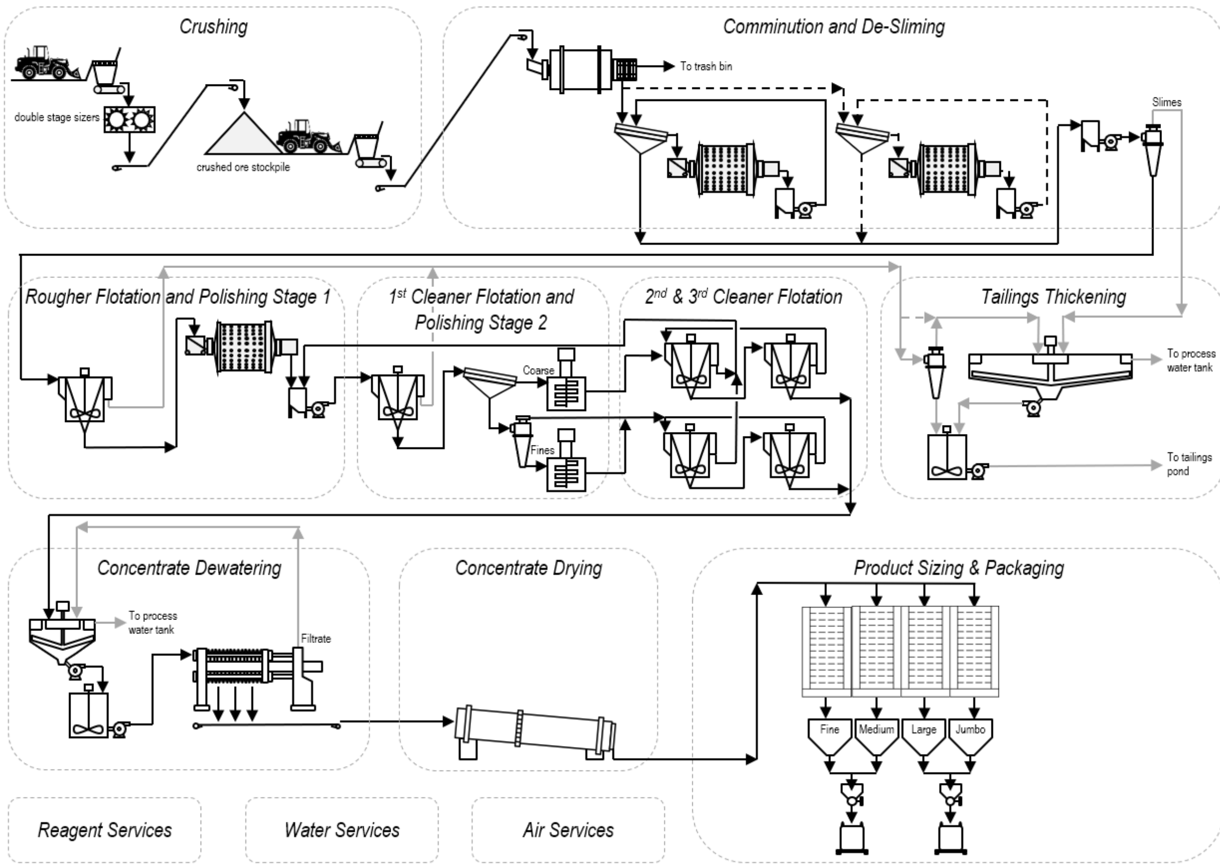
Process description:

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 $900,000. The proceeds will be used for the following work:

- Payment of the mining license;
- Corporate and local general and administration;
- Negotiate and finalize a mining convention with the Government of Guinea in accordance with the mining regulations;
- Complete the transborder shipment agreement with the government of Liberia;
- Continue sales efforts with the signing of more off-take agreements;
- Continue efforts for the Lola Graphite project finance.

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.

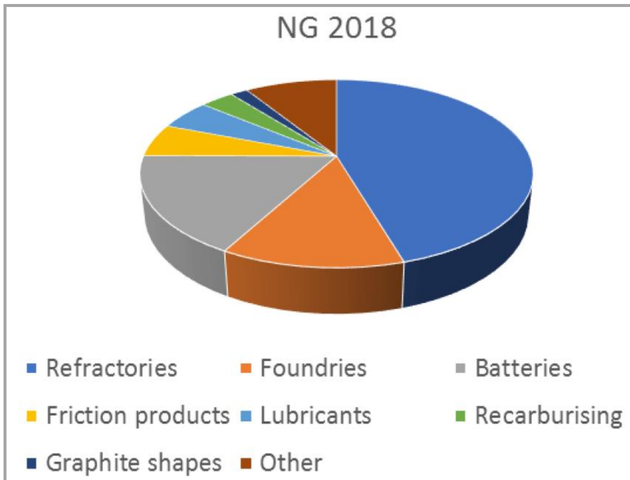


Figure 4 Global graphite demand (2018)[2]

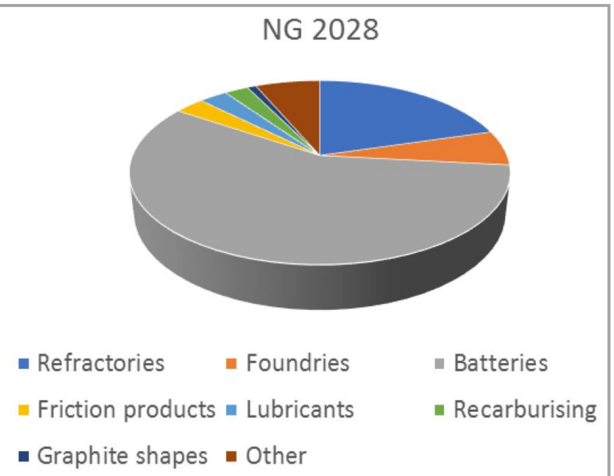


Figure 5 Global graphite demand forecast[2]

Battery Anode Material ("BAM") will be a very large driver of natural flake graphite over the coming years. **Figure 6** below provides an updated view post COVID-19 of graphite demand by specialized research firm, Benchmark Minerals, which depicts the forecast in graphite demand from the lithium battery market. It shows a dip in demand in 2020 from 2019 and continued softness in 2021 before demand growth is increased in 2022 and beyond.

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

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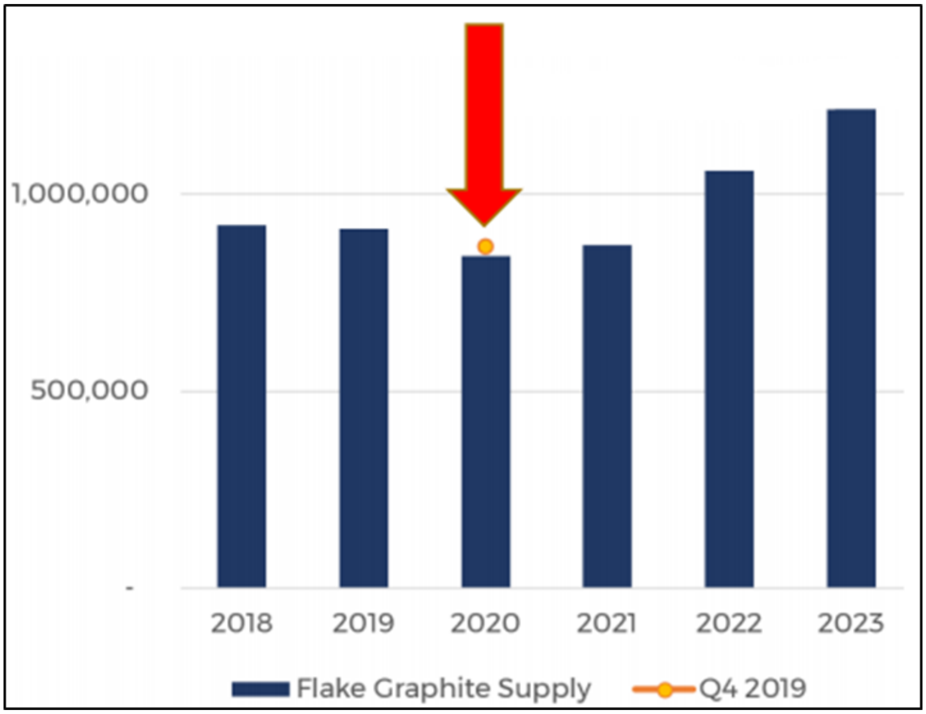

Figure 6 graphite flake supply/demand COVID-19 updated (Benchmark Minerals)

SELECTED FINANCIAL INFORMATION

Going concern uncertainty

These condensed consolidated interim 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 period ended March 31, 2020 of $1,102,704 (March 31, 2019 – $3,351,044) and has an accumulated deficit of $28,921,662 (December 31, 2019 – $27,818,958). In addition, the Company had working capital of negative $2,679,047 as at March 31, 2020 (December 31, 2019 – negative $4,452,055), including cash and cash equivalents of $1,014,929 (December 31, 2019 – $170,238). To date, the Company has financed its cash requirements primarily by issuing common shares, units or by 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 spending, the Company will need to raise additional financing within the next 3-6 months to continue advancing 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 through December 31, 2020. 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.

As part of the worldwide effort to fight the spread of the COVID-19 pandemic, SRG has taken all necessary and recommended best practices to respond dynamically and proactively to this threat. The Company is therefore taking proactive measures to abide by rules and recommendations in the jurisdictions in which it operates or has personnel.

As a result, like many other businesses, SRG has transitioned to a remote work environment, and is adapting procedures to ensure continued development of its operations is minimally impacted.

The Company's business could be significantly adversely affected by the effects of the COVID-19 pandemic. The Company cannot accurately predict the impact COVID-19 due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of the COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, on-going restrictions to mining and processing operations and drill programs, and other factors that will depend on future developments beyond the Company's control. In addition, the COVID-19 pandemic could adversely affect the economies and financial markets of many countries (including those in which the Company operates), resulting in an economic downturn that could negatively impact the Company's operating results and ability to raise capital.

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 unaudited consolidated financial statements.

These unaudited condensed consolidated interim 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

	March 31, 2020	December 31, 2019
	$	$
Total assets	2,087,975	1,306,175
Total liabilities	3,968,344	4,908,586
Total equity	(1,880,369)	(3,602,411)
Working capital*	(2,679,047)	(4,452,055)

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

Assets

Total assets at March 31, 2020, were $2,807,975 compared to $1,306,175 at December 31, 2019, an increase of $781,800 mainly due to an increase in cash of $844,691 and an increase of $8,811 in sales tax and other receivables of $91,953. These were offset by a decrease in property and equipment of $71,711 as amortization was greater than acquisitions. The increase in cash is related to an equity financing of $2,484,000 completed in March 2020.

Liabilities

Total liabilities at March 31, 2020 were $3,968,344 compared to $4,908,586 as at December 31, 2019, a decrease of $940,242. This decrease is mostly explained by the accounts payable and accrued liabilities that have been reduced by $931,551 following the equity financing in Q1-2020. The interest payable has been reduced by $76,827 since the Company paid $129,509 to SRI representing all the interest up to February 29, 2020 on the short-term loan and the convertible debenture. The convertible debenture host has been increased by $202,893 and the convertible debenture derivative was reduced $117,111.

Equity

At March 31, 2020, the Company had an equity of $(1,880,369) compared to $(3,602,411) as at December 31, 2019, an increase of $1,722,042. The increase is also directly attributable to an equity financing of $2,484,000 and the exercise of stock options for $253,125. The increase was reduced by the comprehensive loss for the period of $1,102,704. The loss was also offset in part by the recognition of stock-based compensation of $151,995.

Operating Results analysis

	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
	$	$
Revenues	-	-
Net loss	1,102,704	3,351,044
Net loss per share	0.02	0.05

THREE-MONTH PERIOD ENDED MARCH 31, 2020 COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2019.

For the three-month period ended March 31, 2020, the Company recorded a net loss of $1,102,704 compared to $3,351,044 for the same period in 2019, a decrease of $2,248,340. The exploration and evaluation expenditures have been reduced by $1,581,303 for the period since the Company has laid off most of its staff in Guinea and has suspended the exploration and evaluation program on its Lola Graphite project. The decline in E&E expenditures are mostly explained by the engineering study that fell by $663,521, metallurgical tests that fell by $335,151, geology and prospecting that fell by $153,625 and camp operations, field supplies and other expenses that fell by $161,393, since the operations have been suspended. Environmental study fell by $279,987 compared to Q1 2019 since the company has received its Environmental Conformity Certificate in March 2019 and no environmental work has been done in Q1 2020.

General and administrative expenses were reduced by $378,395 from Q1 2019. The reduction was mostly explained by a reduction of $110,899 in salaries and benefits, a reduction of $72,049 in general and office expenses, a reduction of $97,769 in travel and representation and share based compensation went down by $209,058 from the previous quarter one year ago.

In Q1 2020, the Company recorded a positive change in fair value of embedded derivative of $117,111 related to the issuance of a convertible debenture financing of US$1,000,000 with a related party company. An interest expense of $162,264 has been recorded compare to $5,615 in Q1 2019, a difference of $156,649 due to the short-term loan and the convertible debenture with SRI. The Company has recorded an other income of $133,773 in Q1 2020 since it reversed a tax provision that has been recorded in Q4 2018 and that had a favorable outcome in Q1 2020.

Cash Flows analysis

	Three-month period ended March 31, 2020	Three-month period ended March 31, 2019
	$	$
Cash required by operating activities	(1,796,648)	(2,448,395)
Cash required by investing activities	(3,761)	(6,731)
Cash generated (required) by financing activities	2,645,100	(87,999)

THREE-MONTH PERIOD ENDED MARCH 31, 2020 COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2019.

Operating Activities

For the three-month period ended March 31, 2020, operating activities required cash flows of $1,796,648 compared to $2,448,395 for the same period in 2019, a decrease of cash consumption of $651,747. 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 $2,870,084 in Q1 2019 to $856,278 in Q1 2020. The difference is due in part by a change in fair value of the foreign exchange embedded derivative that generated a gain of $117,111. The convertible debenture financing contracted in Q3 2019 has added an accretion expense on convertible debenture of $105,887 and foreign exchange expense of $97,006. The stock-based compensation was reduced by 252,882 in Q1 2020 since no stock options were issued during the quarter. Non-cash working capital decreased by $651,747 to $1,796,648 in Q1 2020 due to financing that has been completed during the quarter that allowed the Company to reduce its accounts payable and accrued liabilities.

Investing Activities

For the three-month period ended March 31, 2020, investing activities required cash flows of 3,761 compared to $6,731 for the same period in 2019, a decrease of $2,970 due to reduced investment in capital asset in Q1 2020 versus Q1 2019.

Financing Activities

For the three-month period ended March 31, 2020 financing activities generated cash flows of $2,465,100 compared to a decrease of cash of $87,999 for the same period in 2019. It's mainly du to the equity financing completed in March 2020 for gross proceeds of $2,484,000 and the exercise of stock options for $253,125.

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, 2019.

	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31 2018	Sept 30, 2018 (*Adjusted)	Jun 30, 2018 (*Adjusted)
	$	$	$	$	$	$	$	$
Operations:								
Revenues	-	-	-	-	-	-	-	-
Net loss	(1,102,704)	(2,149,944)	(1,520,086)	(2,689,622)	(3,351,044)	(3,509,595)	(2,530,487)	(2,501,499)
Net loss per share	(0.02)	(0.03)	(0.02)	(0.04)	(0.05)	(0.05)	(0.04)	(0.04)

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

Remuneration of key management personnel

During the period ended March 31, 2020, the Company incurred fees of $29,125 (2019 – $29,125) with two officers. These fees are recorded under legal fees in administration expenses. As at March 31, 2020, $12,626 was due to these officers (2019 – $nil).

During the period ended March 31, 2020, the Company incurred salaries of $88,000 (2019 – $88,000) to two employees who are officers of the Company, which $26,479 (2019 – $27,125) was recorded in E&E expenses, $12,271 (2019 – $11,625) was recorded in graphite production for customers and tests as well as $49,250 (2019 – $49,250) was recorded in general and administrative expenses. As at March 31, 2020, $101,688 was due to these officers (2019 – $17,752).

During the period ended March 31, 2020, the Company recognized stock-based compensation of $118,199 (2019 – $319,745) in connection with stock options granted to officers and directors solely, of which $12,824 was expensed under E&E expenses (2019 – $27,290) and $105,375 was expensed under general and administrative expenses (2019 – $291,824).

Transactions with related parties

During the period ended March 31, 2020, the Company incurred no fees with a consultant who is also a director and the Qualified Person under National Instrument NI 43-101 (2019 – $60,000). This expense was recorded in E&E expenses under geology and prospecting. As at March 31, 2020, $40,000 was due to that consultant (2019 – $5,748).

During the period ended March 31, 2020, a corporation where the Company's Executive Chairman is also the President and Chief Executive Officer, incurred no fee with the Company (2019 – $3,010). This amount was expensed in E&E expenses. These fees were for technical services which were rendered by a consultant of that corporation. As at March 31, 2020, and March 31, 2019, no amount was due to that corporation.

During the period ended March 31, 2020, the Company incurred consulting fees and administration fees of $58,600 (2019 – $44,028) with a corporation where the Company's Executive Chairman is also a shareholder of that corporation. As at March 31, 2020, $28,804 was due to that corporation (2019– $4,449).

As at March 31, 2020, SRI and one of its subsidiaries charged $3,470 to the Company for services recorded as E&E expenses as well as services recorded as general and administrative expenses and graphite production for customers and tests (2019 - $25,372). As at March 31, 2020, $8,060 was owing to Sama Resources Inc. and its subsidiary (2019 – $4,590).

During the period ended March 31, 2020, the Company still owes SRI $705,945 for a loan received in June 2019. See Note 7. Pursuant to a Debt Agreement with SRI, the first tranche of US$1,000,000 has been received on August 7, 2019 and is still unpaid as at March 31, 2020. See Note 8 and 16.

During the period ended March 31, 2020, a corporation where the Company's Executive Chairman is also the Chairman and Chief Executive Officer, charged a total amount of $8,379 (2019 – $13,362) to the Company. This amount was expensed in consulting fees. These fees were for accounting and administration services which were rendered by two employees of that corporation. As at March 31, 2020, and March 31, 2019, no amount was due to that corporation.

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, 2020, the total amounts payable in respect of severance would amount to $765,250. If a change of control would occur during the year ending December 31, 2020, the total amounts payable in respect of severance, if elected by the executive members, would amount to $765,250.

COMMITMENTS

The Company has entered into consulting agreements expiring May 31, 2020, which will call for a total payment of $13,000 in 2020.

The Company has to pay $10,030 in superficial rights every year for the next fifteen years to the government of Guinea to retain the rights of its mining title.

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

Year	Other $
2020	23,030
2021	10,030
2022	10,030
2023	10,030
Thereafter	100,301

OUTSTANDING SHARE DATA

	Number of Shares Outstanding (Diluted)
Outstanding as of May 29, 2020	77,765,755
Shares reserved for issuance pursuant to warrants outstanding	5,166,580
Shares reserved for issuance pursuant to stock options outstanding	6,600,500
	89,532,835

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
2,102,007	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
125,000	1.72	January 14, 2028
2,285,000	1.10	August 8, 2028
80,000	0.89	October 30, 2028
1,108,493	0.37	May 11, 2030
6,600,500		

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
	$	
4,039,800	1.00	March 4, 2023
946,780	1.00	March 9, 2023
180,000	1.00	March 31, 2023
5,166,580		

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 and 3 of the audited consolidated financial statements for the year ended December 31, 2019.

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, 2019.

NEW ACCOUNTING STANDARDS ISSUED AND IN EFFECT

The new accounting standards issued and in effect are disclosed in note 3 of our unaudited interim consolidated financial statements for the period ended March 31, 2020.

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 consolidated financial statements for the period ended March 31, 2020.

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.

Impact of Epidemics

All of SRG's operations are subject to the risk of emerging infectious diseases or the threat of viruses or other contagions or epidemic diseases, including COVID-19. Any outbreak or threat of an outbreak of a virus or other contagions or epidemic disease could have a material adverse effect on the Company's business, results of operations and financial condition.

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.