



# **Trigon Metals Inc.**

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

*For the three months ended June 30, 2018*

TSX-V: TM

**Trigon Metals Inc.**  
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**For the three months ended June 30, 2018**

**Date: August 28, 2018**

This Management's Discussion and Analysis ("MD&A") provides a review of the financial position and results of operations of Trigon Metals Inc. and its subsidiaries (the "Company" or "Trigon Metals" or "Trigon") and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the three months ended June 30, 2018, the audited consolidated financial statements and the notes thereto for the year ended March 31, 2018 and the MD&A for the year ended March 31, 2018. This MD&A covers the most recently completed financial period and the subsequent period up to the date of this MD&A. All amounts are expressed in Canadian dollars, except share amounts, unless stated otherwise.

The unaudited condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Except as disclosed in the statements, the condensed interim consolidated financial statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, for the year ended March 31, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and International Financial Reporting Interpretation Committee ("IFRIC") interpretations.

The Company's unaudited condensed interim consolidated financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of the business. The reader should be aware that historical results are not necessarily indicative of future performance.

The audit committee of the Company has reviewed this MD&A and the unaudited condensed interim consolidated financial statements for the three months ended June 30, 2018 and the Company's board of directors approved these documents prior to their release.

#### **Qualified Persons**

Mr. D van Heerden (B Eng (Min.), MCom (Bus. Admin.), MMC, Pr.Eng. No. 20050318, FSAIMM, AMMSA), Mr. U Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat., MGSSA), and Mr. NJ Odendaal (BSc (Geol.), BSc (Min. Econ.), MSc (Min. Eng.), Pr.Sci.Nat., FSAIMM, MGSSA) of Minxcon (Pty) Ltd ("Minxcon") are all "qualified persons" as such term is defined in NI 43-101 and CIM definition standards and have reviewed and approved the technical information and data included in this MD&A. Mr. van Heerden, Mr. Engelmann and Mr. Odendaal are considered independent of Trigon.

#### **Overview**

Trigon is a publicly traded Canadian exploration and development company listed on the TSX Venture Exchange ("TSXV") under the symbol "TM", focused on the exploitation of copper resources in Namibia where it has substantial assets in place with significant exploration upside.

The Company was incorporated under the *Canada Business Corporations Act* on April 1, 2005. On December 28, 2016, the Company changed its name from Kombat Copper Inc. to Trigon Metals Inc. The Company's head office is located at 65 Queen Street West, Suite 805, Toronto, Ontario, M5H 2M5.

The Company holds an 80% interest in five mining licenses in the Otavi Mountainlands, an area of Namibia known for its high-grade copper deposits. Within these licenses are three past-producing mines, including the Company's flagship property: the Kombat Mine. The Kombat Mine's extensive infrastructure includes an 800 meter shaft, which was completed in 2006, three recently-operational shafts, ramp systems, extensive underground workings, mine buildings, a tailings facility, mill and a concentrator with a rail siding. The Kombat mine originally opened in 1961 and historically produced 12.46 million tonnes of ore grading 2.62% copper and is linked to vital existing infrastructure, including power, water, roads, and rail to the port of Walvis Bay.

## **Company Outlook and Recent Developments**

In July 2018, the Company published a technical report in support of the Mineral Resources and Mineral Reserves and the results of the feasibility study related to the Kombat East and Central open pits (“the Kombat open pits”) (“the Feasibility Study”), entitled “NI 43-101 Technical Report on the Kombat Copper Project, Namibia”, with an effective date of April 30, 2018 (the “Technical Report”). The Kombat open pits have a stand-alone after tax net present value (“NPV”) of US\$4.6 million, at a base case copper price of US\$3.10/lb and a real discount rate of 7.6% (US\$6.5 million at a high case copper price of US\$3.28/lb), which represents a payback period of 1.6 years and an attractive internal rate of return (“IRR”) of 103.4% for the Kombat open pits and confirms the robust nature of the Kombat operations. The Technical Report also presents a further optimized preliminary economic assessment (“PEA”) on the Asis Far West (“AFW”) and Asis West (“AW”) operations (collectively, “the Kombat underground mines”) and Gross Otavi, which updates and supersedes the PEA previously presented on the Kombat operations. The updated PEA excludes the Kombat open pits, which are presented separately in the Feasibility Study. The Kombat underground mines and Gross Otavi are projected to have a combined estimated NPV of US\$83.6 million at a real discount rate of 10%, a payback period of 2.5 years from start of PEA production and an attractive IRR of 63.9%.

The Company received notification in July 2018 from the Minister of Environment and Tourism in Namibia that it had been awarded an Environmental Clearance Certificate (“ECC”) for the proposed open pit mining at Kombat East and Central, as well as dewatering for underground exploration activities that the Company intends to undertake, initially at the AFW shaft. The clearance is valid for a period of three years from July 2, 2018.

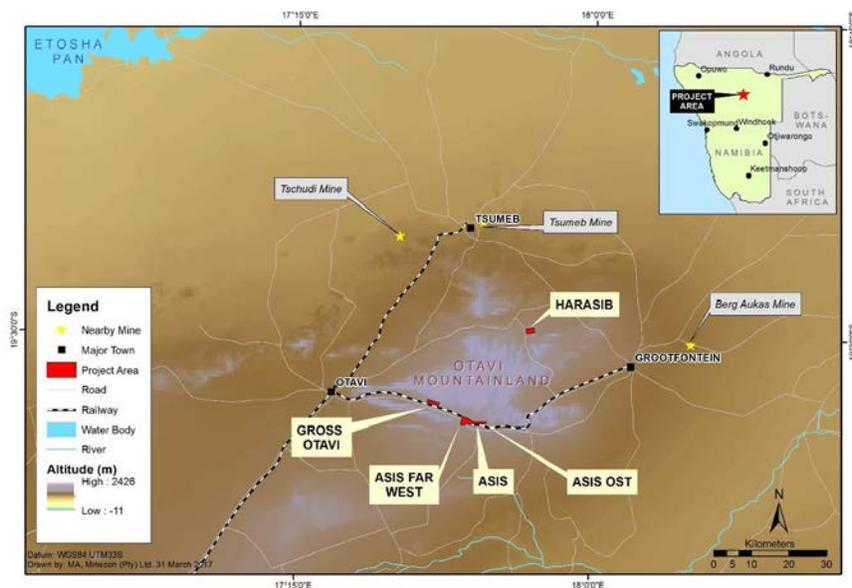
The Company is well placed to target open pit production by early 2019, which is expected to facilitate cash flow generation. This inflow will be applied towards the second phase of the operations and strategy, being exploration and development at AFW and the roll out of the life-of-mine strategy. The Company also continues to investigate opportunities for additional upside potential both on its existing mining licences and in the surrounding region.

## **Summary of Properties**

### **Manila Investments (Pty) Ltd. (Kombat Mine Operations)**

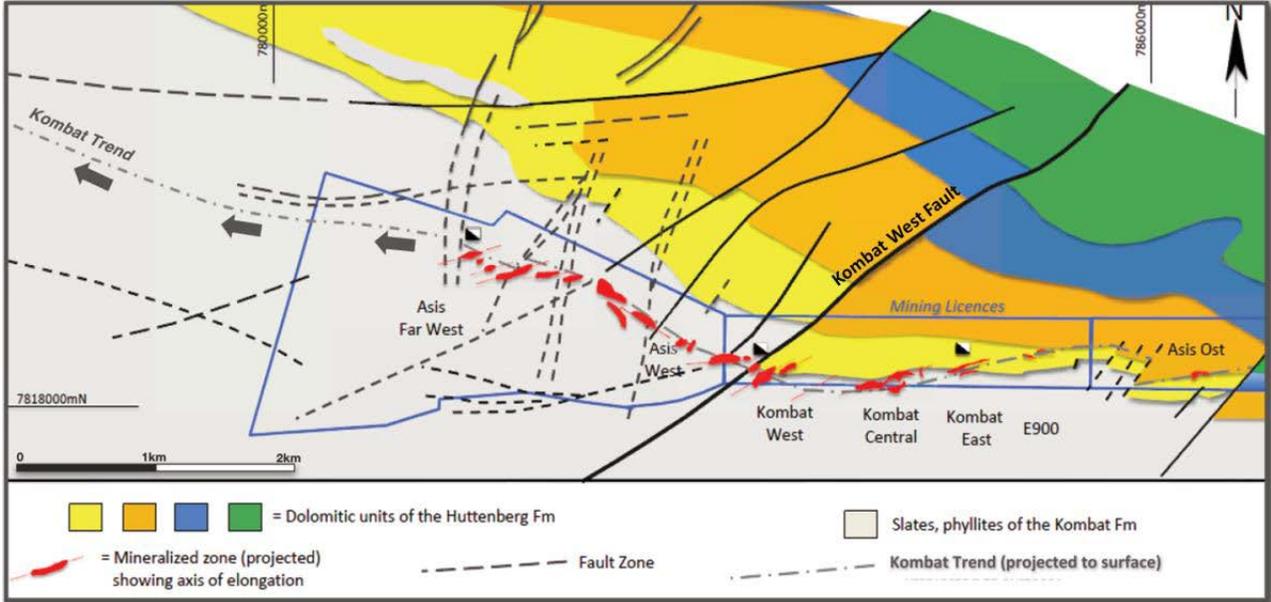
The Kombat project is located in the Otavi Mountain Region in northern Namibia, an area recognized for its high-grade copper deposits.

*Regional Location of the Project with Nearby Mines:*



On April 23, 2012, the Company acquired 80% of the outstanding shares of Manila Investments (Pty) Ltd. ("Manila") whose primary asset is a 100% interest in the formerly producing Kombat mine and the five mining licenses related thereto (constituting Kombat (East and Central open pits, AFW and AW), and the Gross Otavi and Harasib projects). The mining licenses are due for renewal in March 2019 and the necessary renewal applications have been submitted.

*Geology of Kombat Mine:*



Historical production from Kombat over an aggregate of 45 years between 1962 and 2007 totalled 12.46 million tonnes at 2.62% copper, 1.55% lead and 18 g/t silver.

Infrastructure includes:

- Plant - 1,100tpd mill and concentrator – to be refurbished;
- New tailings facility to be constructed on licence area;
- Electricity - applied for reconnection to the Namibian Power Corporation (Proprietary) Limited ("Nampower") grid; and
- Rail siding connects Kombat to all major Namibian cities and the Walvis Bay port (500 km by road/rail).

The board of directors of the Company and the management team believe that there remains considerable potential for future growth in these assets. With a focused exploration and development program, the Company intends to target a production profile of +30kt copper per annum, to become a mid-tier copper producer within the next 5 years, through both organic and acquisitive growth opportunities, including:

- Surface and underground production from the Kombat Mine;
- Exploration potential in the Kombat Trend; and
- Potential mergers and/or acquisitions.

## Recent Developments

### ***National Instrument 43-101 Compliant Technical Report***

On July 20, 2018, the Company published the Technical Report entitled “NI 43-101 Technical Report on the Kombat Copper Project, Namibia”, confirming the Mineral Resource Estimate for the Kombat mine, comprising both the surface accessible (targeted open pit) and the underground, of 1.529 million tonnes of Indicated Mineral Resources at a grade of 1.14% copper, 0.72% lead and 2.88 g/t silver and 5.511 million tonnes of Inferred Mineral Resources at a grade of 3.05% copper, 1.25% lead and 22.93 g/t silver (collectively, the “Mineral Resource Estimate”). The Company also reported a Probable Mineral Reserve estimate for the Kombat East and Kombat Central areas of 0.77 million tonnes at a grade of 1.30% copper, 0.47% lead and 4.33 g/t silver. See Mineral Resource and Reserve Estimates and Feasibility Study and PEA Summaries.

### ***Feasibility Study – Kombat open pits***

In June 2018, the Company published the positive results of its Feasibility Study, as summarized in the Technical Report, on the proposed surface mining operations in the Kombat East and Kombat Central areas and plant restart, which represent the first phase of the Company’s life-of-mine (“LoM”) strategy. The Feasibility Study analysis is based on the Indicated Mineral Resources for the Kombat East and Kombat Central areas. The Kombat open pits have a stand-alone after tax NPV of US\$4.6 million, at a base case copper price of US\$3.10/lb and a real discount rate of 7.6% (US\$6.5 million at a high case copper price of US\$3.28/lb), which represents a payback period of 1.6 years and an attractive IRR of 103.4% for the Kombat open pits and confirms the robust nature of the Kombat operations.

### ***PEA – Kombat underground mines and Gross Otavi***

Future phases of the Company’s LoM strategy include the recommencement of the various historic underground mines at Kombat, starting with the AFW underground mine, as well as surface mining at Gross Otavi, and ultimately back into AW to mine the gap area and explore the resource at depth.

The Technical Report presents a PEA on the Kombat underground mines and Gross Otavi (excluding the Kombat open pits which are presented separately in the Feasibility Study, as summarized in the Technical Report). The Kombat underground mines and Gross Otavi are projected to have a combined estimated NPV of US\$83.6 million at a real discount rate of 10%, a payback period of 2.5 years from start of PEA production and an attractive IRR of 63.9%.

### ***Environmental permitting***

In September 2017, the Company received notification from the Minister of Environment and Tourism in Namibia that it had been awarded an ECC for proposed exploration on the mining licences held by Manila. The ECC is valid for a period of three years from September 18, 2017.

The Company subsequently engaged SLR Environmental Consulting (Namibia) (Pty) Ltd to undertake the necessary Environmental Impact Assessment, including the required specialist studies, and prepare an Environmental Management Plan. On July 2, 2018, Trigon received notification from the Ministry of Environment and Tourism in Namibia that it had been awarded the ECC required for open pit mining operations and associated activities proposed for the Kombat East and Central areas of the Kombat mine, including a new tailings storage facility. The notification also includes clearance for dewatering for underground exploration activities, which the Company intends to undertake, initially at the AFW shaft. The clearance is valid for a period of three years, from July 2, 2018.

### ***Plant refurbishment and other on-site activities***

The Company plans to secure equipment for the refurbishment of the existing mill and concentrator at the Kombat mine. In addition, the Company is in the process of evaluating contract miner proposals in preparation for the necessary re-staffing requirements at site.

The start-up capital required for first production from the Kombat open pits is estimated at US\$6.4 million, including contingencies, but excluding working capital. This includes US\$4.3 million for refurbishment of the existing mill and concentrator at a capacity of 35kt per month and phase 1 of a new tailings storage facility.

***Start-up capital:***

Open Pit Mining	US\$1.6 million	NamPower reconnection, surface infrastructure, tailings pipeline, contractor mobilization & site establishment
Processing	US\$4.3 million	Kombat mill refurbishment
Working Capital	US\$1.0 million	Operating & corporate costs
Contingencies	US\$0.5 million	Mining and plant

**Total Requirement US\$7.4 million**

The plant and infrastructure will also be used for future underground operations, which could, with additional capital, be increased in capacity to 60kt per month.

The application made to Nampower in 2017 to increase the current power supply by 4.5MVA, in order to meet the requirements for the targeted mining and processing operations, has been approved and terms are being finalized with Nampower for completion of the necessary upgrades.

***Metallurgical test work***

Trigon has completed metallurgical test work, commissioned on historic drill cores from targeted open pit mining areas at the Kombat mine in two phases; firstly, to determine the concentrate grade and recoveries achievable using known historic flotation conditions and, secondly, optimization testing to maximize recoveries with minimum quantities of reagents. The test work results achieved have demonstrated copper recoveries of 93.6% at a concentrate grade of 25.5% copper. In addition, the test work concluded that the combined copper sulphide/oxide flotation of the targeted open pit ore is possible.

***Drilling***

The Mineral Resource Estimate was defined using the results of a drilling program undertaken by the Company in 2017. The program was focused on the Kombat Central and East targeted open pit areas, with 48 holes drilled for an aggregate of 2,179 meters. The primary aim of the drilling program was to upgrade the targeted open pit Mineral Resources from the Inferred category to Measured and Indicated Mineral Resources.

The Company plans to undertake additional drilling in the surface mining area with the goals of:

- (i) increasing the open pit Mineral Resource within the current pit boundaries,
- (ii) drilling between the Central and East pits, outside of the existing pit boundaries, and
- (iii) testing potential to the north and west of these areas.

The three-phase drilling program to extend the current open pit Mineral Resource comprises a further 34 holes, with an aggregate of 1,437 meters to be drilled, and may represent potential upside on the Feasibility Study results.

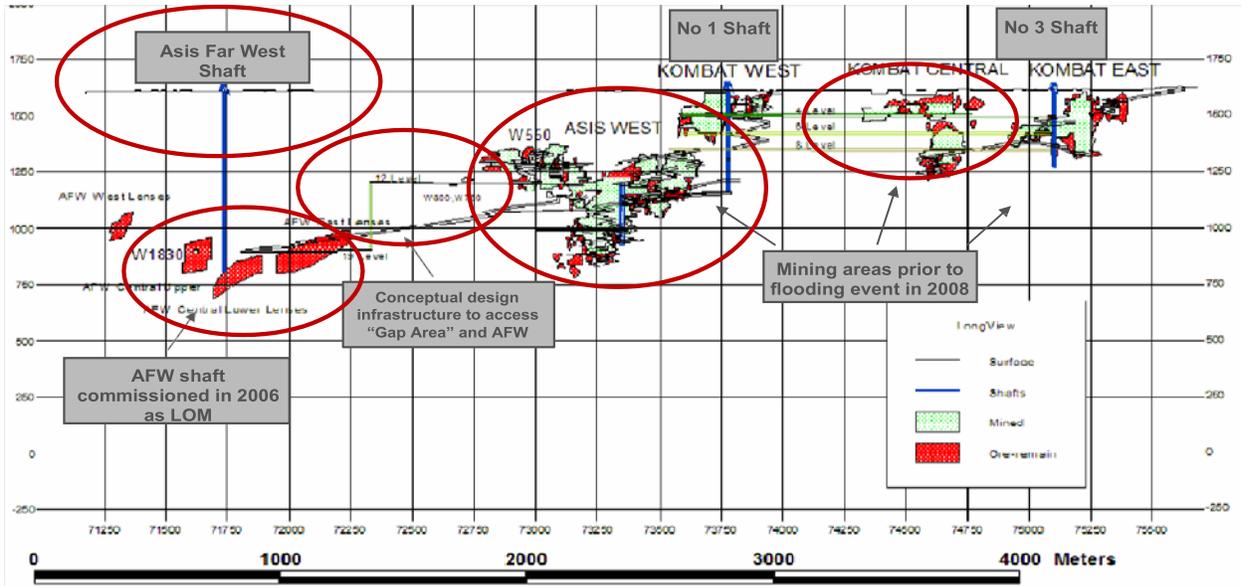
Outlook

The Company’s near-term strategy remains focused on surface mining in the Kombat Central and East areas to facilitate early cash flow generation and the Company continues to target the commencement of open pit mining at Kombat by early 2019. Forecast open pit production is projected to average 34kt per month of copper over a 3-year mine life, at a direct cash cost of US\$1.95/CuEq tonne over the LoM of the open pits.

The estimated free cash flows of US\$5.7 million from the open pits are expected to be utilized to fund recommissioning and exploration at the AFW underground mine (Phase 2), and the Gross Otavi open pit and AW underground mine (Phase 3); the upside potential demonstrated in the PEA completed in July 2018.

In addition, management believes there is potential to find additional mineralization at depth and along strike through further detailed surface and underground drilling of multiple exploration targets, both in the surface mining area and down dip from the Asis West mineralization.

*LoM mining areas:*



## **Mineral Resource and Reserve Estimates and Feasibility Study and PEA Summaries**

### **Mineral Resource Estimate**

The Mineral Resource Estimate has been prepared and classified by Minxcon in accordance with the reporting guidelines as required by the Canadian Securities Administrators.

The Mineral Resource Estimate as at February 28, 2018, as presented in detail in Tables 1, 2 and 3 below, for the open pits, underground, and combined respectively, is comprised of 1.529 million tonnes of Indicated Mineral Resources at a grade of 1.14% copper, 0.72% lead and 2.88 g/t silver and 5.511 million tonnes of Inferred Mineral Resources at a grade of 3.05% copper, 1.25% lead and 22.93 g/t silver for the open pits and underground combined.

**Table 1 – Mineral Resource Estimate as at February 28, 2018 – open pit**

Mine Area	Mineral Resource Class	Tonnes	Density	Cu	Pb	Ag	Cu Content	Pb Content	Ag Content
		Mt	t/m3	%	%	ppm	t	t	kg
Kombat East	Indicated	0.951	2.82	1.03	0.92	1.01	9,806	8,721	961
Kombat Central	Indicated	0.578	2.81	1.32	0.41	5.96	7,623	2,341	3,440
Kombat West	Indicated	-	-	-	-	-	-	-	-
<b>Total</b>	<b>Indicated</b>	<b>1.529</b>	<b>2.82</b>	<b>1.14</b>	<b>0.72</b>	<b>2.88</b>	<b>17,428</b>	<b>11,062</b>	<b>4,401</b>
Kombat East	Inferred	0.318	2.81	0.91	0.42	1.87	2,888	1,322	593
Kombat Central	Inferred	0.264	2.82	1.29	0.61	5.70	3,412	1,612	1,508
Kombat West	Inferred	0.357	2.88	2.75	2.61	2.22	9,801	9,326	791
<b>Total Kombat</b>	<b>Inferred</b>	<b>0.939</b>	<b>2.84</b>	<b>1.71</b>	<b>1.31</b>	<b>3.08</b>	<b>16,101</b>	<b>12,260</b>	<b>2,892</b>
Otavi	Inferred	0.643	2.84	0.93	2.50	0.85	6,006	16,053	546
<b>Total</b>	<b>Inferred</b>	<b>1.582</b>	<b>2.84</b>	<b>1.40</b>	<b>1.79</b>	<b>2.17</b>	<b>22,107</b>	<b>28,313</b>	<b>3,437</b>

### **Notes**

1. The open pit Mineral Resource is declared to a depth of 150 m with a CuEq cut off of 0.6% for Kombat and 0.77% for Otavi.
2. For the updated Kombat open pit Mineral Resource, a commodity price of USD3.87/lb Cu and USD 1.22/lb Pb was used. No other environmental or permitting factors were applied.
3. A geological loss of 15% for the Inferred and 10% for the Indicated Mineral Resource has been applied.
4. Exchange Rate of NAD:US\$ 12.43.
5. The Mineral Resources are exclusive of Mineral Reserves.
6. Mineral Resources are reported as total Mineral Resources and are not attributed.
7. Columns may not add up due to rounding.
8. Inferred Mineral Resources have a large degree of uncertainty as to their existence and whether they can be mined economically. It cannot be assumed that all or any part of the Inferred Mineral Resource will be upgraded to a higher confidence category.

**Table 2 – Mineral Resource Estimate as at February 28, 2018 – underground**

Mine Area	Mineral Resource Class	Tonnes	Density	Cu	Pb	Ag	Cu Content	Pb Content	Ag Content
		Mt	t/m <sup>3</sup>	%	%	ppm	t	t	kg
Kombat East	Inferred	0.079	2.86	1.93	2.25	0.71	1,521	1,773	56
Kombat Central	Inferred	0.023	2.89	2.23	3.86	8.39	514	890	193
Kombat West	Inferred	0.104	2.91	2.79	4.15	3.27	2,899	4,307	339
<b>Kombat</b>	<b>Inferred</b>	<b>0.206</b>	<b>2.89</b>	<b>2.40</b>	<b>3.39</b>	<b>2.86</b>	<b>4,934</b>	<b>6,971</b>	<b>588</b>
Asis West	Inferred	2.475	2.88	4.05	1.28	32.36	100,214	31,735	80,078
Asis Gap	Inferred	0.166	2.83	2.35	0.35	21.15	3,909	590	3,514
Asis Far West	Inferred	1.082	2.85	3.42	0.10	35.81	37,000	1,036	38,763
<b>Asis</b>	<b>Inferred</b>	<b>3.723</b>	<b>2.87</b>	<b>3.79</b>	<b>0.90</b>	<b>32.86</b>	<b>141,122</b>	<b>33,361</b>	<b>122,355</b>
<b>Total</b>	<b>Inferred</b>	<b>3.929</b>	<b>2.87</b>	<b>3.72</b>	<b>1.03</b>	<b>31.29</b>	<b>146,056</b>	<b>40,331</b>	<b>122,943</b>

**Notes**

1. The underground Mineral Resource (below 150 m) is declared at a CuEq cut off of 1.4%.
2. For the underground Mineral Resource, a commodity price of USD3/lb Cu and USD 1/lb Pb was used. No other environmental or permitting factors were applied.
3. A geological loss of 15% for the Inferred and 10% for the Indicated Mineral Resource has been applied.
4. Exchange Rate of NAD:US\$ 12.43.
5. The Mineral Resources are exclusive of Mineral Reserves.
6. Mineral Resources are reported as total Mineral Resources and are not attributed.
7. Columns may not add up due to rounding.
8. Inferred Mineral Resources have a large degree of uncertainty as to their existence and whether they can be mined economically. It cannot be assumed that all or any part of the Inferred Mineral Resource will be upgraded to a higher confidence category.

**Table 3 – Mineral Resource Estimate as at February 28, 2018 – combined**

Mine Area	Mineral Resource Class	Tonnes	Density	Cu	Pb	Ag	Cu Content	Pb Content	Ag Content
		Mt	t/m <sup>3</sup>	%	%	ppm	t	t	kg
Kombat East	Indicated	0.951	2.82	1.03	0.92	1.01	9,806	8,721	961
Kombat Central	Indicated	0.578	2.81	1.32	0.41	5.96	7,623	2,341	3,440
Kombat West	Indicated	-	-	-	-	-	-	-	-
<b>Total</b>	<b>Indicated</b>	<b>1.529</b>	<b>2.82</b>	<b>1.14</b>	<b>0.72</b>	<b>2.88</b>	<b>17,428</b>	<b>11,062</b>	<b>4,401</b>
Kombat East	Inferred	0.397	2.85	1.11	0.78	1.63	4,409	3,096	648
Kombat Central	Inferred	0.287	2.84	1.37	0.87	5.92	3,926	2,502	1,701
Kombat West	Inferred	0.461	2.88	2.76	2.96	2.45	12,700	13,633	1,130
Otavi	Inferred	0.643	2.84	0.93	2.50	0.85	6,006	16,053	546
Asis West	Inferred	2.475	2.88	4.05	1.28	32.36	100,214	31,735	80,078
Asis Gap	Inferred	0.166	2.83	2.35	0.35	21.15	3,909	590	3,514
Asis Far West	Inferred	1.082	2.85	3.42	0.10	35.81	37,000	1,036	38,763
<b>Total</b>	<b>Inferred</b>	<b>5.511</b>	<b>2.86</b>	<b>3.05</b>	<b>1.25</b>	<b>22.93</b>	<b>168,163</b>	<b>68,644</b>	<b>126,380</b>

**Notes**

1. The open pit Mineral Resource is declared to a depth of 150 m with a CuEq cut off of 0.77 % for Otavi and 0.6% for Kombat.
2. The underground Mineral Resource (below 150 m) is declared at a CuEq cut off of 1.4 %.
3. A geological loss of 15% for the Inferred and 10% for the Indicated Mineral Resource has been applied.
4. Exchange Rate of NAD:US\$ 12.43.

5. *The Mineral Resources are exclusive of Mineral Reserves.*
6. *Mineral Resources are reported as total Mineral Resources and are not attributed.*
7. *Columns may not add up due to rounding.*
8. *Inferred Mineral Resources have a large degree of uncertainty as to their existence and whether they can be mined economically. It cannot be assumed that all or any part of the Inferred Mineral Resource will be upgraded to a higher confidence category.*

### Mineral Reserve Estimate

The Mineral Reserve Estimate has been prepared and classified by Minxcon in accordance with the reporting guidelines as required by the Canadian Securities Administrators.

The Mineral Reserve Estimate as at April 30, 2018, as presented in detail in Table 4 below, is comprised of 0.77 million tonnes of Probable Mineral Reserves at a grade of 1.30% copper, 0.47% lead and 4.33 g/t silver.

**Table 4 – Mineral Reserve Estimate as at April 30, 2018**

Area	Reserve Classification	Tonnes	Cu Grade	Pb Grade	Ag Grade	Cu Content	Pb Content	Ag Content
		Mt	%	%	g/t	t	t	kg
East & Central	Probable Mineral Reserves	0.77	1.30%	0.47%	4.33	9,985	3,598	3,322

### Notes

1. *Cu Cut-off of 0.71%.*
2. *Cu Price of US\$6,825 per Cu tonne and Ag Price of US\$572.83 per Ag kg.*
3. *Exchange Rate of NAD:US\$ 12.43.*
4. *The Mineral Reserves are reported as total Mineral Reserves and are not attributed.*

### Feasibility Study

The Feasibility Study has been based on the Indicated Mineral Resource Estimate for the Kombat East and Kombat Central areas as set out above.

Using the discounted cash flow method to calculate the NPV in real terms, the Kombat open pit operations are projected to have an estimated NPV of US\$4.6 million at a real discount rate of 7.6%, a payback period of 1.6 years and a highly attractive IRR of 103.4%.

### Summary of economic results

		Low Case	Base Case	High Case
Copper Price*	US\$/lb	2.99	3.10	3.28
Silver Price	US\$/oz	18	18	18
Revenue (LoM)	US\$ million	56.7	58.7	62.2
Free Cash Flows (LoM)	US\$ million	4.4	5.7	7.7
NPV 7.6% **	US\$ million	3.5	4.6	6.5
IRR **	%	75.0%	103.4%	158.9%
Payback **	Years	1.8	1.6	1.5

\* *Low case and high case prices are based on the average 25<sup>th</sup> and 75<sup>th</sup> percentile consensus copper price over the LoM, as per various bank and analyst forecasts in real terms.*

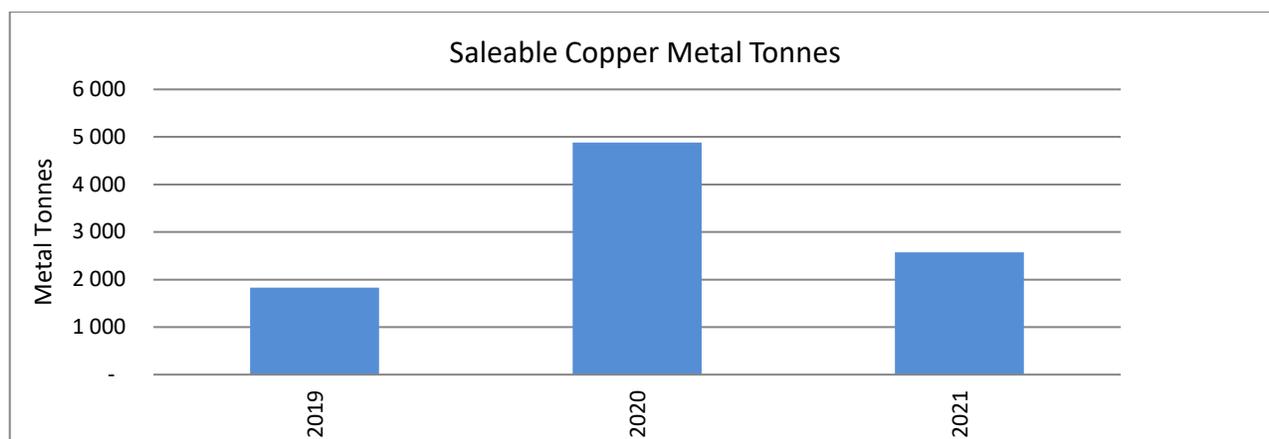
\*\* *NPV, IRR and payback are reported after-tax.*

## Production and processing

The Kombat open pits have a LoM of three years mining 767kt at an average mined grade of 1.3% copper as set out in the table below.

Item	Unit	Feasibility Study
Ore Tonnes Mined	kt	767
Average Cu Grade Mined	%	1.3
Average Ag Grade Mined	g/t	4.3
Total Cu Concentrate	kt	42
Total Cu Metal Recovered	kt	9
Total Ag Metal Recovered	koz	94
LoM	Years	3

The estimated saleable product tonnes over the LoM are illustrated in the graph below.



## Capital

The start-up capital required for first production from the Kombat open pits is estimated at US\$6.4 million, including contingencies, but excluding working capital. This includes US\$4.3 million for refurbishment of the existing mill and concentrator at a capacity of 35kt per month and phase 1 of a new tailings storage facility. The plant and infrastructure can also be used as a base for future underground operations as presented in the PEA as referred to above, but may require further expansion capital.

## Revenue and operating costs

The Kombat open pits are forecast to generate revenue of US\$58.7 million over their LoM, based on the following commodity price forecasts (in real terms) as used in the Feasibility Study.

Item	Unit	2018	2019	2020	2021
Silver	US\$/oz.	17.60	17.80	18.10	18.30
Copper	US\$/tonne	6,895	6,779	6,803	6,744
Copper	US\$/lb	3.13	3.07	3.09	3.06

Direct cash costs (C1) for the Kombat open pits consist of mining and plant operating costs, concentrate transport costs, treatment costs and refining costs. Other cash costs (C3) include corporate overheads and the Namibian revenue royalty of 3%. The Kombat open pits have an estimated all-in sustainable cost of US\$2.64/copper equivalent pound ("CuEq lb").

The turnover, cost and earnings numbers are displayed in the table below per recovered copper equivalent pound.

Item	Unit	Feasibility Study
<b>Copper Equivalent Tonnes*</b>	<b>Tonnes</b>	<b>9,286</b>
<b>Net Turnover</b>	<b>US\$/CuEq lb</b>	<b>3.10</b>
Mine Cost	US\$/CuEq lb	0.76
Plant Costs	US\$/CuEq lb	0.61
Other Costs	US\$/CuEq lb	0.59
<b>Direct Cash Costs (C1)</b>	<b>US\$/CuEq lb</b>	<b>1.95</b>
Capex	US\$/CuEq lb	0.38
<b>Production Costs (C2)</b>	<b>US\$/CuEq lb</b>	<b>2.33</b>
Royalties	US\$/CuEq lb	0.09
Corporate Overheads	US\$/CuEq lb	0.22
<b>All-in Sustainable Costs (C3)</b>	<b>US\$/CuEq lb</b>	<b>2.64</b>

\* Copper equivalent tonnes take into account payability terms as per the off-take referred to above.

### **Cash flows**

The Kombat open pits are forecasted to generate US\$5.7 million of free cash flows over the three year LoM, which cash is expected to be applied to the second phase of the Company's operations, being exploration and development at AFW.

### **PEA**

The updated PEA focuses on the Kombat underground mines and Gross Otavi, and excludes the Kombat open pits. The results of the PEA do not impact on the results of the Feasibility Study.

The PEA is based on the Inferred Mineral Resource Estimates for the Kombat underground mines and Gross Otavi.

The Kombat underground mines and Gross Otavi are projected to have a combined estimated NPV of US\$83.6 million at a real discount rate of 10%, a payback period of 2.5 years from start of PEA production and an attractive internal rate of return of 63.9%.

A summary of the key components of the PEA is set out below.

### **Production and processing**

The Kombat underground mines and Gross Otavi have a potential LoM of 5 years mining a total of 3,003 kt. The average copper grade of the underground mines is 3.68% copper and for Gross Otavi, 1.19% copper, for an overall average copper grade of 3.29%. The average lead grade of Gross Otavi is 3.43% lead. The average overall silver grade is 27 g/t.

Gross Otavi is anticipated to produce a lead concentrate as its primary product.

Item	Unit	PEA
Total Ore Tonnes Mined	Kt	3,003
Ore Tonnes from Underground Mines	Kt	2,535
Ore Tonnes from Gross Otavi	Kt	468
Average Cu Grade Mined	%	3.29%
Average Pb Grade Mined (Gross Otavi)	%	3.43%

Average Ag Grade Mined	g/t	27.00
Total Cu Concentrate Dry Tonnes	kt	261.7
Total Pb Concentrate Dry Tonnes	kt	28.6
Total Cu Metal Recovered	Kt	91.2
Total Pb Metal Recovered (Gross Otavi)	Kt	14.5
Total Ag Metal Recovered	Koz	2,300
LoM	Years	5

### **Capital expenditure**

The total start-up capital required for the Kombat underground mines and Gross Otavi is estimated at US\$33.3 million for AFW, US\$20.4 million for AW and US\$0.8 million for Gross Otavi (excluding contingencies and stay in business capital). In addition, capital of US\$9.4 million (excluding contingencies and stay in business capital) is estimated to be required for expansion of the plant, infrastructure and tailings storage facility.

Total direct capital expenditure over the LoM of the Kombat underground mines and Gross Otavi is estimated at US\$63.9 million (excluding contingencies and stay in business capital) with the peak capital expenditure during year 2021, and a peak funding requirement on a cumulative expenditure basis of an estimated US\$59 million during 2021. Peak funding is partially offset by projected revenue from copper sales in 2021.

### **Revenue and operating costs and commodity prices**

The Kombat underground mines and Gross Otavi are forecast to generate revenue of US\$624 million over their LoM, based on the following commodity price forecasts (in real terms) as used in the PEA.

Item	Unit	2019	2020	2021	2022	2023	Long-term
Silver	USD/oz.	17.6	17.9	18.1	18.3	18.2	19.0
Copper	USD/tonne	6,758	6,682	6,740	6,688	6,595	6,551
Copper	USD/lb	3.07	3.03	3.06	3.03	2.99	2.97
Lead	USD/tonne	2,410	2,231	2,115	2,050	1,990	1,966
Lead	USD/lb	1.09	1.01	0.96	0.93	0.90	0.89

Direct cash costs (C1) for the Kombat underground mines and Gross Otavi consist of mining and plant operating costs, concentrate transport costs, treatment costs and refining costs. Other cash costs (C3) include corporate overheads and the Namibian revenue royalty of 3%. The Kombat underground mines and Gross Otavi have an estimated all-in sustainable cost of US\$1.83/CuEq lb.

The turnover, cost and earnings numbers are displayed in the table below per recovered copper equivalent pound.

Item	Unit	PEA
<b>Copper Equivalent Tonnes</b>	<b>Tonnes</b>	<b>93,719</b>
Net Turnover	US\$/CuEq lb	3.02
Mine Cost	US\$/CuEq lb	0.74
Plant Costs	US\$/CuEq lb	0.18
Other Costs	US\$/CuEq lb	0.43
Direct Cash Costs (C1)	US\$/CuEq lb	1.36
Capex	US\$/CuEq lb	0.34
Production Costs (C2)	US\$/CuEq lb	1.70
Royalties	US\$/CuEq lb	0.09
Corporate Overheads	US\$/CuEq lb	0.04
All-in Sustainable Costs (C3)	US\$/CuEq lb	1.83

**Readers are cautioned that the PEA on the Kombat underground mines and Gross Otavi is separate**

and apart from the Feasibility Study conducted on the Phase 1 Kombat open pits. PEAs have a significantly lower level of certainty than feasibility studies. The PEA is preliminary in nature, and includes inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the results of the PEA will be realized.

### Financial Review

The exchange rates between the Canadian and Namibian dollars for the three months ended June 30, 2018 and 2017 and the year ended March 31, 2018 were as follows:

	Three months ended June 30, 2018		Year ended March 31, 2018	
	Average	Closing	Average	Closing
Namibian dollars per Canadian dollars	9.7725	10.4247	10.0503	9.1332
	Three months ended June 30, 2017			
	Average	Closing		
Namibian dollars per Canadian dollars	9.8000	10.0470		

### Selected Annual Results

For the years ended	March 31, 2018	March 31, 2017	March 31, 2016
	\$	\$	\$
Net loss attributable to shareholders of the Company	3,610,063	1,734,420	236,360
Basic and diluted loss per share	0.17	0.11	0.02
Total assets	500,369	876,931	502,023
Total non-current financial liabilities	-	-	-

The Company's financial results have been driven primarily by ongoing exploration activities and studies in respect of its Namibian property. Exploration and evaluation expenditures and overall general and administrative expenses were higher in 2018, compared to 2017 and 2016, due to the increased level of activity and an associated increase in the number of active personnel, in both number and time commitment, of both staff and consultants engaged by the Company in Namibia and Canada. This resulted, in particular, in higher consulting fees and technical consulting fees, professional fees, as well as higher travel and general administration costs (that includes office rent, telephone and courier, office supplies, insurance, etc.). Share-based compensation expense was also higher in 2018, when compared to 2017 and 2016.

The Company is at the development stage and accordingly does not have any revenues. Field exploration, supervisory costs and costs associated with maintaining a mineral property are expensed until the Company has a reasonable expectation that the property is capable of commercial production, supported by a positive economic analysis showing a NI 43-101 compliant mineral reserve and approved by the Board of Directors.

## Summary of Quarterly Results

For the three months ended	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
	\$	\$	\$	\$
<b>Earnings and Cash Flow</b>				
Net loss attributable to shareholders of the Company	827,702	815,615	739,285	1,314,319
Basic and diluted loss per share	0.03	0.04	0.03	0.06
Cash flow used in operating activities	683,284	(857,696)	(329,811)	(1,375,074)
Cash flow from / (used in) investing activities	Nil	(13)	570	25,297
Cash flow from financing activities	925,000	311,508	591,416	1,465,070
<b>Balance Sheet</b>				
Total assets	738,054	500,369	1,005,105	1,048,004
<hr/>				
For the three months ended	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
	\$	\$	\$	\$
<b>Earnings and Cash Flow</b>				
Net loss attributable to shareholders of the Company	740,844	626,244	498,183	308,992
Basic and diluted loss per share	0.04	0.04	0.03	0.02
Cash flow used in operating activities	(675,547)	(503,281)	(444,985)	(268,524)
Cash flow from / (used in) investing activities	(777)	318	-	(30,000)
Cash flow from financing activities	481,325	-	1,008,214	250,027
<b>Balance Sheet</b>				
Total assets	633,935	876,931	1,413,111	844,087

## **Results of Operations**

During the three months ended June 30, 2018, the Company recorded a net loss of \$841,784, or \$0.03 per share, compared to \$756,901, or \$0.04 per share for the same period of the prior year. The higher costs for the three months ended June 30, 2018, compared to the three months ended June 30, 2017 are mainly due to the increased costs of the feasibility studies, environmental assessments, assays and surveying.

	Three months ended	
	June 30,	
	2018	2017
	\$	\$
<b>Expenses</b>		
Consulting fees	186,861	197,945
Professional fees	23,251	20,524
Share-based payments	79,195	60,564
Travel and related costs	11,903	58,325
Shareholder communications and filing fees	22,555	25,885
General and administrative costs	51,493	32,204
Depreciation	1,778	1,161,
Foreign exchange (gain) loss	(6,214)	197
	<b>370,822</b>	<b>396,805</b>
<b>Other items</b>		
Other income	1,513	-
Interest expense	(2,400)	-
	<b>371,709</b>	<b>396,805</b>
<b>Exploration and evaluation expenditures</b>		
Drilling	-	-
License and permit	1,296	510
Feasibility studies	185,735	71,520
Environmental assessment	23,933	-
Technical report	-	-
Assay and survey	8,696	-
Field office support	41,637	38,691
Consulting and labour	203,609	224,476
Travel	5,169	24,899
	<b>470,075</b>	<b>360,096</b>
<b>Net (loss) and comprehensive (loss)</b>	<b>(841,784)</b>	<b>(756,901)</b>

Administrative expenditure was consistent with the same period in the prior year, with the higher operating expenses in the three months ended June 30, 2018, compared to the three months ended June 30, 2017, being the result of substantial expenditure on the feasibility study, PEA and environmental clearance certificate application.

Share-based payments of \$79,195 were recorded in the statement of operations and comprehensive loss during the three months ended June 30, 2018 (2017: \$60,564). Share-based compensation relates to the vesting of stock options. During the three months ended June 30, 2018, 450,000 options were granted, compared to 250,000 in the comparable period in the prior year. Options granted typically vest immediately. The estimated grant date fair value of the options was calculated by applying the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0% (2017: 0%); expected forfeiture rate of

0% (2017: 0%); expected volatility of 112% (2017: 117%); risk-free interest rate of 2.16% (2017: 1.03%); and an expected life of five years (2017: five years).

Exploration and evaluation expenditure in the three months ended June 30, 2018 of \$470,075 (2017: \$360,096), included the work done on the Feasibility Study and updated PEA, and the updated Mineral Resource and Reserve estimate released in July 2018.

## Cash Flows

### *Operating Activities*

Cash used in operating activities before changes in non-cash working capital was \$758,411 for the three months ended June 30, 2018, compared to \$695,176 used in the three months ended June 30, 2017. The increase in cash used in operating activities is due to the costs associated with the exploration work and studies conducted on the Company's property in Namibia.

### *Investing Activities*

There were no material investing activities in the three months ended June 30, 2018 or 2017.

### *Financing Activities*

Cash generated from financing activities was \$925,000 in the three months ended June 30, 2018, compared to \$485,000 for the three months ended June 30, 2017.

During the three months ended June 30, 2018, the Company secured bridge financing of \$450,000 on an unsecured basis, interest free and subject to no fixed repayment terms; as well as short-term loans of \$475,000 from Aberdeen International Inc. repayable six months from drawdown and subject to interest at 12% per annum.

During the three months ended June 30, 2017, the Company closed a non-brokered private placement, issuing 1,616,667 units at a price of \$0.30 per unit for aggregate gross proceeds of \$485,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one share at a price of \$0.40 for a period of 36 months following the closing date of the offering.

## Liquidity and Capital Resources

The Company spends its available funds on its corporate, general and administrative obligations and to carry out exploration and development work at the Company's projects with the objectives of establishing ore of commercial tonnage and grade and bringing the Kombat mine back into production. As the Company is in the development phase and generates no revenues, the necessary funds have to be raised through equity or debt financing, most commonly within the Canadian public markets. Factors such as market conditions and the results of exploration activities will affect future capital raising, which may substantially affect future activities. The Company proposes to continue exploration and development activities at its projects and the raising or generation of additional capital will be required for future acquisitions, operations, and work programs. There are no assurances that the Company will continue to be successful in raising additional funds or that other forms of equity capital or debt financing will be available to the Company in the future or on satisfactory terms. Any additional equity financing may be on terms that are dilutive, or potentially dilutive, to the Company's shareholders and debt financing, if available, may involve restrictive covenants with respect to the Company's ability to pay dividends, raise additional capital or execute various other financial and operational plans.

Notwithstanding the foregoing, if, at any time, the Company's Board of Directors deems continued exploration or development expenditures at Trigon's properties to be unwarranted, based on results up to that time or for any other reason, the Company may suspend or discontinue exploration or development of such properties and apply the funds on hand towards the acquisition, exploration or development of new properties or, if required, the general working capital of the Company. Save as aforesaid, the Company does not have any commitments

for material capital expenditures in the near or long term. As at June 30, 2018, the Company had no long-term debt and no definitive agreements with respect to borrowings had been entered into by the Company.

The Company's objective is to maintain a strong capital base with the following objectives:

- maintaining financial flexibility;
- maintaining creditor and investor confidence; and
- sustaining the future development of the business.

The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The most significant alternatives available for the management of the capital structure include adjusting capital spending or the issue of shares or raising of debt finance when management and the Board of Directors feel the timing is appropriate.

### Working Capital

As at June 30, 2018, the Company had negative working capital of \$(1,189,430) compared with \$(428,619) as at March 31, 2018, including cash of \$269,854 (March 31, 2018: \$28,138). The Company's primary capital needs are funds for the exploration and development of its mining properties, administrative expenses and working capital. The Company will maintain its excess working capital in Canadian dollars, which are only converted to Namibian dollars as required. The Company maintains most of its cash reserves at a large reputable Canadian commercial bank in high quality short-term deposits or cash.

Working Capital	June 30 2018	March 31 2018	December 31 2017	September 30, 2017	June 30 2017	March 31 2017	December 31 2016	September 30 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	269,854	28,138	574,339	312,164	196,871	391,870	894,834	331,605
Restricted cash	-	-	-	-	30,000	30,000	30,000	30,000
Receivables	103,139	103,334	73,641	277,462	46,714	80,977	70,242	41,479
Prepaid expenses	14,052	16,111	900	100,509	6,300	19,650	20,900	38,600
Current Liabilities	(1,576,475)	(576,202)	(486,641)	(340,832)	(322,175)	(350,159)	(245,022)	(179,617)
<b>Working Capital</b>	<b>(1,189,430)</b>	<b>(428,619)</b>	<b>162,239</b>	<b>349,303</b>	<b>(42,290)</b>	<b>172,338</b>	<b>770,954</b>	<b>262,067</b>

### Operating Segments

The Company has concluded that it has only one material operating segment (the development of its Namibian mining licenses) for financial reporting purposes.

### Off-Balance Sheet Arrangements

To the best of management's knowledge, the Company has no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or the financial condition of the Company.

### Financial Commitments, Contingencies and Litigation

#### **Management contracts**

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of up to \$1,320,000 to be made to officers of the Company upon the occurrence of certain events such as a change of control. As a triggering effect has not taken place, the contingent payments have not been reflected in the consolidated financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$573,000, all due within one year.

The Company also has a commitment of \$50,000 for bonus payments for which the triggering event has not occurred as at June 30, 2018. Upon the occurrence of the triggering event, the Company will also have an increase in commitments relating to the subsequent occurrence of certain events such as a change of control or termination of the management contracts.

## Environmental

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

## Property obligations

On April 23, 2012, the Company purchased, through the acquisition of Manila, an effective 80% interest in the mining assets commonly known as the Kombat mine, whose assets include a 100% interest in five Mining Licenses in northern Namibia. As at June 30, 2018, the Company has expended sufficient capital to ensure the licenses remain in good standing for the duration of the license period. The licenses expire in March 2019 and renewal applications have been lodged.

## Related Party Transactions

### Compensation of Key Management

Compensation awarded to key management, including the Company's directors and officers, during the three months ended June 30, 2018 and 2017 was as follows:

	<b>Three months ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Consulting fees	180,000	200,500
Share-based payments	48,000	58,950
	<u>228,000</u>	<u>259,450</u>

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

Included in accounts payable and accrued liabilities as at June 30, 2018 is approximately \$85,830 of consulting fees, moving and travel expenses (March 31, 2018: \$63,281) charged by officers and directors of the Company.

On June 6, 2018, the Company granted 300,000 options to directors and officers of the Company to purchase shares of the Company at a price of \$0.20 per share expiring on June 6, 2023. These options vested immediately.

### Bridge Financing

During the three months ended June 30, 2018, the Company entered into loan agreements with Aberdeen International Inc. ("Aberdeen") as follows:

	Date	Principal	Interest	Repayment date
First loan	May 30, 2018	\$200,000	12% per annum	November 30, 2018
Second loan	June 26, 2018	\$275,000	12% per annum	December 26, 2018

Aberdeen is a 10% security holder of the Company. Pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, the loans from Aberdeen constitute related party transactions. The Company relied on an exemption from formal valuation and minority shareholder approval requirements of MI 61-101 on the basis that the value of the loans was less than 25% of the Company's market capitalization.

### **Critical Management Judgments and Accounting Estimates**

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets and impact decisions as to when exploration and development costs should be capitalized or expensed.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates and these differences could be material.

The significant areas of judgement and estimation uncertainty considered by management in preparing the consolidated financial statements include:

#### *Critical judgment in applying accounting policies:*

- Control of subsidiaries

The Company consolidates subsidiaries over which it has control. Management assesses control in accordance with IFRS 10 - Consolidated Financial Statements and has determined it controls each of the following subsidiaries:

PNT FinanceCo Corp.  
Kombat Holdings Namibia (Pty) Ltd.  
Manila Investments (Pty) Ltd.  
Kombat Copper Mine (Pty) Ltd.

- Determination of functional currency

Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – the Canadian dollar has been determined as the functional currency of the Company and all subsidiaries as the Canadian dollar is the currency in which funds from financing activities (i.e. issuing debt and equity instruments) are generated and because the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy. Effects of changes in foreign exchange rates are recorded as a foreign exchange gain (loss) on the statement of loss. If the functional currency of the Namibian entities had been the Namibian dollar, the effect of changes in foreign exchange rates would have been reflected as other comprehensive income and carried as a cumulative translation adjustment within accumulated other comprehensive income in the equity section of the consolidated statement of financial position.

- Assets' carrying values and impairment charges

Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year. Management exercises its judgment in determining when such events or changes in circumstances have arisen and where such circumstances evidence a significant or prolonged decline of fair value on assets indicating impairment.

*Key sources of estimation uncertainty:*

- Depreciation rates

All property, plant and equipment, with the exception of land and buildings, are depreciated to their estimated residual values on a straight-line basis over three to five years, which the Company believes is the best approximation of the asset utility to the Company. If the estimated life had been longer than management's estimate, the carrying amount of the asset would have been higher.

- Mineral reserve and resource estimates

The figures for Mineral Reserves and Mineral Resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond the Company's control.

Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, and future circumstances could have a material effect in the future on the Company's financial position and results of operation.

- Assets' carrying values and impairment charges

The determination of carrying values and impairment charges and their individual assumptions require that management make an estimate based on the best available information at each reporting period. Under situations where management has determined indicators of impairment are present, an impairment assessment will be performed by management whereupon management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets.

- Share-based payment transactions

The Company records share-based compensation at fair value over the vesting period. The fair value of the grant is determined using the Black-Scholes options pricing model and management assumptions include the expected dividend yield, expected volatility, forfeiture rate, risk free rate and expected life. Should the underlying assumptions change, it will impact the fair value of the share-based compensation. Similar calculations are made in the valuation of warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Taxes, income taxes and deferred taxes

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. Any estimates for value added and withholding taxes have been included in amounts receivable or accounts payable and accrued liabilities.

- Contingencies

Refer to Financial Commitments, Contingencies and Litigation.

### **Financial Instruments and Financial Risk Management**

Financial instruments measured at fair value on the consolidated statements of financial position are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 Inputs that are not based on observable market data.

The Company's financial assets and financial liabilities consist of cash, amounts receivable, and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value due to the short-term nature of these instruments. The Company has no financial instruments recorded at fair value.

Financial assets and financial liabilities as at June 30 and March 31, 2018 were as follows:

<i>At June 30, 2018</i>	<b>Cash, loans and receivables</b>	<b>Other liabilities</b>	<b>TOTAL</b>
	\$	\$	\$
Financial assets:			
Cash	269,854	-	269,854
Amounts receivable	7,845	-	7,845
Financial liabilities:			
Accounts payable and accrued liabilities	-	649,075	649,075
Bridge financing	-	927,400	927,400
<hr/>			
<i>At March 31, 2018</i>	<b>Cash, loans and receivables</b>	<b>Other liabilities</b>	<b>TOTAL</b>
	\$	\$	\$
Financial assets:			
Cash	28,138	-	28,138
Amounts receivable	8,628	-	8,628
Financial liabilities:			
Accounts payable and accrued liabilities	-	576,202	576,202

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are liquidity risk, credit risk and market risk. The Company has minimal interest rate risk as there are no outstanding variable-rate borrowings, and the Company finances its operations primarily through share offerings. Management mandates and agrees policies for managing each of these risks. The Company is exposed to a variety of financial risks by virtue of its activities including, but not limited to, the following:

- *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on the Board and management's ability to raise the required capital through future equity or debt issuances.

As at June 30, 2018, the Company had a cash balance of \$269,854 (March 31, 2018: \$28,138) and amounts receivable, other than sales taxes receivable, of \$7,845 (March 31, 2018: \$8,628). As at June 30, 2018, the Company's financial liabilities consisted of accounts payable and accrued liabilities of \$649,075 (March 31, 2018: \$576,202) based on contractual undiscounted payments and short-term borrowings of \$927,400 (March 31, 2018: \$nil), all due in less than one year.

During the year ended March 31, 2018, the Company raised \$2,569,500 through private placement financings and \$306,666 through the exercise of warrants.

- *Credit risk*

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. With respect to credit risk arising from financial assets of the Company, which comprise cash and minimal receivables, the Company's exposure to credit risk arises from default of counterparties, with a maximum exposure equal to the carrying amount of these instruments. Cash balances are held with high credit quality financial institutions. The credit risk to the Company is considered minimal.

- *Commodity price risk*

The ability of the Company to explore, evaluate and develop its exploration and evaluation properties and the future profitability of the Company are directly related to the price of base and precious metals. The Company monitors metal prices to determine the appropriate course of action to be taken.

- *Currency risk*

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its subsidiaries. The Company is exposed to currency risk by incurring certain expenditures in Namibian dollars, US dollars, South African Rand and European Euro for its operations in Namibia. The Company has sought to minimize this risk by keeping its cash reserves in Canadian dollars and only purchasing Namibian dollars, US dollars, South African Rand and European Euro as needed.

### **New accounting standards and interpretations**

During fiscal 2019, the Company has adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards, including IAS 2 and 9 and IFRIC 22. The new standards and changes did not have any material impact on the Company's consolidated financial statements.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for annual accounting periods beginning on January 1, 2019 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IFRS 16 – Leases (“IFRS 16”) was issued by the IASB on January 13, 2016 and will replace existing lease guidance in IFRS and related interpretations, and requires companies to bring most leases on-balance sheet. The new standard is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

## **Risks and Uncertainties**

Investing in the Company involves risks that should be carefully considered. The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

### **Liquidity Concerns and Financing Risks**

The Company has limited financial resources, no source of operating cash flow and has no assurance that additional funding will be available for further exploration and the development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that adequate financing will be obtained in the future or that the terms of such financing, if secured, will be favorable. It is likely such additional capital will be raised through the issuance of additional equity, which would result in dilution to the Company's shareholders. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

While the Company's financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business, failure to secure additional funding may cast doubt about the validity of that assumption.

### **Exploration and Mining Risks**

The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties that are explored, are ultimately developed into producing mines.

The long-term profitability of the Company's operations will be in part directly related to the cost and success of the Company's exploration programs, which may be affected by a number of factors beyond the Company's control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to the exploration and development of, and production from, mineral resources, any of which could result in work stoppages; damage to or destruction of property or production facilities; personal injury; environmental damage; delays in mining; monetary losses and legal liability. Hazards such as unusual or unexpected geological formations and other conditions such as formation pressures, flooding, fire, explosions, cave-ins, landslides, inclement or hazardous weather conditions, power outages, labour or transportation disruptions and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. The economics of developing mineral properties are affected by many factors, including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, impediments to the importing and exporting of minerals and environmental protection.

### **Cost Estimates, Permit Timing and Project Economics**

The Company presents information from a feasibility study of surface operations on the Kombat mine and a preliminary economic assessment on surface and underground operations on the property, each of which contains estimates with respect to capital costs, operating costs and other project economics. The Company's actual costs, production, returns, payback and other financial and economic performance metrics for the

Kombat mine are dependent on a number of factors, including currency exchange rates, metal prices, the cost of inputs used in mining development and operations, timing of obtaining all required permits and approvals, timing of obtaining all necessary financing and events that affect cost and production levels that are not within the Company's control. The Company's actual costs may vary from estimates for a variety of reasons, including changing waste-to-ore ratios, ore grade, metallurgy, labour and other input costs, commodity prices, general inflationary pressures and currency exchange rates. Failure to achieve cost estimates or other economic performance metrics or material increases in costs could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition. As a result of the substantial expenditures involved in development projects, development projects are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project. The Kombat mine development schedules will also be dependent on obtaining the governmental approvals and permits necessary for operation of a project. The timeline to obtain these government approvals and permits is often beyond the control of the Company. It is not unusual in the mining industry for new mining operations to experience construction challenges or delays and unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated.

### **Stage of Development**

The Company is in the business of exploring for mineral resources, with the ultimate goal of producing from its mineral properties. None of the Company's properties have commenced commercial production and it has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Company will be able to develop any of its properties profitably or that its activities will generate positive cash flow. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants and personnel and purchase of equipment associated with advancing exploration, development and commercial production at the Company's properties. The Company expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will generate any revenues or achieve profitability. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of management in all aspects of the development and implementation of the Company's business activities.

### **Mineral Resource and Mineral Reserve Estimates**

There are numerous uncertainties inherent in estimating Mineral Resources and Mineral Reserves, including many factors beyond the control of the Company. Such estimates are a subjective process and the accuracy of any Mineral Resource or Mineral Reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

### **Regulatory Requirements, Permits and Licenses**

Even if the Company's mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or the repatriation of profits. The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities, and are subject to extensive federal, departmental and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or for the operation of mining facilities. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities.

## **Title to Properties**

The Company holds its interest in certain of its properties through mining licences that expire in March 2019. Renewal applications have been lodged in a timely manner. It is possible that the Company's mineral properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Title to, and the area of, the mining claims may be disputed and there may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

## **Environmental Regulations**

The Company's activities are subject to environmental protection and employee health and safety regulations promulgated by government agencies from time to time. Environmental legislation provides for 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 assessments. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations, and there is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

## **Markets for Securities**

There can be no assurance that an active trading market in the Company's securities will be established and sustained. The market prices for securities of many companies, particularly exploration stage companies, are subject to wide fluctuations that are not necessarily reflective of their operating performance, underlying asset values or the prospects of such companies. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. There can be no assurance that significant fluctuations in the Company's share price will not occur.

## **Commodity Prices**

The ability of the Company to explore and evaluate its mineral properties and the future profitability of the Company are directly related to the price of copper and other metals. Factors beyond the control of the Company may affect the marketability of any substances discovered and there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Copper and other metal prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rates of inflation, the world supply of copper and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of copper has fluctuated widely in recent years and future price declines could cause commercial production to be impracticable, thereby having a materially adverse effect on the Company's business, financial condition and result of operations. The Company monitors copper prices to determine the appropriate course of action to be taken.

## **Economic Empowerment**

Maintaining the Company's licences requires alignment with the local and national objectives relevant to the areas in which the Company operates. Over the last several years, Namibia has been developing a national policy framework that aims to address the perceived consequences from the previous discriminatory regimes. The framework is built on six pillars, including: Ownership; Management, Control and Employment Equity; Human Resources and Skills Development; Entrepreneurship Development and Marketing; Corporate Social Responsibility and Value Addition; and Technology and Innovation. Although the Namibian national policy

framework and draft bill have not been legislated, the Company has made efforts developing empowerment policies and practices that are generally consistent with the themes set out in each of the pillars contained in the framework. There is no assurance, however, that final legislation will not have adverse effects on the Company or increase its cost of doing business in Namibia.

### **Uninsurable Risks**

The Company maintains insurance to cover normal business risks. The Company may, however, become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position. In the course of exploration and development of, and production from, mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, land movements, earth work failures, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company has currently decided not to take out insurance against such risks due to high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

### **Reliance on Key Individuals and Outside Parties**

The Company's success depends upon the personal efforts and commitment of key members of its existing management. It is expected that the contribution of these individuals will be a significant factor in the Company's growth and success. The loss of the services of these members of management and certain key employees could have a material adverse effect on the Company.

The Company also relies upon consultants, engineers and others for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, and to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

### **Geopolitical Risks**

All of the Company's operations are in Namibia and, as a result, the operations of the Company may be exposed to various levels of political, economic and other risks and uncertainties associated with operating in Namibia, including approval of acquisitions by local authorities; regulation of the mining industry and licenses of the Company; restrictions on future exploitation and production; restrictions on the Company's ability to finance its operations; price, export and currency controls; currency availability; income taxes; delays in obtaining or the inability to obtain necessary permits and licenses; opposition to mining from environmental and other non-governmental organizations; expropriation of property; nullification of existing or future concessions and contracts; ownership of assets; war, terrorism or political boundary disputes; environmental legislation; labour relations; limitations on mineral exports; increased financing costs; and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations and profitability of the Company.

### **Competition**

The mineral industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial and technical resources for the acquisition of mineral concessions, claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees, or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

## **Conflicts of Interest**

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

## **Litigation**

Legal proceedings, with and without merit, may arise from time to time in the course of the Company's business. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. The process of defending such claims could take away from management time and effort. Due to the inherent uncertainty of the litigation process, the resolution of any legal proceeding to which the Company or one or more of its subsidiaries may become subject, could have a material effect on the Company's financial position, results of operations, or mining and project development activities.

## **Corruption and Bribery Laws**

The Company's operations are governed by, and involve interactions with, many levels of government in various countries. The Company is required to comply with anti-corruption and anti-bribery laws, including the *Criminal Code* (Canada), and the *Canadian Corruption of Foreign Public Officials Act*, as well as similar laws in the countries in which the Company conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment for companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third party agents. Although the Company has adopted steps to mitigate such risks, such measures may not always be effective in ensuring that the Company, its employees, contractors or third party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions being imposed, resulting in a material adverse effect on the Company's reputation and results of its operations.

## **Foreign Mining Tax Regimes**

Mining tax regimes in foreign jurisdictions are subject to differing interpretations and are subject to constant change. The Company's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Company's operations may be reassessed, which could result in significant additional taxes, penalties and interest. In addition, future changes to mining tax regimes in foreign jurisdictions could result in significant additional taxes payable by the Company, which would have a negative impact on its financial results.

## **Limited Property Portfolio**

At this time, the Company holds an interest in one main project. As a result, unless the Company acquires additional property interests, any adverse developments affecting its current properties would be expected to have a material adverse effect upon the Company and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Company.

## **Enforcement of Legal Rights**

The Company's material subsidiaries are organized under the laws of foreign jurisdictions and certain individuals of the Company's experts are located in foreign jurisdictions. Given that the Company's material assets are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company or its experts, any judgments obtained through the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

## **Subsequent Events**

On August 1, the Company announced its intention to complete a non-brokered private placement financing of up to 5,000,000 units at a price of \$0.15 per unit for gross proceeds of up to \$750,000. Each unit will be comprised of one common share of Trigon and one common share purchase warrant. Each share purchase warrant will entitle the holder thereof to acquire one common share at a price of \$0.25 for a period of 36 months following the closing date of the offering. Closing of the offering remains subject to a number of conditions, including receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange.

## **Additional Information and Continuous Disclosure**

Additional information, including the Company's press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval and is available online under its profile at [www.sedar.com](http://www.sedar.com).

## **Outstanding Share Data (post-consolidation basis)**

As at the date of this MD&A, the Company has:

- a) 27,253,795 common shares outstanding.
- b) 5,655,915 warrants outstanding with expiry dates ranging between May 17, 2019 and August 22, 2020. If all the warrants were exercised, 5,655,915 shares would be issued for proceeds of \$3,720,941.
- c) 2,367,000 stock options outstanding with expiry dates ranging between January 2, 2019 and June 6, 2023. If all the options were exercised, 2,367,000 shares would be issued for gross proceeds of \$1,219,950.

## **Cautionary Note Regarding Forward Looking Statements**

The information herein contains forward-looking statements and assumptions. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements under Canadian securities legislation. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "does not anticipate", "plan", "budget", "forecast", "schedule", "continue", "estimate", "expect", "does not expect", "is expected", "may", "will", "project", "predict", "potential", "targeting", "intend", "believe" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved". Such statements and assumptions also include those relating to guidance; proposed acquisitions and strategy; development potential and timetable for the Company's properties; the results of the feasibility study of the surface mining at the Kombat mine, the PEA and other economic studies discussed herein, including without limitation, capital and operating costs, economic analysis, expected mine life, NPV and other economic and operational parameters metrics, production, cash costs, all-in sustaining costs, net present value, internal rate of return and payback period and future mineral prices; the Company's ability to raise additional financing; results of operations and financial condition; commodity prices; mineralization projections; the Company's ability to restart the Kombat mine; the economic viability of mining at the Kombat mine; conclusions of economic evaluation and costs of production; the timing and amount of estimated future exploration and development; costs of development; projected capital expenditure; the success of exploration activities; mining or processing issues; currency exchange rates; government regulation and permitting of mining operations; reliance on qualified personnel; competition; dependence on outside parties; and environmental risks. Forward-looking statements are based on the opinions and estimates of management and certain qualified persons as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of future exploration at the Kombat mine are based on management expectations, exploration done to date and recommended programs, actual expenditures incurred, recent estimates of exploration costs and other factors that are set out in the technical reports referred to. Estimates regarding the feasibility study and other economic studies relating to the Kombat mine are based on various key assumptions set out therein. By their nature, forward-looking statements are subject to numerous known and unknown risks and

uncertainties that could significantly affect anticipated results or the level of activity, performance or achievements in the future and, accordingly, actual results may differ materially from those expressed or implied by such forward-looking statements. The Company is exposed to numerous operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect anticipated future results, including but not limited to risks related to: uncertainties inherent to economic studies, which rely on various assumptions; unexpected events and delays during construction and start-up; variations in mineral grade and recovery rates; uncertainties inherent in estimating mineral resources and mineral reserves; lack of revenues; revocation of government approvals; corruption and uncertainty with court systems and the rule of law and other foreign country risks inherent to the jurisdictions where the Company operates; availability of external financing on acceptable terms; the Canadian/Namibian dollar exchange rate; ability to finalize required agreements for operations; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future mineral prices; failure of equipment or processes to operate as anticipated; accidents, labour or community disputes; other risks of the mining industry; and other risk factors, including without limitation the risk factors described herein. Estimates regarding the anticipated timing, amount and cost of exploration activities are based on previous industry experience and regional political and economic stability. Capital and operating cost estimates are based on research of the Company or its consultants. Although management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

This MD&A contains information with respect to certain Non-GAAP measures, including certain cash costs per pound and all-in sustaining costs. These measures are included because these statistics are key performance measures that management may use to monitor performance. Management may use these statistics in future to assess how the Company is performing to plan and to assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.