



**Trigon Metals Inc.**  
(Formerly Kombat Copper Inc.)

**Management's Discussion and Analysis**

*For the three and six months ended September 30, 2017*

TSX-V: TM

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**Date: November 24, 2017**

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 the notes thereto for the three and six months ended September 30, 2017, the MD&A for the year ended March 31, 2017 and the audited consolidated financial statements for the year ended March 31, 2017. 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 financial statements, for the year ended March 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations. Accordingly, the condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements.

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 and six months ended September 30, 2017 and the Company's board of directors approved these documents prior to their release.

#### **Qualified Person**

Mr. Uwe Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat. No. 400058/08, MGSSA) of Minxcon (Pty) Ltd ("Minxcon"), is a "qualified person" as such term is defined in National Instrument 43-101 ("NI 43-101") and has reviewed and approved the technical information and data included in this MD&A. As a director of Minxcon, Mr. Engelmann is considered independent.

#### **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 Mountain Lands, 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, and a mill and concentrator. The Kombat Mine originally opened in 1962 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 the three months ended September 30, 2017, the Company completed two tranches of a private placement financing, the first tranche on July 31, 2017 issuing 1,848,333 units at a price of \$0.30 per unit for aggregate gross proceeds of \$554,500 and the second tranche on August 22, 2017 issuing 3,116,667 units at a price of \$0.30 per unit for aggregate gross proceeds of \$935,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one Trigon common share at a price of \$0.40 for a period of 36 months following the closing date of the tranche.

On July 19, 2017, the Company announced the resignation of Mr. Brett Richards from the board of directors and the appointment of Mr. Mark Eaton as a director and Chairman of the board. In addition, the Company announced the resignation of Mr. Paul Bozoki as Chief Financial Officer of the Company and the appointment of Mr. Stephen Woodhead with effect from August 1, 2017.

## **Summary of Properties**

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

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, in northern Namibia, and the five mining licenses related thereto. The licenses are due for renewal in March 2019.

The project consists of the Kombat mine and related assets, including surface infrastructure and equipment and mining licenses related to Kombat and to the Gross Otavi and Harasib projects. The Kombat mine has a rich history of copper production and there is considerable potential for the identification of economic resources and reserves.

Production at the Kombat mine dates back to the early 1900s, when copper ores were first extracted from high grade and near surface deposits. These early discoveries were followed by the modernization of the project in the 1960s with the addition of several shafts, a mill, and a concentrator, which supported the mine during the period from 1962 to 2008, resulting in production of 12.46 million tonnes of ore grading 2.62% copper, 1.5% lead and 18 g/t silver.

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 combine the historical information on the project with modern exploration technologies, with the objective of creating a world-class copper mining and processing facility.

## **Recent Developments**

The Company is concurrently progressing various workstreams associated with its strategy to bring the Kombat mine back into production. The Company does not have a current feasibility study and is not basing its decision to restart mining activities on any estimated mineral reserves or on a feasibility study regarding the economic or technical feasibility of the Kombat project. Historically, projects that are re-commenced prior to the mining company completing a feasibility study have a much higher risk of economic or technical failure. Estimates regarding production levels, development timetables and economic feasibility in respect of the Kombat mine are based on internal management forecasts and are inherently uncertain and subject to continued refinement.

The Company is engaged in advanced discussions with a major international trading house to buy 100% of the annual production from the Kombat mine in Namibia, up to a total of 20,000mt of contained copper. This represents the anticipated life of mine production from the open pits in the Kombat Central and East areas, based on the Mineral Resource estimate as reported in the National Instrument 43-101 technical report entitled "NI 43-101 Technical Report on the Kombat Copper Project, Namibia" dated May 31, 2017. The technical report constitutes a preliminary economic assessment and is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.trigonmetals.com](http://www.trigonmetals.com).

The Company is concurrently in advanced discussions further to which the trading house will also provide a financing facility of up to US\$7.7 million to refurbish the concentrator at the Kombat mine, to upgrade the infrastructure and for working capital purposes to bring the Kombat open pit mine into production. Trigon is anticipated to act as guarantor for the facility, and security will include first ranking charges and security interest over all present and future property and assets of Manila. The final terms of the offtake agreement and the financing facility are still being negotiated and are subject to various conditions precedent, including final due diligence and approvals from the trader.

An infill drilling program has been completed, focused on the Kombat Central and East areas targeted by the Company for open pit mining, with the primary aim being to upgrade the current Mineral Resources from the Inferred category to Measured and Indicated Mineral Resources. A total of 48 holes, or an aggregate of 2,200 meters, have been drilled in this first stage program. The drilling program and protocols for the drilling, sampling and QA/QC were designed by Minxcon to ensure compliance with database requirements for resource modelling purposes.

Final assay results are expected to be received by early December 2017, following which the information will be utilized to remodel and upgrade the current Mineral Resource. The updated Mineral Resource is expected to be finalized during December 2017 and will form the basis for the feasibility study on the surface mining areas as referred to below.

Additional drilling is planned to:

- (i) increase the current open pit Mineral Resource within the current pit boundaries,
- (ii) drill the gap between the Central and East pits, which is outside of the existing pit boundaries, and
- (iii) test potential to the north and west of these areas.

The three-phase drilling program to extend the current Mineral Resource comprises a further 34 holes, with an aggregate of 1,437 meters to be drilled.

The Company further intends to initiate a feasibility study on the surface mining areas and a pre-feasibility design on the Asis Far West underground mine. The studies are anticipated to take six months to complete, during which period refurbishment of the mill and concentrator can commence to facilitate timelines for commencement of open pit mining and the processing of ore therefrom. The Company does not currently have a feasibility study in respect of the Kombat mine and production restart activities are based on internal management forecasts.

On September 25, 2017, the Company announced that it had received notification from the Minister of Environment and Tourism in Namibia that it had been awarded an Environmental Clearance Certificate ("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 is currently engaged with its environmental consultant, SLR Environmental Consulting (Namibia) (Pty) Ltd, to secure the Environmental Clearance Certificate required for open pit mining and associated activities, as well as that needed for exploration activities for underground mining. The required specialist studies are expected to be completed by the end of November 2017 and application for the necessary permitting will be made in early 2018 after the relevant Environmental Impact Assessment ("EIA") reports have been reviewed by stakeholders.

The results of metallurgical test work commissioned on historic drill cores from the targeted open pit mining areas to evaluate ore grades and achievable recoveries used for the purposes of the preliminary economic assessment ("PEA") have been positive. Further testing to optimize future comminution and flotation parameters is expected to be completed by January 2018 and will be used in the feasibility study referred to above.

An application has been made to Namibian Power Corporation (Proprietary) Limited to increase the current power supply by 4.5MVA in order to meet the requirements for the targeted mining and processing operations.

## Outlook

A significant quantity of historic data is available with respect to the Kombat Mine and related licences, which has been integrated into the Company's electronic database, analyzed using computer modelling techniques, and Inferred Mineral Resources defined in the Kombat West, Central and East, Asis Far West, Asis Gap, Asis West areas and Gross Otavi areas, as set out in further detail below.

A PEA was prepared based on the total Inferred Mineral Resources to investigate the economic viability, upside potential, as well as future exploration requirements of open pit and underground mining targeting the copper and lead resources at Kombat East, Kombat Central, Asis Far West, Asis West and Gross Otavi, taking into consideration mining methods, treatment methods and development of additional infrastructure.

Based on the results of the work done, the Company's near-term strategy remains focused on the feasibility of surface mining in the Kombat Central and East areas to facilitate early cash flow generation. Start-up capital required for first production from the open pit is estimated to amount to approximately US\$ 8 million, which includes: power, water and other infrastructure requirements; contractor mobilization and site establishment; refurbishment of the existing mill; studies and design; and working capital. Although the capital cost of the mill refurbishment is expected to be financed by the proceeds from open pit mining, the mill is anticipated to be utilized for future underground operations long after the depletion of the open pit reserves.

The Company's longer-term goal remains the economic assessment of its primary asset, the previously producing Kombat Mine, and determination of the best strategy to bring it back into underground production. In addition, management believes there is potential to find additional mineralization at depth and along strike through further detailed surface and underground drilling, particularly down dip from the Asis West mineralization. The Company is considering further work in this regard in the medium term.

The ongoing objective of the Company is to formulate a feasibility study for the Kombat Mine complex that will determine the scheduling and costs of returning the mine back to commercial production at a level that will ensure adequate investment return.

## **Technical Report and Preliminary Economic Assessment Summary**

### **Technical report**

On March 1, 2017, the Company announced the appointment of Minxcon to complete an updated NI 43-101 compliant resource estimation and PEA. On April 20, 2017, the Company announced an updated Mineral Resource estimate at its Kombat Mine located in northern Namibia, in respect of the Kombat West, Central and East, Asis Far West, Asis Gap and Asis West areas. On June 2, 2017, the Company published the NI 43-101 Technical Report on the Kombat Copper Project, Namibia, Mineral Resource Report, reporting Inferred Mineral Resources of 6.905 million tonnes at a grade of 2.78% copper, 1.14% lead and 19.11 g/t silver, including the areas reported on April 20, 2017 as well as additional Inferred Mineral Resources at Gross Otavi, as set out in detail in the table below.

### **Combined Inferred Mineral Resources for the Kombat Operations as at April 2017**

<b>Mine</b>	<b>Section</b>	<b>Tonnes (Mt)</b>	<b>Density</b>	<b>Cu (%)</b>	<b>Pb (%)</b>	<b>Ag (ppm)</b>	<b>Cu (Tonnes)</b>	<b>Pb (Tonnes)</b>	<b>Ag (kg)</b>
Kombat	East	1,232	2,83	1,37	1,05	1,70	16 924	12 895	2 089
Kombat	Central	0,848	2,82	1,79	0,33	6,90	15 135	2 767	5 848
Kombat	West	0,458	2,89	2,77	2,97	2,44	12 684	13 610	1 119
<b>Kombat</b>	<b>Total</b>	<b>2,538</b>	<b>2,83</b>	<b>1,76</b>	<b>1,15</b>	<b>3,57</b>	<b>44 743</b>	<b>29 272</b>	<b>9 056</b>
Otavi	Central	0,643	2,84	0,93	2,50	0,85	6 006	16 053	546
<b>Otavi</b>	<b>Total</b>	<b>0,643</b>	<b>2,84</b>	<b>0,93</b>	<b>2,50</b>	<b>0,85</b>	<b>6 006</b>	<b>16 053</b>	<b>546</b>
Asis	West	2,475	2,88	4,05	1,28	32,36	100 214	31 735	80 078
Asis	Gap	0,166	2,83	2,35	0,35	21,15	3 909	590	3 514
Asis	Far West	1,082	2,85	3,42	0,10	35,81	37 000	1 036	38 763
<b>Asis</b>	<b>Total</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>Total</b>	<b>6,905</b>	<b>2,85</b>	<b>2,78</b>	<b>1,14</b>	<b>19,11</b>	<b>191 871</b>	<b>78 685</b>	<b>131 957</b>

#### Notes:

1. Historical mine voids have been depleted from the Mineral Resource.
2. Historical mine voids were not available for Gross Otavi so the tonnage has been reduced by 1% for historical mining.
3. Additional 7.5 % porosity factor has been applied to Gross Otavi for the karst voids.
4. The open pit Mineral Resource is declared to a depth of 150 m with a CuEq cut off of 0.77 %.
5. The underground Mineral Resource (below 150m) is declared at a CuEq cut off of 1.4 %.
6. No tailings have been declared at a 0.4 % Cu cut off (upside potential at 0.3 % Cu cut-off).
7. Densities for the hard rock material have been modelled.
8. A geological loss of 15 % has been applied to the Mineral Resource.
9. All reported Mineral Resources are limited to fall within the property boundaries of the project area.
10. Columns may not add up due to rounding.
11. The 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.

## Preliminary economic assessment

In conjunction with the technical report, the Company has also completed a scoping level study on the Kombat operations, in the form of a PEA, the results of which are summarized in the technical report, confirming that the Kombat operations have a best-estimated NPV of US\$ 72 million and a healthy internal rate of return of 45.5%, using a long-term copper price of US\$2.95/lb. The current copper price at US\$3.17/lb is higher than these long-term forecasts.

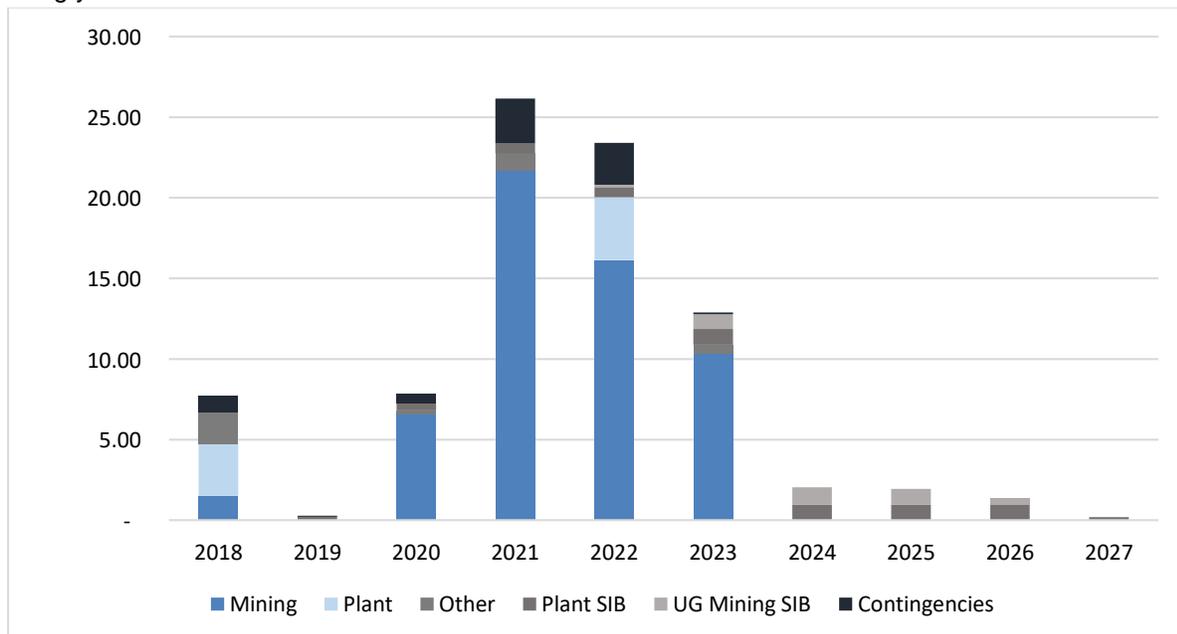
The PEA has been based on the total Inferred Mineral Resources as set out above to determine the economic viability, upside potential as well as future exploration requirements of the Kombat operations. The PEA is preliminary in nature, and it includes Inferred Mineral Resources that are considered too 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 PEA will be realized.

The combined open pits and underground mines have a potential life of nine years mining 4,418k tonnes at an average mined grade of 2.83% copper as set out in the table below.

**Table 27: Combined Production Breakdown in Life of Mine**

Item	Unit	
Ore Tonnes Mined	kt	4,418
Average Cu Grade Mined	%	2.83%
Average Ag Grade Mined	g/t	20.63
Total Cu Concentrate	kt	420
Total 45% Pb Concentrate	kt	30
Total Cu Metal Paid For by Smelter	kt	108
Cu Payability (Including Refining and Lead penalties)	%	91.4%
Cu Payability (Including Refining, Smelter Treatment and Lead penalties)	%	79.9%
Total Silver Ounces Paid For by Smelter	koz	2,443
LoM	Years	9

The capital schedule for the Kombat mining operations for the life of mine is illustrated in the graph below. The start-up capital required for first production of the open pit amounts to US\$ 7.73 million. Total direct capital expenditure over the life of mine is US\$ 67.21 million (excluding contingency) with the peak capital expenditure during years 2021 and 2022.



Direct cash costs (C1) for the Kombat operations consist of plant and mining operating costs, concentrate transport costs, treatment costs and refining costs. Other cash costs (C3) include corporate overheads and the Namibian revenue royalty of 3%. Kombat has an all-in sustainable cost of US\$ 109 / milled tonne that equates to US\$ 1.77 / copper equivalent pound.

The following commodity price forecasts were used in the discounted cash flow model.

Item	Unit	2017	2018	2019	2020	Long-term
Silver	US\$/oz.	17,42	17,76	18,20	18,14	18,16
Copper	US\$/tonne	5 624	5 510	5 628	5 733	6 507
Copper	US\$/lb	2,55	2,50	2,55	2,60	2,95
Lead	US\$/tonne	2 193	2 071	2 006	1 930	1 878
Lead	US\$/lb	0,99	0,94	0,91	0,88	0,85

The turnover, cost and earnings numbers are displayed in the table below per milled tonne as well as per recovered saleable copper equivalent pound.

Item	Unit	PEA
<b>Milled Tonnes</b>	<b>kt</b>	<b>4,418</b>
<b>Net Turnover</b>	<b>US\$/Milled tonne</b>	<b>172</b>
Mine Cost	US\$/Milled tonne	34
Plant Costs	US\$/Milled tonne	12
Other Costs	US\$/Milled tonne	35
<b>Direct Cash Costs (C1)</b>	<b>US\$/Milled tonne</b>	<b>81</b>
Capex	US\$/Milled tonne	20
<b>Production Costs (C2)</b>	<b>US\$/Milled tonne</b>	<b>101</b>
Royalties	US\$/Milled tonne	5
Corporate Overheads	US\$/Milled tonne	3
<b>All-in Sustainable Costs (C3)</b>	<b>US\$/Milled tonne</b>	<b>109</b>
<b>All-in Sustainable Cost Margin</b>	<b>%</b>	<b>36%</b>
EBITDA*	US\$/Milled tonne	83
EBITDA Margin	%	48%
<b>Copper Equivalent Tonnes</b>	<b>Tonnes</b>	<b>122,106</b>
<b>Net Turnover</b>	<b>US\$/CuEq lb</b>	<b>2.82</b>
Mine Cost	US\$/CuEq lb	0.56
Plant Costs	US\$/CuEq lb	0.20
Other Costs	US\$/CuEq lb	0.57
<b>Direct Cash Costs (C1)</b>	<b>US\$/CuEq lb</b>	<b>1.33</b>
Capex	US\$/CuEq lb	0.31
<b>Production Costs (C2)</b>	<b>US\$/CuEq lb</b>	<b>1.64</b>
Royalties	US\$/CuEq lb	0.08
Corporate Overheads	US\$/CuEq lb	0.05
<b>All-in Sustainable Costs (C3)</b>	<b>US\$/CuEq lb</b>	<b>1.77</b>
EBITDA	US\$/CuEq lb	1.36

Using the discounted cash flow method to calculate the NPV and the intrinsic value (fundamental value based on the technical inputs, and cash flow projection that creates an NPV) in real terms, the Kombat operations have a best-estimated value of US\$ 72 million at a real discount rate of 11.02%, a payback of less than 5 years and an internal rate of return of 45.5%.

The technical report, entitled "NI 43-101 Technical Report on the Kombat Copper Project, Namibia", dated June 2, 2017, was prepared for Trigon by Minxcon, and is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.trigonmetals.com](http://www.trigonmetals.com).

## **Financial Review**

The exchange rates between the Canadian and Namibian dollars for the three and six months ended September 30, 2017 and 2016 and the year ended March 31, 2017 were as follows:

	<b>Three months ended September 30, 2017</b>		<b>Six months ended September 30, 2017</b>		<b>Year ended March 31, 2017</b>	
	<b>Average</b>	<b>Closing</b>	<b>Average</b>	<b>Closing</b>	<b>Average</b>	<b>Closing</b>
Namibian dollars per Canadian dollars	10.4983	10.8564	10.2046	10.8564	10.685	10.055
	<b>Three months ended September 30, 2016</b>		<b>Six months ended September 2016</b>			
	<b>Average</b>	<b>Closing</b>	<b>Average</b>	<b>Closing</b>		
Namibian dollars per Canadian dollars	10.7897	10.5395	11.2031	10.5395		

## **Selected Annual Results**

For the years ended

	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net loss attributable to shareholders of the Company	1,734,420	236,360	5,187,918
Basic and diluted loss per share	0.11	0.02	0.51
Total assets	876,931	502,023	1,554,162
Total non-current financial liabilities	-	-	-

The Company's results have been driven primarily by ongoing exploration activities at its Namibian property. Exploration and evaluation expenditures and overall general and administrative expenses were higher in 2017, compared to 2016. Share-based compensation expense was lower in 2017, when compared to 2016 and 2015. The Company is at the development stage and accordingly does not have any revenues. During the year ended March 31, 2015, the Company disposed of its Congo Namibia Trading (Pty) Ltd. ("Congo") and Grove Mining (Pty) Ltd. ("Grove") subsidiaries and recorded a loss of \$3,581,522. The loss resulted primarily from disposal of capital assets held by Grove (referred to as the "Kombat town").

## Summary of Quarterly Results

For the three months ended

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
	\$	\$	\$	\$
<b>Earnings and Cash Flow</b>				
Net loss attributable to shareholders of the Company	1,314,319	740,844	626,244	498,183
Basic and diluted loss per share	0.06	0.04	0.04	0.03
Cash flow used in operating activities	(1,375,074)	(675,547)	(503,281)	(444,985)
Cash flow used in investing activities	(4,703)	(777)	(29,682)	-
Cash flow from financing activities	1,495,070	481,325	29,999	1,008,214
<b>Balance Sheet</b>				
Total assets	1,048,004	633,935	876,931	1,413,111

For the three months ended

	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
	\$	\$	\$	\$
<b>Earnings and Cash Flow</b>				
Net (income) loss attributable to shareholders of the Company	308,992	301,001	(586,678)	285,024
Basic and diluted (income) loss per share	0.02	0.02	(0.04)	0.02
Cash flow used in operating activities	(268,524)	(540,277)	(147,850)	(222,699)
Cash flow from / (used in) investing activities	-	3,598	(3,845)	47,568
Cash flow from financing activities	220,028	877,660	-	-
<b>Balance Sheet</b>				
Total assets	844,087	876,931	502,023	618,536

## **Results of Operations**

During the three and six months ended September 30, 2017, the Company recorded a net loss of \$1,317,766, or \$0.06 per share and \$2,074,667, or \$0.10 per share respectively, compared to \$335,664, or \$0.02 per share and \$644,847, or \$0.04 per share respectively for the same period of the prior year. The higher costs for the three months ended September 30, 2017, compared to the three months ended September 30, 2016 are mainly due to increased consulting fees, both corporate and technical, and share-based payments.

	Three months ended September 30, 2017	Three months ended September 30, 2016	Six months ended September 30, 2017	Six months ended September 30, 2016
			\$	\$
<b>Expenses</b>				
Consulting fees	687,083	105,614	885,028	201,721
Professional fees	12,315	12,960	32,839	22,960
Share-based payments	256,648	-	317,212	61,500
Travel and related costs	28,153	11,875	86,478	28,184
Shareholder communications and filing fees	26,451	28,805	52,336	57,423
General and administrative costs	50,688	24,487	82,892	39,781
Depreciation	884	4,658	2,045	10,537
Bad debt expense	-	-	-	38,697
Foreign exchange (gain) loss	(913)	8,491	(716)	7,978
	<b>1,061,309</b>	<b>196,890</b>	<b>1,458,114</b>	<b>468,781</b>
<b>Other items</b>				
Other income	4,608	-	4,608	38,697
	<b>1,056,701</b>	<b>196,890</b>	<b>1,453,506</b>	<b>430,084</b>
<b>Exploration and evaluation expenditures</b>				
License and permit	-	-	510	-
Assay and survey	19,034	-	19,034	-
Field office support	45,058	33,709	83,749	64,315
PEA	8,352	-	79,872	-
Consulting and labour	174,109	68,446	398,585	97,675
Travel	14,512	36,619	39,411	52,773
	<b>261,065</b>	<b>138,774</b>	<b>621,161</b>	<b>214,763</b>
Net (loss) and comprehensive (loss)	<b>(1,317,766)</b>	<b>(335,664)</b>	<b>(2,074,667)</b>	<b>(644,847)</b>

Operating expenses were generally higher in 2017, compared to 2016, as a result of the increased level of activity and an associated increase in the number of active personnel in 2017. This resulted, in particular, in higher consulting fees and technical consulting fees (see below), as well as higher general administration costs (office rent, telephone and courier, office supplies, insurance, etc.).

Consulting fees of \$687,083 in the three months ended September included once off fees and bonuses of \$140,000, as well as fees paid to international advisors to raise the profile of the Company in international markets of \$322,263.

Travel expenses were also markedly higher in the six months ended September 2017 (\$86,478), compared with the comparative period in the prior year (\$28,184) as a result of this increased level of activity and commencement of exploration activities.

Share-based payments of \$256,648 were recorded in the statement of operations and comprehensive loss during the three months ended September 30, 2017 (2016: \$nil). Share-based compensation relates to the vesting of stock options. During the three months ended September 30, 2017, 975,000 options were granted, compared to none in the comparable period in the prior year. Options granted typically vest immediately, although 200,000 options granted on September 5, 2017 vest quarterly over four equal installments every three months with the first installment vesting three months from the date of grant. The estimated grant date fair value of the options granted during the three months ended September 30, 2017 was calculated by applying the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%; expected forfeiture rate of 0%; expected volatility of 110% to 123%; risk-free interest rate of 1.46% to 1.56%; and an expected life of five years.

Share-based payments of \$60,564 were recorded in the statement of operations and comprehensive loss during the three months ended June 30, 2017. During the three months ended June 30, 2017, 250,000 options were granted that vested immediately and had an estimated grant date fair value of \$58,950. 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%; expected forfeiture rate of 0%; expected volatility of 117%; risk-free interest rate of 1.03%; and an expected life of five years.

Exploration & evaluation expenditure is also higher in the three months ended September 30, 2017, compared to the three months ended September 30, 2016 (\$261,065 vs \$138,774) primarily due to an increase in consulting fees and labour expenses (\$174,109 compared with \$68,446). In the three months ended June 2017, exploration & evaluation expenditure was also higher compared to the comparable period in 2016 (\$360,096 vs \$75,989) due to work on the updated resource report and preliminary economic assessment (\$71,520), as well as the general increased level of activity that resulted in a substantial increase in consulting fees and labour expenses (\$224,476 compared with \$29,229).

With the drilling program and associated exploration activities underway during and after the quarter under review, a substantial increase in these costs can be expected in the three months ending December 31, 2017.

## Cash Flows

### *Operating Activities*

Cash used in operating activities before changes in non-cash working capital was \$1,060,234 for the three months ended September 30, 2017, compared to \$330,081 used in the three months ended September 30, 2016. The increase in cash used in operating activities is due to additional and more active management and consultants, as well as the costs associated with targeted promotion activities to substantially broaden the Company's investor base.

In the previous three months ended June 30, 2017, cash used in operating activities before changes in non-cash working capital was \$695,176, compared to \$242,666 used for the three months ended June 30, 2016. The increase in cash used in operating activities was due to additional consultants joining the team, as well as the costs applicable to the updated resource report and preliminary economic assessment, including increased associated travel expenses.

### *Investing Activities*

The cost of equipment purchased in the three months ended September 30, 2017 was \$4,703; there were no similar purchases during the three months ended September 30, 2016. During the three months ended June 30, 2016, the Company generated \$3,598 from the sale of scrapped equipment. There were no sales of scrapped equipment reflected during the three months ended June 30, 2017.

### *Financing Activities*

Cash generated from financing activities was \$1,495,070 in the three months ended September 30, 2017, compared to \$481,325 for the three months ended June 30, 2017 and \$220,028 in the three months ended September 30, 2016.

During the three months ended September 30, 2017, the Company closed two tranches of a non-brokered private placement of units. The Company issued 4,965,000 units at a price of \$0.30 per unit for aggregate gross proceeds of \$1,489,500. 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 Trigon common share at a price of \$0.40 for a period of 36 months following the closing date of the offering.

In the three months ended June 30, 2017, the Company closed a non-brokered private placement of units 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 Trigon common share at a price of \$0.40 for a period of 36 months following the closing date of the offering.

On September 16, 2016, the Company announced that the 325,000 subscription receipts had been converted into 325,000 common shares and 325,000 warrants at a purchase price of \$0.80 per unit for gross proceeds of \$260,000. Each warrant entitles the holder thereof to acquire one common share at a price of \$1.30 per share at any time before the date that is three years from the date of issue.

### **Liquidity and Capital Resources**

The Company spends its funds on its corporate, general and administrative obligations and to carry out exploration work at the Company's projects with the objective of establishing ore of commercial tonnage and grade. As the Company is in the exploration phase and generates no revenues, the necessary funds have to be raised through equity or debt financing, likely 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 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 expenditures at the Trigon properties to be unwarranted, based on the results of exploration up to that time, the Company may suspend or discontinue exploration on such properties and apply the funds on hand towards the acquisition and exploration 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 and none are presently contemplated over normal operating requirements. As at September 30, 2017, 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 policy 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 when management and the Board of Directors feel the timing is appropriate.

## Working Capital

As at September 30, 2017, the Company had working capital of \$349,303 compared with \$172,338 as at March 31, 2017, including cash and restricted cash of \$312,164 (March 31, 2017: \$421,870). 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 will only be 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	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	312,164	196,871	391,870	894,834	331,605	380,101
Restricted cash	-	30,000	30,000	30,000	30,000	-
Receivables	277,462	46,714	80,977	70,242	41,479	48,638
Prepaid expenses	100,509	6,300	19,650	20,900	38,600	56,600
Current Liabilities	340,832	322,175	350,159	245,022	179,617	142,747
<b>Working Capital</b>	<b>349,303</b>	<b>(42,290)</b>	<b>172,338</b>	<b>770,954</b>	<b>262,067</b>	<b>342,592</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 \$1,152,000 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 \$539,000, all due within one year.

The Company also has a \$50,000 commitment for bonus payments for which the triggering event has not occurred as at September 30, 2017. 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, 80% of the mining assets commonly known as the Kombat mine whose assets include a 100% interest in five (5) Mining Licenses in northern Namibia. As at September 30, 2017, 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.

## Related Party Transactions

### Compensation of Key Management

Compensation awarded to key management, including the Company's directors and officers, during the three and six months ended September 30, 2017 and 2016 was as follows:

	For the three months ended		For the six months ended	
	September 30,	September 30,	September 30,	September 30,
	2017	2016	2017	2016
	\$	\$	\$	\$
Consulting fees	169,000	97,500	369,500	177,000
Share-based payments	204,555	-	263,505	61,500
	<u>373,555</u>	<u>97,500</u>	<u>633,005</u>	<u>238,500</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 September 30, 2017 is approximately \$44,814 of consulting, moving and travel expenses (March 31, 2017: \$2,239 of consulting fees) charged by officers and directors of the Company.

In April 2017, the Company granted an aggregate of 250,000 stock options to directors of the Company to purchase common shares of the Company at a price of \$0.29 per share expiring on April 20, 2022. These options vested immediately.

The Company granted a further 675,000 stock options to directors, officers and a consultant of the Company to purchase common shares of the Company at a price of \$0.385 per share expiring on July 19, 2022 and 25,000 stock options to a consultant of the Company to purchase common shares of the Company at a price of \$0.24 per share expiring on August 11, 2022. The options vested immediately.

On September 5, 2017, the Company granted a total of 275,000 stock options to certain consultants of the Company; 75,000 of the options vested immediately on the date of grant, whereas 200,000 options vest quarterly over four equal installments every three months with the first installment vesting three months from the date of grant. These options are exercisable at a price of \$0.35 per option for a period of five years from the date of grant.

Of the private placement financing that closed on June 1, 2017, a related company which has a common director acquired 666,667 units for gross proceeds of \$200,000.

Of the private placement financing that closed on July 31, 2017, directors and officers of the Company acquired an aggregate of 383,333 units for gross proceeds of \$115,000.

Of the private placement financing that closed on August 22, 2017, officers of the Company acquired an aggregate of 133,333 units for gross proceeds of \$40,000.

## **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 estimation and uncertainties 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 regarding 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 during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

The determination of the Company's income 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 accounts payable and accrued liabilities.

- **Contingencies**

Refer to Note 13 of the Company's condensed interim consolidated financial statements.

## **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 and cash equivalents, restricted 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 September 30 and March 31, 2017 were as follows:

*At September 30, 2017*

	<b>Cash, loans and receivables</b>	<b>Other liabilities</b>	<b>TOTAL</b>
	\$	\$	\$
Financial assets:			
Cash	312,164	-	312,164
Amounts receivable	205,647	-	205,647
Financial liabilities:			
Accounts payable and accrued liabilities	-	340,832	340,832

*At March 31, 2017*

	<b>Cash, loans and receivables</b>	<b>Other liabilities</b>	<b>TOTAL</b>
	\$	\$	\$
Financial assets:			
Cash	391,870	-	391,870
Restricted cash	30,000	-	30,000
Amounts receivable	7	-	7
Financial liabilities:			
Accounts payable and accrued liabilities	-	350,159	350,159

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are credit risk, liquidity risk and market risk. The Company has no interest rate risk as there are no outstanding bank borrowings and no interest rate exposure, as 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:

- *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 cash equivalents 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 and restricted cash balances are held with high credit quality financial institutions. The credit risk to the Company is considered minimal.

- *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 management's ability to raise the required capital through future equity or debt issuances. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company had a cash balance of \$312,164 (March 31, 2017: \$391,870) and amounts receivable of \$205,647 (March 31, 2017: \$7). As at September 30, 2017, the Company's financial liabilities consisted of accounts payable and accrued liabilities of \$340,832 (March 31, 2017: \$350,159) based on contractual undiscounted payments, all due in less than one year. During the six months ended September 30, 2017, the Company raised \$1,974,500 through private placement financings.

- *Commodity price risk*

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of copper. The Company monitors copper 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 and the South African Rand 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 and South African Rand as needed.

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

On April 1, 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards, including IAS 7 and 12. The new standards and changes did not have any material impact on the Company's financial statements.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for annual accounting periods beginning on January 1, 2018 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company does not expect adoption of IFRS 2 to have a significant impact on its financial statements.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is considering the potential impact of the adoption of IFRS 9.

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. The Company has not yet considered the potential impact of IFRS 16.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is considering the potential impact of the adoption of IFRIC 22.

## **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 and sources 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. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of 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, development and production of 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, importing and exporting of minerals and environmental protection.

Exploration and development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could

differ significantly from those estimated. Mining operations have ceased, been suspended or delayed because operating costs were greater than projected. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production can often occur.

### **Stage of Development**

The Company is in the business of exploring, with the ultimate goal of producing mineral resources from, its mineral exploration 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, personnel and equipment associated with advancing exploration, development and commercial production of 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. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

### **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 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 assessments 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 a potential to reduce the profitability of operations.

Any failure by the Company 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 related to the operating performance, underlying asset values or 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 fluctuations in the Company's share price will not occur.

### **Title to Properties**

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. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. 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.

### **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. Copper 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.

### **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 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, price controls, export 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, 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 resources and technical facilities 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 operations.

### **Subsequent Events**

Subsequent to September 30, 2017, 216,666 warrants were exercised for gross proceeds of \$86,666.

### **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) 25,003,796 common shares outstanding.
- b) 4,505,916 warrants outstanding with expiry dates ranging between May 17, 2019 and August 22, 2020. If all the warrants were exercised, 4,505,916 shares would be issued for proceeds of \$3,090,942.
- c) 2,227,000 stock options outstanding with expiry dates ranging between January 2, 2019 and October 16, 2022. If all the options were exercised, 2,227,000 shares would be issued for gross proceeds of \$1,343,825.

### **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”, “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 of the Company’s properties, the Company’s ability to raise required funds, results of operations and financial condition, commodity prices, mineralization projections, conclusions of economic evaluation, costs of production, the timing and amount of estimated future exploration and development, costs of development, capital spending, success of exploration activities, mining or processing issues, currency exchange rates, government regulation of mining operations, and environmental risks. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. By their nature, forward-looking statements are subject to numerous known and unknown risks and uncertainties that could significantly affect anticipated results, 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.

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. Operations may be unsuccessful or delayed as a result of competition for services, supplies, ability to attract and retain employees on a cost-effective basis and marketing risk. The Company will be subject to uncertainties, particularly costs and timing of expenses and future capital. The financial risks the Company is exposed to include, but are not limited to, access to debt or equity markets on acceptable terms, interest rates and the Canadian/Namibian dollar exchange rate. The Company is also subject to regulatory legislation; compliance with which may require significant expenditures and non-compliance with which may result in fines or penalties. 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.

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.