



# **Trigon Metals Inc.**

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

*For the three and six months ended September 30, 2019*

TSX-V: TM

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**Date: November 26, 2019**

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 and six months ended September 30, 2019, the audited consolidated financial statements and notes thereto for the year ended March 31, 2019 and the MD&A for the year ended March 31, 2019. 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 otherwise stated.

The unaudited condensed interim consolidated financial statements of the Company and its subsidiaries were prepared by management 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 audited consolidated financial statements for the year ended March 31, 2019, 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 (see Going Concern). 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, 2019 and the Company's board of directors approved these documents prior to their release.

#### **Qualified Persons**

Stephanus Petrus Muller, P.Eng., is a "qualified person" as such term is defined in NI 43-101 and CIM definition standards and has reviewed, verified and approved the technical and scientific information and data included in this MD&A.

#### **Overview**

Trigon is a publicly traded Canadian exploration and development company listed on the TSX Venture Exchange ("TSXV") under the symbol "TM", with its core business 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, and a mill and concentrator with a rail siding. The Kombat Mine originally opened in 1961 and between 1962 and 2007 produced 12.46 million tonnes of ore grading 2.62% copper, 1.55% lead and 18 g/t silver and is linked to vital existing infrastructure, including power, water, roads, and rail to the port of Walvis Bay.

## **Company Outlook and Recent Developments**

On March 7, 2019, Trigon entered into a non-binding Memorandum of Understanding (“MOU”) with Shandong Xinhai Mining Technology & Equipment Inc. (“Xinhai”) pursuant to which Xinhai has agreed to invest in Trigon, in exchange for the right to be appointed as the engineering, procurement and construction (“EPC”) contractor for the open pit mining operations at Trigon’s Kombat Mine in northern Namibia (“the Proposed Transaction”). The open pit operations represent the first phase of the Company’s life-of-mine (“LoM”) strategy to bring both the open pit and underground mines back into production.

Xinhai has a proven track record of successful implementation of large-scale engineering and construction projects in Africa and is well placed to partner with Trigon to restart mining at Kombat. Pursuant to the MOU, Xinhai has agreed to invest up to 10% of the capital requirements of the project by way of providing services in exchange for equity in Trigon. Xinhai will further assist Trigon in securing up to an additional 80% of the capital requirements of the project through debt financing through Chinese export credit facilities. The proceeds of the financing will be used to advance of the project, including engineering design, acquisition or leasing of land surface rights, refurbishment and commissioning of Kombat’s existing processing plant, and management of open pit operations. The Proposed Transaction is subject to further evaluation by Xinhai of the project, entering into of definitive agreements on terms and conditions satisfactory to both parties, obtaining of the necessary regulatory approvals, including approval of the TSX Venture Exchange, and approval of the boards of directors of both parties, as required.

On March 28, 2019, Trigon closed a non-brokered private placement financing, issuing 15,200,414 common shares at a price of \$0.10 per share for gross proceeds of \$1,520,041. The Company did not pay any finder’s fees in connection with the offering. Certain directors and officers of the Company subscribed for shares pursuant to the offering (the “Insider Participation”). The Insider Participation was considered to be a “related party transaction” as defined under Multilateral Instrument 61-101 (“MI 61-101”), but is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101.

Silvercorp Metals Inc. (“Silvercorp”) participated in the offering as a strategic investor into Trigon. Silvercorp is a strong financial and technical partner who shares the Company’s commitment to seeing the Kombat Mine back in production, with strong returns for shareholders and the local community. Silvercorp, which is a low-cost silver-producing Canadian mining company with multiple mines in China, is publicly traded on the Toronto Stock Exchange (TSX: SVM) and on the NYSE (NYSE: SVM).

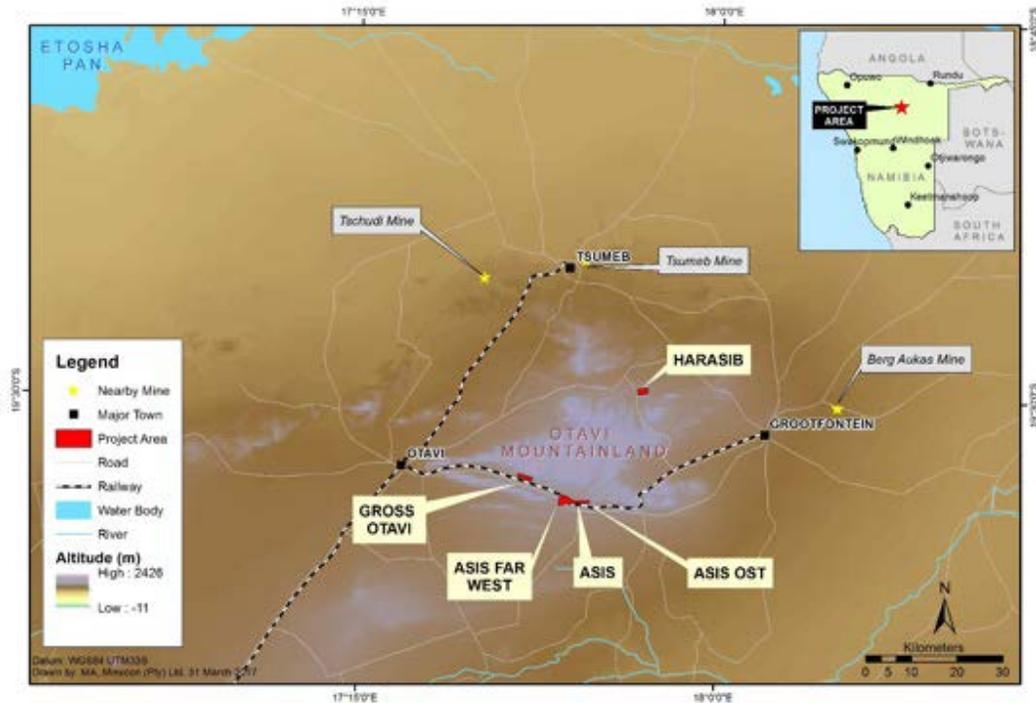
The Company’s near-term strategy remains focused on surface mining in the Kombat Central and East areas to facilitate early cash flow generation. Forecast open pit production is projected to average 34kt per month run-of-mine (“ROM”) at an average mined grade of 1.3% Cu and 4.33 g/t Ag over a 3-year 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 will be utilized to fund recommissioning and exploration at the Asis Far West (“AFW”) underground mine (Phase 2), and the Gross Otavi open pit and Asis West (“AW”) underground mine (Phase 3); the upside potential demonstrated in the Preliminary Economic Assessment (“PEA”) completed in July 2018. In addition, management believes there is potential to find significant additional mineralization both 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 AW mineralization.

On September 24 and 25, 2019, the Company closed the first and second tranches of a non-brokered private placement financing. The Company issued 14,609,320 units at a price of \$0.10 per unit for gross proceeds of \$1,460,932. Each unit is comprised of one common share of Trigon and one half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.15 for a period of 24 months following the closing date of the offering. The Company also issued 98,210 broker warrants. Each broker warrant entitles the holder to acquire one common share at a price of \$0.15 for a period of 24 months following the closing date of the offering. The Company paid share and warrant issue costs of \$21,026.

**Summary of Properties**

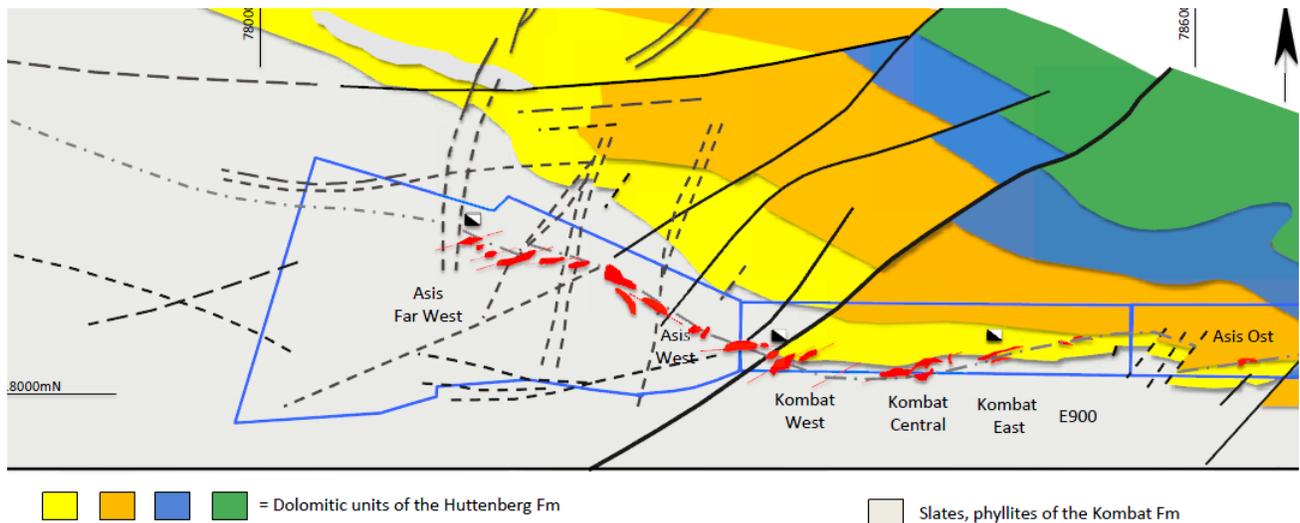
**Trigon Mining (Namibia) (Pty) Ltd. (Kombat Mine Operations)**

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



History

On April 23, 2012, the Company acquired 80% of the outstanding shares of Manila Investments (Pty) Ltd., which on August 16, 2018 changed its name to Trigon Mining (Namibia) (Pty) Ltd. ("TMN"). The primary asset of the Company is its 100% interest in the formerly producing Kombat Mine and the five mining licenses related thereto (constituting the Kombat Mine (East and Central open pits, AFW and AW) and the Gross Otavi and Harasib projects). The licenses were due for renewal in March 2019 and the necessary renewal applications were submitted in a timely manner. The Company is currently awaiting a response from the Namibian Ministry of Mines and Energy that is expected in the ordinary course.



Yellow, Orange, Blue, Green = Dolomitic units of the Huttenberg Fm

Grey = Slates, phyllites of the Kombat Fm

## 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”, with an effective date of April 30, 2018 (the “Technical Report”), confirming the Mineral Resource Estimate for the Kombat Mine, comprising Indicated Mineral Resources of 1.529 million tonnes at a grade of 1.14% copper, 0.72% lead and 2.88 g/t silver and Inferred Mineral Resources of 5.511 million tonnes 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.

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

In June 2018, the Company published the positive results of its Feasibility Study on the proposed surface mining operations in the Kombat East and Kombat Central open pits (“the Kombat open pits”) and plant restart, which represent the first phase of the Company’s LoM strategy. The results of the Feasibility Study are summarized in the Technical Report referenced above. 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 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 7.59%, 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 comprise 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 also presents a further optimized PEA on the AFW and AW operations (collectively, “the Kombat underground mines”) and Gross Otavi (excluding the Kombat open pits which are presented separately in the Feasibility Study), which updates and supersedes the PEA previously presented on the Kombat operations. 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 9.96%, a payback period of 2.5 years from start of PEA production and an attractive IRR of 63.9%.

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 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.

### ***Environmental permitting***

The Company 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 Environmental Clearance Certificate (“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 the underground exploration activities the Company intends to undertake, initially at the AFW shaft. The clearance is valid for a period of three years, from July 2, 2018. Previously, on September 18, 2017, the Company received the necessary ECC for proposed surface exploration, valid for a period of three years.

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

Upon securing the necessary financing, the Company will proceed to secure equipment for the refurbishment of the existing mill and concentrator at the Kombat Mine. The Company initiated a process of evaluating contract miner proposals in 2018, 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 1,100 tonne per day mill and concentrator and phase 1 of a new tailings storage facility proposed to be constructed on the licence area.

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
Contingencies	US\$0.5 million	Mining and plant
Working Capital	US\$1.0 million	Operating & corporate costs
<b>Total Requirement</b>	<b>US\$7.4 million</b>	

The plant and infrastructure will be used for future underground operations and could, with additional capital, be increased in capacity from 34kt per month to 60kt per month.

A rail siding connects the Kombat Mine to all major Namibian cities and to the Walvis Bay port (500 km by road/rail).

An application made to Nampower in 2017 to increase the current power supply by 4.5MVA to meet the requirements for the targeted mining and processing operations was approved, with terms to be finalized with Nampower for the 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.

## Financial Review

The Company is a mineral exploration company and did not have any revenues or profits from operations during the three or six months ended September 30, 2019, or as of the date of this MD&A. Field exploration, supervisory costs and costs associated with maintaining its mineral properties are expensed and charged against earnings 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, approved by the Board.

The exchange rates between the Canadian and Namibian dollars for the three and six months ended September 30, 2019 and 2018 and the twelve months ended March 31, 2019 were as follows:

	Three months ended September 30, 2019		Six months ended September 30, 2019			
	Average	Closing	Average	Closing		
Namibian dollars per Canadian dollar	11.1144	11.4439	10.9767	11.4439		
	Three months ended September 30, 2018		Six months ended September 30, 2018		Year ended March 31, 2019	
	Average	Closing	Average	Closing	Average	Closing
Namibian dollars per Canadian dollar	10.7516	10.9272	10.3476	10.9272	10.5333	10.8211

Copper prices as at September 30, June 30 and March 31, 2019 were as follows:

<b>Copper prices:</b>	September 30, 2019	June 30, 2019	March 31, 2019
US\$ per pound	2.56	2.71	2.82

## Selected Annual Results

For the years ended

	March 31, 2019	March 31, 2018	March 31, 2017
	\$	\$	\$
Net loss attributable to shareholders of the Company	2,775,175	3,610,063	1,734,420
Basic and diluted loss per share	0.10	0.17	0.11
Total assets	1,009,569	500,369	876,931
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 fiscal 2018, and early fiscal 2019, 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 2019 and 2017.

## Summary of Quarterly Results

For the three months ended

	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	\$	\$	\$	\$
<b>Earnings and Cash Flow</b>				
Net loss attributable to shareholders of the Company	<b>702,209</b>	633,806	848,177	529,601
Basic and diluted loss per share	<b>0.01</b>	0.01	0.03	0.02
Cash flow (used in) operating activities	<b>(484,507)</b>	(548,739)	(1,149,189)	(548,893)
Cash flow from / (used in) investing activities	<b>Nil</b>	Nil	Nil	229
Cash flow from financing activities	<b>811,774</b>	Nil	1,570,951	682,698
<b>Balance Sheet</b>				
Total assets	<b>756,768</b>	462,931	1,009,569	596,280

For the three months ended

	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	\$	\$	\$	\$
<b>Earnings and Cash Flow</b>				
Net loss attributable to shareholders of the Company	<b>569,695</b>	827,702	815,615	739,285
Basic and diluted loss per share	<b>0.02</b>	0.03	0.04	0.03
Cash flow (used in) operating activities	<b>(340,561)</b>	(683,284)	(857,696)	(329,811)
Cash flow from / (used in) investing activities	<b>602</b>	Nil	(13)	570
Cash flow from financing activities	<b>80,000</b>	925,000	311,508	591,416
<b>Balance Sheet</b>				
Total assets	<b>457,861</b>	738,054	500,369	1,005,105

## Going Concern

The condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2019, the Company had negative working capital of \$(1,053,932), compared with negative working capital of \$(1,146,489) as at March 31, 2019. In the three and six months ended September 30, 2019, the Company incurred a net loss of \$690,031 and \$1,351,212 (2018: \$570,799 and \$1,412,583). There is no assurance that additional financing will be available on terms acceptable to the Company, or at all. These matters represent material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

## **Results of Operations**

During the three and six months ended September 30, 2019, the Company recorded a net loss of \$690,031 (\$0.01 per share) and \$1,351,212 (\$0.03 per share) respectively, compared to \$570,799 (\$0.02 per share) and \$1,412,583 (\$0.05 per share) for the same period in the prior year. The higher costs for the three months ended September 30, 2019, compared to the three months ended June 30, 2019 are mainly due to increased shareholder communication expenses.

	Three months ended		Six months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Expenses</b>				
Consulting fees	194,790	199,879	394,432	386,740
Professional fees	17,832	15,528	40,769	38,779
Share-based payments	-	2,657	-	81,852
Travel and related costs	28,592	1,151	37,198	13,054
Shareholder communications and filing fees	138,740	15,252	154,692	37,807
General and administrative costs	50,610	52,180	100,766	103,673
Depreciation	1,932	516	3,863	2,294
Foreign exchange (gain) loss	6,349	319	4,066	(5,895)
	<b>438,845</b>	287,482	<b>735,786</b>	658,304
<b>Other items</b>				
Interest expense	(35,381)	(15,051)	(72,509)	(17,451)
Other income	-	420	-	1,933
Loss on disposal of equipment	-	(5)	-	(5)
	<b>474,226</b>	302,118	<b>808,295</b>	673,827
<b>Exploration and evaluation expenditures</b>				
Drilling	-	1,933	-	1,933
License and permit	-	-	-	1,296
Feasibility studies	40,000	-	166,129	185,735
Environmental assessment	-	-	-	23,933
Technical report	-	19,587	-	19,587
Assay and survey	-	214	2,395	8,910
Field office support	34,810	35,965	76,352	77,602
Consulting and labour	135,883	199,115	279,132	402,724
Travel	5,112	11,867	18,909	17,036
	<b>215,805</b>	268,681	<b>542,917</b>	738,756
Net (loss) and comprehensive (loss)	<b>(690,031)</b>	(570,799)	<b>(1,351,212)</b>	1,412,583

Expenses of an administrative nature, including consulting and professional fees and general and administration costs, were kept as low as possible. In the quarter under review, the Company significantly increased its expenditure on shareholder communication and travel, as it endeavours to raise the funding required to proceed with the development of the Kombat Mine.

No share-based payments were recorded in the condensed interim consolidated statements of loss and comprehensive loss during the three or six months ended September 30, 2019. Share-based compensation relates to the vesting of stock options, which typically vest on grant.

During the three months ended June 30, 2018, 450,000 options were granted. The estimated grant date fair value of these 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 112%; risk-free interest rate of 2.16%; and an expected life of five years.

Exploration and evaluation expenditure in the three and six months ended September 30, 2019 of \$215,805 and \$542,917 respectively (2018: \$268,681 and \$738,756) related to the cost of personnel and care and maintenance activities at the Kombat Mine, and included costs associated with the project evaluation by Xinhai. Expenditure during 2018 included costs associated with work on the Feasibility Study, updated PEA and updated Mineral Resource and Mineral Reserve estimate released in July 2018.

## Cash Flows

### *Operating Activities*

Cash used in operating activities before changes in non-cash working capital was \$654,861 in the three months ended September 30, 2019, compared to \$622,457 in the three months ended June 30, 2019. The increase in cash used in operating activities is due primarily to the increase in shareholder communication and travel expenses, partially offset by the reduction in exploration expenditure and more particularly, the reduction in management consulting and professional technical services utilized as the Company seeks to raise the financing necessary to proceed with development of the Kombat Mine.

Cash provided by working capital increased in the three months ended September 30, 2019 to \$170,354, compared with \$73,718 provided in the three months ended June 30, 2019, attributed primarily to an increase in accounts payable and accrued liabilities.

### *Investing Activities*

There were no investing activities in the three or six months ended September 30, 2019.

### *Financing Activities*

In the three months ended September 30, 2019, the Company closed a non-brokered private placement financing, issuing 14,609,320 units at a price of \$0.10 per unit for gross proceeds of \$1,460,932. The Company paid cash share and warrant issue costs of \$18,526. The Company applied \$630,632 of these proceeds to settle previously received bridge financing. There were no financing activities in the three months ended June 30, 2019.

During the six months ended September 30, 2018, the Company secured bridge financing of \$450,000; as well as short-term loans of \$555,000 from Aberdeen International Inc. ("Aberdeen") repayable six months from drawdown and subject to interest at 12% per annum.

## 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 its project in Namibia with the objective 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 general market conditions for junior mining companies 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 September 30, 2019, the Company had no long-term debt and no definitive agreements with respect to long-term borrowings had been entered into by the Company.

The Company's objective is to maintain a strong capital base with the goal of:

- 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 September 30, 2019, the Company had negative working capital of \$(1,053,932) compared with \$(1,146,489) as at March 31, 2019, including cash of \$344,218 (March 31, 2019: \$565,690). 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	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	344,218	16,951	565,690	143,929	9,895	269,854	28,138	574,339
Receivables	64,944	89,091	95,008	98,544	90,302	103,139	103,334	73,641
Prepaid expenses	9,331	16,682	6,733	4,945	7,779	14,052	16,111	900
Accounts payable and accrued liabilities	(680,809)	(541,596)	(464,181)	(842,548)	(841,974)	(649,075)	(576,202)	(486,641)
Bridge financing	(791,616)	(1,386,867)	(1,349,739)	(1,215,238)	(1,022,451)	(927,400)	-	-
<b>Working Capital</b>	<b>(1,053,932)</b>	<b>(1,805,739)</b>	<b>(1,146,489)</b>	<b>(1,810,368)</b>	<b>(1,756,449)</b>	<b>(1,189,430)</b>	<b>(428,619)</b>	<b>162,239</b>

### Bridge Financing

Unsecured loans	September 30, 2019	March 31, 2019
	\$	\$
Individual (i)	-	501,403
Aberdeen International Inc. (ii)	791,616	749,802
Sulliden Mining Capital Inc. (iii)	-	98,534
	<b>791,616</b>	<b>1,349,739</b>

- (i) During the year ended March 31, 2019, the Company entered into loan agreements for bridge financing of \$200,000 and a further \$250,000. Loan principal, together with accrued interest at 12% per annum, was due and payable on or before December 31, 2019. In September 2019, the lender participated in the Company's private placing financing and the Company repaid the \$526,701 balance owed.

(ii) During the year ended March 31, 2019, the Company entered into loan agreements with Aberdeen as follows:

	Date	Principal	Interest	Repayment date
First loan	May 30, 2018	\$200,000	12% per annum	January 31, 2020
Second loan	June 26, 2018	\$275,000	12% per annum	January 31, 2020
Amended second loan	September 4, 2018	\$80,000	12% per annum	January 31, 2020
	December 31, 2018	\$140,000	12% per annum	January 31, 2020

Loan principal and accrued interest is due and payable in cash on or before the repayment date. The Company may negotiate repayment of the loans with Aberdeen via the transfer of securities or other investment products, but any arrangement for repayment other than in cash remains subject to a subsequent written agreement and any applicable regulatory approvals. Aberdeen has extended the repayment date to January 31, 2020. As at September 30, 2019, total principal plus accrued interest of \$791,616 (March 31, 2019: \$749,802) remained outstanding.

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 NI 61-101 on the basis that the value of the loans was less than 25% of the Company's market capitalization.

(iii) During the year ended March 31, 2019, the Company entered into a loan agreement with Sulliden Mining Capital Inc. ("Sulliden") for \$96,000. The amount owed was unsecured, due on demand and subject to 12% interest per annum. In September 2019, Sulliden participated in the Company's private placing financing and the Company repaid the \$103,931 balance owed.

### **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 \$900,000 to be made to the 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 condensed interim consolidated financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$484,000, all due within one year. The Company also has a commitment of \$25,000 for bonus payments for which the triggering event has not occurred as at June 30, 2019. 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.

#### **Legal Claims**

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to net loss in that period.

## 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 believes its operations are materially in compliance with all applicable laws and regulations. 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 TMN, 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 September 30, 2019, the Company has expended sufficient capital to ensure the licenses remain in good standing. The licenses expired in March 2019 and renewal applications were lodged by the Company. The Company is currently waiting for a response from the Ministry of Mines and Energy in Namibia.

## 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, 2019 and 2018 was as follows:

	Three months ended September 30,		Six months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Consulting fees	112,500	182,500	230,000	362,500
Share-based payments	-	-	-	48,000
	<b>112,500</b>	<b>182,500</b>	<b>230,000</b>	<b>410,500</b>

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, 2019 is approximately \$66,720 of consulting fees, moving and travel expenses (March 31, 2019: \$105,000 consulting and moving expenses) charged by current and former officers and directors of the Company.

## Financings

In the private placement financing that closed on March 28, 2019, directors and officers of Trigon acquired a total of 5,000,414 shares for gross proceeds of \$500,041.

## Critical Management Judgments and Accounting Estimates

The preparation of the 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:*

- 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 in the fair value of assets indicating impairment.

- 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 that it controls each of the following subsidiaries:

PNT FinanceCo Corp.

Kombat Holdings Namibia (Pty) Ltd.

Trigon Mining (Namibia) (Pty) Ltd. (formerly 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 to be 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 with a significant degree of autonomy. Effects of changes in foreign exchange rates are recorded as a foreign exchange gain (loss) on the condensed interim consolidated 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 (loss) and carried as a cumulative translation adjustment within accumulated other comprehensive income (loss) in the equity section of the condensed interim consolidated statement of financial position.

*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.

- 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 the recoverable amount or fair value less costs to sell in the case of assets.

- Mineral Reserve and Mineral 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.

- Share-based payment transactions and warrants

The Company records share-based compensation at fair value over the vesting period. The Company also issues warrants. The fair value of the options and warrants is determined using the Black-Scholes options pricing model and management assumptions including 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. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations, and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income, value added, withholding and other taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined considering all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

The Company is subject to income, value added, withholding and other taxes. 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, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. 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 related filings are subject to government 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.

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

The Company's financial assets and financial liabilities consist of cash, amounts receivable, bridge financing, 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, 2019 and March 31, 2019 were as follows:

	<b>Amortized costs</b>		<b>TOTAL</b>
	<b>Financial assets</b>	<b>Financial liabilities</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>At September 30, 2019</u></b>			
Financial assets:			
Cash	<b>344,218</b>	-	<b>344,218</b>
Amounts receivable	<b>5,046</b>	-	<b>5,046</b>
Financial liabilities:			
Accounts payable and accrued liabilities	-	<b>680,809</b>	<b>680,809</b>
Bridge financing	-	<b>791,616</b>	<b>791,616</b>
<b><u>At March 31, 2019</u></b>			
Financial assets:			
Cash	<b>565,690</b>	-	<b>565,690</b>
Amounts receivable	<b>5,337</b>	-	<b>5,337</b>
Financial liabilities:			
Accounts payable and accrued liabilities	-	<b>464,181</b>	<b>464,181</b>
Bridge financing	-	<b>1,349,739</b>	<b>1,349,739</b>

Financial instruments measured at fair value on the condensed interim 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 considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and for it to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of September 30, 2019, the Company may not be compliant with the policies of the TSXV. The impact of any such violation is not known and is ultimately dependent on the discretion of the TSXV.

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 and short-term, fixed interest rate debt. 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 encounter difficulty in meeting its obligations associated with financial liabilities 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. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at September 30, 2019, the Company had a cash balance of \$334,218 (March 31, 2019: \$565,690) and amounts receivable, other than sales taxes receivable, of \$5,046 (March 31, 2019: \$5,337). As at September 30, 2019, the Company's financial liabilities consisted of accounts payable and accrued liabilities of \$680,809 (March 31, 2019: \$464,181) based on contractual undiscounted payments and short-term borrowings of \$791,616 (March 31, 2019: \$1,349,739), all due in less than one year.

In the six months ended September 30, 2019, Trigon raised \$1,460,932 through private placement financings and repaid \$630,632 of its bridge financing.

In the year ended March 31, 2019, Trigon raised \$2,030,541 through private placement financings and \$1,241,000 through debt instruments.

- *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. Not having a producing asset generating sales and accounts receivable, the Company's credit risk is considered limited as there is no exposure to a single customer or counterparty. 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. As cash balances are held with high credit quality financial institutions, the credit risk to the Company is considered minimal. The Company monitors and is subject to normal industry credit risks.

- *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 of 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**

#### Accounting changes

During fiscal 2020, the Company adopted several new IFRS standards, interpretations, amendments and improvements of existing standards. These include IFRIC 23 and IFRS 16. The new standards and changes did not have any material impact on the Company's condensed interim consolidated financial statements.

### *Future accounting changes*

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, 2020 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IAS 1 – *Presentation of Financial Statements* (“IAS 1”) and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

### **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, being the acquisition, financing, exploration and development of mineral 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. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company’s projects with the possible loss of such properties.

While the Company’s condensed interim consolidated financial statements have been prepared on the basis that it is 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. Adjustments to the condensed interim consolidated financial statements, should they be required, could be material.

### **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 information presented from the Feasibility Study and PEA 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 develop the project. The Kombat Mine development schedules will also be dependent on obtaining the governmental approvals and permits necessary for operation of the 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 Trigon 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 used and judgments made 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 Mineral Reserves or 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, and potentially financing alternatives, 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, project capitalization, 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, develop and finance its properties, 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 its properties through mining licences that expired in March 2019. Renewal applications were lodged in a timely manner and the Company is awaiting a response from the Ministry of Mines and Energy in Namibia. It is possible that the Company's mineral properties may be subject to prior unregistered agreements, 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. 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 or that significant fluctuations in the Company's share price will not occur. 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 conditions, may have a significant impact on the market price of the securities of the Company.

### **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.

## **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, to develop metallurgical processes to extract the metal from the ore, and to develop the mining and processing facilities and infrastructure. 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 currently 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; war, terrorism or political boundary disputes; environmental legislation; labour relations; 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 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 directors and officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing or exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of Trigon and to disclose any interest that they may have in any project or opportunity to the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### **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 multiple 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 comply strictly with such laws. If the Company is 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 relevant 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 being 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 property 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 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, predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises in relation to 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**

In October 2019, the Company announced the resignation of Mr. Gordon Neal and the appointment of Dr. David Shaw to the Company's Board of Directors. Dr. Shaw brings a wealth of expertise in public companies and exploration geology. He has worked both in the technical and financial communities within the resource industry for nearly 40 years. He served as an in-house structural consultant on both metal and hydrocarbon exploration programs, then as a member of a hydrocarbon project financial evaluation team with Chevron Resources in Calgary and Vancouver. He initiated and developed the Resource Research Group at Charlton Securities Ltd., Calgary before assuming the position of Senior Mining Analyst, Corporate Finance at Yorkton Securities Inc. in Vancouver. Throughout Dr. Shaw's career he has built strong relationships with European financial institutions and the global mining community and gained valuable experience in Africa. Dr. Shaw holds a PhD in Structural Geology from Carleton University.

At the Company's AGM on November 18, 2019, Mr. Bob Schafer did not stand for re-election and Mr. Daye Kaba was nominated and elected in his place. Mr. Kaba brings corporate governance experience and a variety of necessary skills to the Trigon board. He is a partner in the Global Metals & Mining group at McCarthy Tétrault in Toronto. His practice focuses on mergers and acquisitions, securities and commercial law matters, with a focus on the mining sector in Africa. Mr. Kaba previously worked at Fasken Martineau DuMoulin LLP in Toronto and Coudert Brothers LLP in Paris. He received his JD from the University of Michigan and is called to the New York bar and the Ontario bar. Mr. Kaba is a member of various associations including the Canadian Bar Association, the American Bar Association, the World Association of Mining Lawyers (WAOML) and the Prospector and Developers Association of Canada (PDAC). He is fluent in English, French and Portuguese.

The Company granted David Shaw and Daye Kaba each 350,000 options stock options in accordance with the Company's stock option plan, in addition to granting incentive stock options to certain directors, officers, employees and consultants of the Company to purchase up to an aggregate of 2,335,000 common shares of the Company. The options have an exercise price of \$0.18 and will expire five years from the date of grant. The options will vest immediately.

## **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**

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

- a) 60,466,859 common shares outstanding.
- b) 15,030,365 warrants outstanding with expiry dates ranging between June 1, 2020 and October 1, 2021. If all the warrants were exercised, 15,030,365 shares would be issued for proceeds of \$3,820,929.
- c) 4,674,500 stock options outstanding with expiry dates ranging between February 26, 2020 and October 21, 2024. If all the options were exercised, 4,674,500 shares would be issued for gross proceeds of \$1,250,825.

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

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”, “plan”, “budget”, “forecast”, “schedule”, “continue”, “estimate”, “expect”, “project”, “predict”, “potential”, “target”, “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 include those relating to guidance; proposed acquisitions; strategy; development potential and timetable for the Company’s properties; the results of the Feasibility Study, the PEA and other economic studies discussed herein, including without limitation, capital and operating costs, economic analyses, expected mine life, NPV, IRR and other economic and operational metrics, production, cash costs, all-in sustaining costs and payback period, and future commodity prices; the Company’s ability to raise additional financing; results of operations and financial condition; mineralization projections; the Company’s ability to restart the Kombat Mine; the economic viability of mining at the Kombat Mine; the timing, success and amount of future exploration and development; projected capital expenditure; 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 considering previous industry experience, exploration done to date and recommended programs, historic expenditures incurred 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 achievement 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, that 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 risk factors, including without limitation the risk factors described herein. 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, and 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.