

# TEMBO GOLD CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

### Background

This discussion and analysis of financial position and results of operations is prepared as at November 24, 2017, and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2017 of Tembo Gold Corp. ("Tembo" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

### Forward-Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, capital and other costs varying significantly from estimates, changes in world metal markets, changes in equity markets, planned drill programs and results varying from expectations, delays in obtaining results, equipment failure, unexpected geological conditions, local community relations, dealings with non-governmental organizations, delays in operations due to permit grants, environmental and safety risks, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth and to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) or the Company's website at [www.tembogold.com](http://www.tembogold.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

### Company Overview

The Company's principal business activity is the acquisition, exploration and development of mineral properties in Tanzania, East Africa. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. Consequently the Company considers itself to be an exploration stage company.

The Company's main asset is the Tembo gold property (the "Tembo Project"). Due to the Company's lack of funding over recent years it was constrained to making property concession payments to maintain its prospecting licenses and license applications and conducting limited exploration activities on the Tembo Project. In light of these conditions, management determined to record an impairment of \$20,000,000 in fiscal 2016. The Company continues to hold 38 contiguous prospecting licenses and license applications. Drilling and exploration will recommence pending further financing. See "Follow Up Drilling Program and Future Strategy".

The Company is currently a reporting issuer in British Columbia, Alberta and Ontario. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the symbol "TEM" and on the Frankfurt Exchange under the symbol "T23". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia.

## **Exploration Activities**

The Company's main asset is the Tembo Project located in northwest Tanzania. The Company's wholly-owned Tanzanian registered subsidiaries and associates with whom Tembo has agreements are the sole holders. The project is located directly northwest of and adjacent to Acacia Mining's Bulyanhulu mine and comprises 38 contiguous prospecting licenses and license applications covering a total area of approximately 110km<sup>2</sup>. As of September 30, 2017, local companies, with which Tembo has Deed of Trust agreement arrangements giving Tembo sole right to the license at nil cost and to conduct exploration, currently hold or are awaiting the issuing of licenses covering 38.4km<sup>2</sup> of the area. This area does not include the Tembo Project area of focus that has been the subject of the exploration program for the past 5 years. Tembo's local 100% owned subsidiaries hold the balance of the area comprising 72km<sup>2</sup>.

Geologically, the Tembo Project is situated in the Lake Victoria goldfield in the Sukumaland greenstone belt, an Archean age succession of volcanic and sedimentary rocks that have been intruded by a variety of Archean granitic plutons as well as younger dolerite dykes and possible kimberlite intrusions. The geology that is host to Bulyanhulu trends directly into the Tembo Project area, including the main structure on which the Reef 1 ore body is developed.

On August 31, 2012, a NI 43-101 technical report on the Tembo Project, effective date July 31, 2012 (the "Technical Report"), was filed on SEDAR and is available for viewing under Tembo's profile on [www.sedar.com](http://www.sedar.com).

The Technical Report recommended that a staged gold focused exploration program consisting of trenching, mapping and drilling be implemented in order to test the Ngula 1 target and the numerous other gold anomalous zones on the property. The estimated cost for this stage of the drilling program was US \$2,900,000. Depending on positive results being returned, a further expanded drilling program was planned. At the end of 2012, the Company suspended drilling pending new financing being secured. During the fourth quarter of 2013 new financing of \$8,500,000 was secured and diamond drilling was resumed in December 2013. The 2014 drilling program including all corporate expenses was planned to cost US \$4,200,000 and comprise 7,000 meters of diamond drilling.

Prior to 2009, high resolution airborne magnetics, extensive percussion rotary air blast drilling ("RAB") drilling and surface soil sampling, mapping, and limited reverse circulation "RC" and diamond drilling "DD" was conducted and resulted in the definition of a number of target areas. During 2011 the earlier work was followed up by a light detection and ranging "LiDAR" survey and field mapping which provided a high-resolution colour ortho-photograph and an accurate digital elevation model allowing the location and extent of artisanal mining, both current and historical, to be determined and mapped. The historical work and the follow up allowed the targets to be confirmed and refined and on this, an extensive targeted drilling program was designed on seven targets (Ngula 1, Ngula 2, Nyakagwe East, Nyakagwe Village, Buly, Mgusu, Iyenze).

During 2016 and in 2017 to the date of this MD&A no exploration activities were undertaken pending financing. Strategically the Company has resolved that the future course of action should include further infill drilling along earlier good results to define a resource that could be mined by open pit methods from surface along three targets, Ngula 1, Nyakagwe East and Nyakagwe Village. A number of potential joint venture investors have expressed interest in Tembo's plans and discussions are in progress.

### ***Tembo Project Drilling***

An initial phased drilling program was designed for the project comprising approximately 115 DD holes (27,500 meters) and 470 RC holes (60,000 meters). RC and DD commenced on Ngula 1 in January 2012, and a total of 196 holes were drilled on the targets to the end of 2012. Further drilling was conducted during 2014, the last field activity, and to date 42,849m has been completed, 81 DD holes totaling 21,937m, and 121 RC holes totaling 20,912m.

Due to market financing constraints, the drilling is undertaken in focused phases as available funding permits. All drill cores are oriented using either a Reflex instrument or an orientation tool to facilitate structural logging and analysis.

Preliminary indications are that mineralization may be associated with steep dipping shear structures hosting quartz veins, sulphides and associated alteration along three dominant structural directions, northwest-southeast, northeast-southwest and east-west.

## Ngula 1

To date 35 DD holes totaling 9,107m and 41 RC drill holes totaling 7,623m have been completed at Ngula 1 along a strike of approximately 600m. During the 2012 drilling campaign seventy-five holes were drilled at Ngula 1, with 34 DD and 41 RC holes completed, totaling 7,953 meters and 7,623 meters respectively. Drilling commenced again in late December 2013 at Ngula 1 and borehole TDD0041 was deepened to its final depth of 507.0 meters. Two additional holes were drilled at Ngula 1 during Q1/2014.

The initial drilling targeted a southern and northern dominant set of east-west structures, identified by artisanal workings and a coincident magnetic lineament, at a vertical depth of 50 meters and 100 meters. All holes were extended to between 200 meters and 300 meters in order to intersect an interpreted second east-west structure and test for potential deeper sub-parallel structures. The drill holes were inclined at -60° either to the north or south to intersect these near vertical structures.

### Highlights of drilling to date at Ngula 1:

- **TDD0004:** 3.13 g/t Au over 25.89m from 41.00m including 4.46g/t Au over 2.60m, 5.05g/t Au over 0.5m, 2.02g/t Au over 0.5m, and 9.38g/t Au over 6.30m;
- **TDD0005:** 1.91g/t Au over 4.80m from 24.30m including 3.59g/t Au over 1.80m: 13.50g/t Au from 38.08m: and 8.50 g/t Au over 5.14m from 152.86m, including 15.59g/t Au over 2.68m;
- **TDD0006:** 0.79g/t Au over 3.46m from 108.54m: and 2.28g/t Au over 1.42m from 160.76m including 3.09g/t Au over 0.93m;
- **TDD0010:** 3.72g/t Au over 2.50m from 189.00m including 6.44g/t Au over 1.20m;
- **TDD0011:** 1.90g/t Au from 5.00m: 1.40g/t Au from 8.00m: 1.84g/t Au over 0.50m from 23.50m: and 2.00/t Au from 281.00m;
- **TDD0012:** 8.6g/t Au over 0.98m from 171.92m;
- **TDD0014:** 2.50g/t Au over 1.50m from 87.00m including 3.50g/t Au over 1.00m: and 1.29g/t Au over 1.40m from 312.87m;
- **TDD0041:** 22.81g/t Au over 15.00m from 299.00m including 34.78g/t Au over 9.70m;
- **TDD0049:** 2.99g/t Au over 2.00m from 23.00m;
- **TDD0051:** 2.89g/t Au over 1.00m from 89.00m: 2.57g/t Au over 1.00m from 94.00m: and 1.57g/t Au over 2.28m from 187.71m including 2.70g/t Au over 0.90m;
- **TDD0053:** 2.86g/t Au over 2.03m from 266.00m including 5.37g/t Au over 1.47m: and 1.09g/t Au over 3.47m from 296.58m including 2.37g/t Au over 0.92m;
- **TDD0054:** 8.17g/t over 11.05m from 116.95m including 11.85g/t Au over 8.02m: 3.74g/t Au over 2.04m from 132.00m including 7.00g/t Au over 1.00m: 2.43g/t Au over 3.00m from 139.00m including 3.19g/t Au over 2.00m: 1.82g/t Au over 7.35m from 148.94m including 4.53g/t over 2.00m and 2.10g/t Au over 0.95m: and 1.94g/t Au over 1.00m from 269.00m;
- **TDD0059:** 5.93g/t Au over 0.64m from 142.33m: 1.44g/t Au over 1.00m from 260.00m: and 1.86g/t Au over 1.60m from 310.00m including 3.72g/t Au over 0.61m;
- **TDD0106:** 5.09g/t over 2.77m from 285.42m including 11.70g/t Au over 0.98m;
- **TDD0110:** 3.17g/t Au over 1.00m from 95.00m: 4.22g/t Au over 5.00m from 195.00m including 6.58g/t Au over 3.00m;
- **TDD00125:** 19.03g/t Au over 0.94m from 35.16m including 26.40g/t Au over 0.66m: 1.05g/t Au over 2.21m from 132.00m: 1.77g/t Au over 5.23m from 206.27m including 5.90g/t Au over 1.14m: and 2.42g/t Au over 0.77m from 222.23m;
- **TDD0126:** 1.80g/t Au over 6.4m including 4.16g/t Au over 0.38m, 4.08g/t Au over 0.30m and 7.35g/t Au over 0.50m: 1.38g/t Au over 2.90m from 104.82m including 2.28g/t Au over 0.35m: and 1.89g/t Au over 2.20m from 167.80m;
- **TDD0133:** 4.81g/t Au over 0.62m from 176.38m;
- **TDD0136:** 2.48g/t Au over 1.00m from 120.00m: 1.61g/t Au over 3.50m from 141.50m including 3.91g/t Au over 1.00m: and 0.95g/t Au over 2.00m from 258.00m;
- **TDD0145:** 1.17g/t Au over 2.00m from 209.00m: and 2.14g/t Au over 3.50m from 267.00m;
- **TDD0146:** 2.35g/t Au over 1.50m from 167.90m: 4.77g/t Au over 2.50m from 307.50m including 10.70g/t Au over 1.00m;
- **TRC0001:** 1.76g/t Au over 3.00m from 46.00m: 38.20g/t Au over 1.00m from 85.00m: and 1.17g/t Au over 2.00m from 93.00m;

- **TRC0002:** 2.58g/t Au over 2.00m from 8.00m including 4.59g/t Au over 1.00m: 2.74g/t Au over 1.00m from 36.00m: and 1.29g/t Au over 5.00m from 52.00m including 3.77g/t Au over 1.00m;
- **TRC0003:** 3.76g/t Au over 2.00m from 21.00m: 28.57 g/t gold over 3.00m 54.00m: and 5.28 g/t Au over 4.00m from 72.00m.
- **TRC0004:** 1.43g/t Au over 1.00m from 91.00m:
- **TRC0006:** 4.42g/t Au over 1.00m from 5.00m: and 3.16g/t Au over 3.00m from 206.00m;
- **TRC0007:** 1.31g/t Au over 2.00m from 72.00m;
- **TRC0008:** 5.18g/t Au over 1.00m from 9.00m: 3.75g/t Au over 6.00m from 35m; 2.48g/t Au over 1.00m from 50.00m: and 1.34g/t Au over 2.00m from 74.00m;
- **TRC0013:** 17.23g/t Au over 4.00m from 19.00m, including 22.53g/t Au over 3.00m: 1.17g/t Au over 1.00m from 75.00m: 1.99g/t Au over 4.00m from 86.00m including 4.22g/t Au over 1.00m: 1.92g/t Au over 1.00m from 99.00m: 13.00g/t Au over 1.00m from 104m; and 1.51g/t Au over 1.00m from 194.00m;
- **TRC0014:** 1.62g/t Au over 2.00m from 52.00m: 19.80g/t Au over 1.00m from 114.00m: and 10.00g/t over 1.00m from 122.00m;
- **TRC0020:** 1.11g/t Au over 4.00m from 107.00m; and
- **TRC0022:** 2.26g/t Au 2.00m from 132.00m.

Drilling has been suspended at Ngula 1 pending further funding. A drill program to define an initial shallow resource along zones where wide widths with good grades were encountered is planned during the next phase.

#### *Nyakagwe East*

Nyakagwe East is characterized by extensive artisanal mining with numerous shafts in excess of 20 meters in depth accessing a number of northwest striking quartz vein shears. Historic DD and RC programs returned significant gold intersections from at least two sub-parallel, northwest-southeast trending mineralized zones, each consisting of multiple structures. Twenty-three diamond drill holes (6,924m) and 20 RC drill holes (2,238m) have been completed to date.

In the Phase 1 program, the diamond drill holes targeted an extensive area of artisanal mining along a northern and southern set of structures, both of which were previously drilled in 2008. The reverse circulation holes targeted the east and west projected extensions where there were no artisanal workings. The drilling identified up to 1,000 meters of potentially mineralized strike length. The mineralization along the northern structure on which the drilling focused appears to be open to the west (entering the Mgusu target area) and to the east (where RC drilling has been hampered by the presence of deep black cotton soils). The latter will be tested by means of diamond drilling during the dry season during a future phase of drilling. All diamond drill holes encountered gold mineralization along a principle structure with multiple gold bearing structures identified in several holes at depth.

Follow up drilling was conducted in the 2014 drilling campaign and included in-fill drilling and deeper step-back boreholes testing lateral and vertical continuity and tenor of mineralization. A total of 3,178 meters comprising 13 DD holes were completed in the 2014 drilling program. Drilling has been suspended pending exploration funding. Follow-up drilling would comprise in-fill drilling to allow resource definition.

Highlights of drilling results at Nyakagwe East include:

- **TDD019:** 4.69g/t Au over 1.67m from 67.35m;
- **TDD0026:** 1.89g/t Au over 2.23m from 221.77m;
- **TDD0056:** 4.42g/t Au over 2.60m from 130.60 including 10.57g/t Au over 1.00m;
- **TDD0070:** 1.01g/t Au over 8.70m from 87.84m, including 2.81g/t Au over 1.41m;
- **TDD070A:** 1.55g/t Au over 7.21m from 93.24m, including 3.15g/t Au over 0.94m and 3.19g/t Au over 0.51m;
- **TDD0072:** 8.44g/t Au over 1.30m from 99.90m, including 25.00g/t Au over 0.42m;
- **TDD0074:** 6.55g/t Au over 7.46m from 370.46m;
- **TDD0077:** 1.41g/t Au over 4.50m from 133.00m, including 2.62g/t Au over 1.50m;
- **TDD104:** 4.72g/t Au over 2.11m from 66.80m;
- **TRC233:** 5.66g/t Au over 1.00m from 84.00m; and
- **TRC234:** 5.46g/t Au over 2.00m from 109.0m.

## *Nyakagwe Village*

The potential of the Nyakagwe Village target was initially indicated in 2011 by a new artisanal mining operation located immediately to the east of the village in a corn land, exploiting a previously unknown east-west trending set of south dipping quartz veins. Within a year a large number of shafts were sunk by the miners to access these high-grade shear hosted veins. Subsequently a large open pit was excavated to facilitate easier and deeper access. Mining by artisanal miners has subsequently stopped due to excessive water ingress.

To date fifteen DD holes (2,916m) and 11 RC holes (1,315m) have been completed.

Highlights of drilling at Nyakagwe Village:

- **TDD0071:** 9.64g/t Au over 3.95 m from 85.25m, including 24.72g/t Au over 1.45m;
- **TDD0101:** 78.1g/t Au over 1.00m from 294m;
- **TDD0102:** 2.90g/t Au over 0.92m from 48.08m;
- **TDD0103:** 15.10g/t Au over 1.00m from 54.00m: and 1.87g/t Au over 1.00m from 71.00m;
- **TDD0105:** 1.43g/t Au over 0.90m from 71.00m;
- **TDD0107:** 16.58g/t Au over 3.55m from 43.88m and 27.88 g/t Au over 3.00m from 65.90m;
- **TDD0109:** 2.05g/t Au over 1.65m from 54.35m: 2.00g/t Au over 1.13m from 115.55m: and 2.39g/t Au over 3.48m from 121.82m;
- **TDD0111:** 35.14g/t Au over 2.45m including 167g/t Au over 0.50m from 53.35m;
- **TDD0112:** 3.35g/t over 5.98m from 64.12m: and 2.94g/t Au over 2.00m from 72.00m;
- **TDD0114:** 1.42g/t Au over 2.52m from 69.48m;
- **TDD0115:** 2.41g/t Au over 1.70m from 33.00m; 2.74g/t Au over 8.50m from 53.00m including 7.73g/t Au over 1.00m, 3.43g/t over 1.40m and 4.04g/t over 2.00m; and 2.04g/t Au over 9.00m from 69.00m including 2.89m over 4.80m;
- **TDD0128:** 1.85g/t Au over 3.22m from 146.28m including 4.00g/t Au over 0.73m;
- **TDD0137:** 2.63g/t Au over 1.50m from 38.00m;
- **TRC0552:** 8.42g/t gold over 3.00m from 86m;
- **TRC0554:** 2.53g/t Au over 1.00m from 47.00m;
- **TRC0562:** 1.86g/t Au over 2.00m from 18.00m: 1.64g/t Au over 1.00m from 71.00m; 1.32g/t Au over 1.00m from 76.00m: and 4.61g/t gold over 5.00m from 82m.

Significantly, the diamond drilling has intersected gold mineralization in the east-west structures along a 600m strike as well as identified a previously unknown northeast trending mineralized zone associated with a 1.8 kilometer long magnetic lineament which trends through other small artisanal workings. The mineralization along the east-west structure is open ended in all directions. The shallow wide zones of mineralization encountered are interpreted where the east-west structures intersect the northeast structure. The RC drilling was drilled as a fence line to the north of the main east-west trending mineralized structure.

The high grades intersected are associated with quartz veining and associated abundant pyrite mineralization. Further drilling is planned to test the extensions to the known mineralization along strike and down dip on the east-west and northeast structures and to close up the spacing in order to define a primary resource.

## *Buly Trend/Iyenze/Ngula 2*

The Buly/Iyenze target area was historically defined by scattered elevated gold grades in soil sampling and RC drilling. Abandoned artisanal workings are present within the target area. These targets are on the boundary of the Bulyanhulu Gold Mine license area and may be an extension of the prospective geology.

To date, a total of 16 RC scout holes (3,001 meters) have been drilled into the Iyenze structure, covering some 1,500 meters of strike on lines spaced at 200 meters intervals. No significant intersections were achieved and drilling was halted to focus on other higher potential targets.

The first borehole to be drilled by the Company along the Buly Trend (TDD0001) commenced in Q1/2014 and was completed at 305 meters during Q2/2014. A broad zone of intense shearing was intersected which locally contained abundant quartz veining but little mineralization evidenced by minor disseminated sulphide containing low levels of gold.

At Ngula 2 surface geological mapping and a review of the artisanal mining indicate the possibility of more than one trend, including the northwestern extension of the Buly Trend. An initial four diamond holes were completed (1,195 meters) but returned no significant results. An induced polarization geophysical survey was conducted in Q2/2014 over the Buly/Iyenze target areas and extended to cover the Ngula 2 target area to the northwest along the Buly Trend extension. This survey tested for chargeable and resistive horizons across a broad zone of greenstone lithologies within which the earlier airborne magnetic survey highlighted a number of weak to strong northwest trending zones interpreted as Buly parallel structural zones. Based on the results, hole TDD0002 was drilled to a depth of 752 meters without intersecting any significant mineralization.

### Follow Up Drilling Program and Future Strategy

A strategic review by the Company has concluded that the definition of a near surface resource and the potential of a medium scale mining operation must be established and if shown to be feasible, such resource should be brought into production. Immediate drill planning is therefore to be focused on resource definition on those targets that have returned good results.

The Company plans to commence resource drilling at Ngula 1 as soon as funding has been secured. The initial resource drilling will comprise 4,000m of in-fill RC drilling where the best results were achieved at this target. The drilling will test approximately 300m of strike of mineralized structure along the southern structure of a potential 1,200m at the target along two closely spaced parallel east-west mineralized structural zones. Additional drilling will continue testing the identified targets along the Ngula 1 structures, and at Nyakagwe Village and Nyakagwe East along which significant drill intersections were achieved during the Phase 1 and 2 drilling programs in 2012 and 2014. No drilling has been conducted during 2015, 2016 and 2017 to date pending further financing.

### Qualified Person

Mr. David Scott, Pr. Sci. Nat., President and CEO of the Company is the Qualified Person for the information contained in this MD&A and is a Qualified Person defined by National Instrument 43-101.

### Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

Three Months Ended	Fiscal 2017			Fiscal 2016			Fiscal 2015	
	Sept 30 2017 \$	Jun 30 2017 \$	Mar 31 2017 \$	Dec 31 2016 \$	Sept 30 2016 \$	Jun 30 2016 \$	Mar 31 2016 \$	Dec 31 2015 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(120,965)	(160,915)	(151,416)	(146,045)	(153,927)	(174,227)	(140,525)	(218,187)
Impairment	Nil	Nil	Nil	(20,000,000)	Nil	Nil	Nil	Nil
Other items	13,018	9,265	2,180	(6,555)	(2,605)	(1,960)	14,668	(12,869)
Net loss	(107,947)	(151,650)	(149,236)	(20,152,600)	(156,532)	(176,187)	(125,857)	(231,056)
Other comprehensive income (loss), net	(187,911)	(129,980)	(39,261)	602,465	202,480	50,128	(1,625,305)	1,020,490
Comprehensive income (loss)	(295,858)	(281,630)	(188,497)	(19,550,135)	45,948	(126,059)	(1,751,162)	789,434
Basic and diluted (loss) income per share	(0.00)	(0.00)	(0.00)	(0.14)	(0.00)	(0.00)	(0.00)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital (deficit)	(1,470,593)	(1,375,580)	(1,189,785)	(1,172,183)	(965,516)	(817,842)	(869,503)	(719,344)
Total assets	5,481,460	5,685,061	5,828,969	5,742,707	25,092,075	24,877,023	24,702,623	26,305,880
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Results of Operations

### *Three Months Ended September 30, 2017 Compared to Three Months Ended June 30, 2017*

During the three months ended September 30, 2017 (“Q3”) the Company reported a net loss of \$107,947 compared to a net loss of \$151,650 for the three months ended June 30, 2017 (“Q2”). The decrease in loss was attributed to the recognition of audit fees in Q2 of \$20,500 compared to \$nil in Q3 due to the timing of the audit of the Company’s year-end financial statements.

All corporate and exploration activities continue to be minimized while the Company seeks further financing.

### *Nine Months Ended September 30, 2017 Compared to the Nine Months Ended September 30, 2016*

During the nine months ended September 30, 2017 (the “2017 period”) the Company reported a net loss of \$408,833, compared to a net loss of \$458,576 for the nine months ended September 30, 2016 (the “2016 period”). Total expenses decreased by \$35,358, from \$468,654 during the 2016 period to \$433,296 during the 2017 period. Specific general and administrative expenses of variance between the 2017 and 2016 periods are noted below.

During the 2017 period the Company:

- (i) recorded executive management compensation expense of \$137,835 (2016 - \$232,512). The \$94,677 decrease reflected the capitalization of a portion the President’s remuneration to the Tembo Project in the 2017 period;
- (ii) incurred rent expense of \$38,812 (2016 - \$55,161). The decrease in rent expense was due to the Company vacating its Tanzanian office space in June 2016;
- (iii) incurred investment conference expense of \$7,805 (2016 - \$nil). During the 2017 period the Company attended a mining investment conference in Cape Town, South Africa;
- (iv) incurred audit fees of \$20,500 (2016 - \$29,072). The fluctuation between the 2017 and 2016 periods was due to the timing of the audit of the Company’s year-end financial statements;
- (v) salaries and benefits of \$152,966 (2016 - \$44,049) were incurred an increase of \$108,917. The primary factor for the increase is attributed to accruals for the operations manger’s salaries and benefits. During the 2016 period salaries and benefits reflected only amounts paid;
- (vi) incurred \$16,300 (2016 - \$31,151) for accounting and administration provided by Chase Management Ltd. (“Chase”) a private company owned by the Corporate Secretary of the Company; and
- (vii) travel expenses of \$3,489 (2016 - \$nil) were incurred for travel to and accommodation at the mining investment conference in Cape Town, South Africa.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no source of operating revenue.

### *Financings*

During the 2017 period the Company completed a non-brokered private-placement financing of 7,500,000 common shares at a price of \$0.03 per share to raise gross proceeds of \$225,000. Proceeds of the financing have been used to finance ongoing holding and maintenance costs on the Tembo Project, repayment of advances and for general working capital.

During the 2016 period the Company announced a non-brokered private-placement financing of up to 20,000,000 common shares at a price of \$0.02 per share to raise gross proceeds of up to \$400,000. On May 16, 2016 the Company closed on the first tranche of the private placement and issued 12,500,000 common shares for cash proceeds of \$250,000. On July 25, 2016 the Company closed on a second tranche of the private placement and issued 4,975,000 common shares for \$99,500 and on August 8, 2016 closed on a final tranche and issued 1,000,000 common shares for \$20,000.

### *Advances*

During the 2017 period the Company repaid advances totalling \$23,278 (2016 - \$nil) and subsequently received a further advances of \$6,000 (2016 - \$nil). As at September 30, 2017 a total \$80,000 of advances and accrued interest of \$6,705 (December 31, 2016 - \$4,312) remained outstanding. See also “Related Party Disclosures”.

## Exploration and Evaluation Assets

Due to limited funds, the Company's exploration activities have been limited to property and concession payments and property maintenance. Drilling will recommence as soon as the Company obtains sufficient funding. See also "Follow Up Drilling Program and Future Strategy".

Exploration and evaluation activities incurred during the 2017 period and fiscal 2016 are as follows:

	\$
<b>Balance at December 31, 2015</b>	<u>25,970,778</u>
<b>Exploration costs:</b>	
Field transportation	65,416
Technical services	<u>165,654</u>
	<u>231,070</u>
<b>Acquisition costs:</b>	
Property/concession payments	12,742
<b>Foreign exchange movement</b>	(771,851)
<b>Impairment</b>	<u>(20,000,000)</u>
<b>Balance at December 31, 2016</b>	<u>5,442,739</u>
<b>Exploration costs:</b>	
Technical services	136,196
<b>Acquisition costs:</b>	
Property/concession payments	16,988
<b>Foreign exchange movement</b>	<u>(390,766)</u>
<b>Balance at September 30, 2017</b>	<u>5,205,157</u>

## Financial Condition / Capital Resources

Operations have been limited due to the Company's lack of funds. As at September 30, 2017, the Company had a working capital deficit of \$1,470,593 and an accumulated deficit of \$53,432,664. In the immediate term, the Company's ability to continue as a going concern is dependent upon continued financial support from existing shareholders and creditors and its ability to continue to raise additional capital to fund its ongoing business operations and exploration projects. Additional capital may be sought from the sale of additional common shares or other equity or debt instruments and also from joint venture agreements on the Company's properties. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the ability of the Company to obtain financing to support its ongoing exploration programs, the discovery of economically recoverable reserves and the achievement of profitable operations.

## Contractual Commitments

The Company will be required to make a US \$250,000 payment to a third party upon a production decision being made on the Tembo Project. Further payments totalling US \$4,750,000 may then be payable as follows:

- (i) US \$250,000 payment upon production of 250,000 ounces of gold;
- (ii) US \$1,000,000 payment upon production of 1,000,000 ounces of gold;
- (iii) US \$1,500,000 payment upon production of 1,500,000 ounces of gold; and
- (iv) a final payment of US \$2,000,000 upon production of 2,000,000 ounces of gold.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## Proposed Transactions

There are no proposed transactions.

## Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. A detailed summary of all the Company's significant accounting policies is included in Note 3 to the December 31, 2016 annual consolidated financial statements.

## Changes in Accounting Policies

There are no changes in accounting policies.

## Related Parties Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period. Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

### (a) *Transactions with Key Management Personnel*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

During the 2017 and 2016 periods the following amounts were incurred:

	2017 \$	2016 \$
Mr. Scott - President and CEO	194,466	187,512
Mr. Cernovitch - CFO	45,000	45,000
	<u>239,466</u>	<u>232,512</u>

Executive management compensation of \$101,631 (2016 - \$nil) has been capitalized to exploration and evaluation assets based on the nature of the expenditures.

As at September 30, 2017, \$686,191 (December 31, 2016 - \$529,757) remained unpaid.

The Company has also incurred rent in Tanzania for housing accommodation provided to Mr. Scott, the President of the Company. The value of the accommodation for the 2017 period was \$38,812 (2016 - \$39,287).

Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, the Corporate Secretary of the Company, provides accounting and administrative services. During the 2017 period the Company incurred \$16,300 (2016 - \$31,151) for accounting and administrative services. As at September 30, 2017 \$5,945 (December 31, 2016 - \$8,111) remained unpaid.

(b) *Advances*

- (i) During fiscal 2016 the Company received advances totalling \$64,000 from Bernd Högel, a shareholder of the Company. The advances bear interest at a rate of 5% per annum and have no fixed terms of repayment. During the 2017 period the Company recorded \$2,393 (2016 - \$2,839) of interest expense which was unpaid.
- (ii) During the 2017 period the Company received an advance of \$6,000 from Mr. Cernovitch, a director and the CFO of the Company. As at June 30, 2017, \$16,000 was due to Mr. Cernovitch. These advances are non-interest bearing and are due on demand.

**Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value. As at November 24, 2017 there were 162,732,634 issued and outstanding common shares. In addition, there were 400,000 share options outstanding, at an exercise price of \$0.10 per share, and 87,171,921 warrants outstanding at exercise prices ranging from \$0.12 to \$0.125 per share.