ROBEX

Management's Discussion and Analysis

Third quarter ended September 30, 2019

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ROBEX RESOURCES inc. ("ROBEX" or "the Company") is a Canadian mining operation and exploration company, that operates in Mali, in Africa, whose shares are traded on the Canadian TSX Venture Exchange under the symbol RBX, and on the Frankfurt Stock Exchange under the symbol RB4. In addition to its operation of the Nampala mine, the Company currently holds five exploration permits, which are all located in Mali, in West Africa. ROBEX's priority strategy is to maximize shareholder value by managing its existing assets and pursuing opportunities for strategic growth.

This Management's Discussion and Analysis ("MD&A") is designed to provide the reader with a greater understanding of the Company's business, strategy and performance, as well as how it manages risk and capital resources. It also aims to show that the Company is a citizen and responsible actor engaged in actions with lasting effects. This MD&A, prepared as at November 27, 2019, is intended to complement and supplement our Condensed Interim Consolidated Financial Statements (the "financial statements") as at September 30, 2019. Our financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing our operational results and our financial performance.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risks and Uncertainties" section and to the "Forward-Looking Statements" section of this document.

Where we say "we", "us", "our", "the Company" or "ROBEX", we mean ROBEX RESOURCES inc. and one, more or all of its subsidiaries, as the case may be.

1. 2019 THIRD QUARTER HIGHLIGHTS

- Increase in gold production of 19 %, 15,175 ounces compared to 12,772 ounces for the same period in 2018
- $25.5 million of gold sold compared to $19.8 million for the same period in 2018, corresponding to 13,276 ounces of gold sold at an average price of $ 1,919 per ounce and 12,733 ounces of gold sold at an average price of $ 1,557 per ounce
- Operational result of $7.3 million compared to $6 million for the same period in 2018.
- Cash flows from operating activities[1] of $13.9 million or $0.024 per share[2] compared to $7.8 million or $0.013 per share[2] for the same period in 2018
- Decrease in the Company's debt in the amount of $9.3 million compared to June 30, 2019

[1] Cash flows from operating activities exclude net change in non-cash working capital items.

[2] Cash flows from operating activities per share are non-IFRS financial measures for which there is no standardized definition under IFRS. Se the "Non-IFRS Financial Performance Measures" section of this document, on page 40.

2. 2019 OUTLOOK AND STRATEGY[3]

In 2019, we maintain the Company's debt reduction as its main objective. We will also prioritize the optimization of our resources in order to make the most of the profit and thus allow the Company to continue to invest significantly to ensure its future.

In preparation for the next few years, our exploration objectives for the year 2019 are to continue on the momentum begun in 2017 and 2018 by investigating the promising results of the various gold zones of Nampala (South, East and West), allowing the Company to increase resources in Nampala and to develop a new mining plan, and research and exploitation permits adjacent to Nampala, Mininko and Kamasso. In addition to having started an on-site laboratory in 2018 for sample analyses, it was decided to integrate in-house several tasks to be accomplished during the exploration campaigns in order to further optimise our costs.

In order to optimize its operational performance and improve the available cash flow, the Company has planned the following investments in 2019:

- Purchase of new generating sets to reinforce the availability of the power plant;
- Redesign of the process water circuit so as to offer a lift capacity and above all no longer be a limiting element during production peaks; and
- Purchase of a mineral sizer crusher to improve production significantly, either by limiting the plant stops caused by the fall blocking, giving us the ability to grind the larger quartz blocks more rich in gold more and more present and allowing us to some extant to treat transitional areas in a timely manner.

In 2019, we also wish to develop a solar energy production program to reduce our energy expenditure to ounce and improve our carbon footprint.

With respect to operations in 2019, in Nampala, we expect to process approximately 1.8 million tonnes of ore at an average grade of 0.92 g/t Au and achieve a gold recovery rate of 86% on average.

	2019 Outlook
Gold production (ounces)	> 45,000
Total cash cost (per ounce sold)	< $650
All-in sustaining cost (per ounce sold)	< $900
Exploration on all permits (Nampala, Mininko and Kamasso site)	40,000 drilling meters

[3] This section contains forward-looking statements. Refer to the "Forward-Looking Statements" section on page 42 of this document for further details on forward-looking statements.

3. KEY ECONOMIC FACTORS

Price of Gold

During the quarter ended September 30, 2019, the price of gold in US dollars, based on the *London Gold Fixing Price*, fluctuated from a high of USD 1,551 to a low of USD 1,386 per ounce (high of CAD 2,067 to a low of CAD 1,820 per ounce). The average market gold price during the third quarter of 2019 was of CAD 1,947 per ounce compared to CAD 1,583 per ounce for the same period in 2018, representing an increase of CAD 364 or 23%.

	2019			2018		
(in dollars per ounce)	**Q3**	**Q2**	**Q1**	Q3	Q2	Q1
Average London Gold Fixing Price USD	**1,475**	**1,321**	**1,304**	1,212	1,323	1,331
Average London Gold Fixing Price CAD	**1,947**	**1,765**	**1,732**	1,583	1,691	1,683
Average realized selling price CAD	**1,919**	**1,738**	**1,726**	1,557	1,688	1,716

Cost Pressures

We are, like the entire mining sector, greatly affected by pressures on the costs of development and operating. Since our mining activities consume large amounts of energy, a change in fuel price can have a significant impact on our operations and associated financial results. The situation is the same for all of our chemicals such as lime, cyanide, coal and balls.

We purchase our fuel exclusively from the company Vivo Energy Mali in CFA francs, the local currency in Mali, at a price fixed by the director of the Malian Office of Petroleum Products (ONAP). The average price fixed by the director of ONAP was FCFA 631 per liter (equivalent to CAD 1.41) during the quarter ended September 30, 2019, compared to FCFA 639 per liter (equivalent to CAD 1.48) for the same period in 2018.

Foreign Currencies

Our mining operation and exploration activities are carried out in Mali, in West Africa. As a result, a portion of operating costs and capital expenditures is denominated in foreign currencies, mainly in euros. The FCFA fluctuates according to the euro, which is currently at a fixed rate of FCFA 655.957 for 1 euro.

4. CONSOLIDATED RESULTS AND MINING OPERATIONS

Financial and Operating Highlights

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
Gold ounces produced	**15,175**	12,772	**38,324**	34,281
Gold ounces sold	**13,276**	12,733	**35,971**	36,202
(rounded to the nearest thousand dollars)				
Revenues – Gold sales	**25,478,000**	19,820,000	**64,789,000**	59,769,000
Mining operation expenses	**7,489,000**	6,984,000	**22,027,000**	20,577,000
Mining royalties	**681,000**	681,000	**1,891,000**	1,984,000
Administrative expenses	**2,632,000**	2,944,000	**8,783,000**	9,246,000
Depreciation of property, plant and equipment and amortization of intangible assets	**7,402,000**	3,176,000	**23,248,000**	9,003,000
Stock-based compensation expense	---	52,000	---	52,000
Operating income	**7,274,000**	5,983,000	**8,840,000**	18,907,000
Financial expenses	**664,000**	1,345,000	**2,178,000**	4,241,000
Foreign exchange loss (gain)	**255,000**	15,000	**218,000**	(200,000)
Change in fair value of financial liabilities	---	(48,000)	---	(1,778,000)
Gain on disposal of property, plant and equipment	---	(617,000)	---	(617,000)
Other expenses	**(21,000)**	(11,000)	**(164,000)**	(30,000)
Income tax expense (recovery)	**(308,000)**	173,000	**(1,664,000)**	519,000
Net income	**6,684,000**	5,126,000	**8,272,000**	16,772,000
Net income attributable to equity shareholders	**6,593,000**	4,598,000	**8,455,000**	15,276,000
Basic earnings per share	**0.011**	0.008	**0.015**	0.026
Diluted earnings per share	**0.011**	0.008	**0.015**	0.026
Adjusted amounts				
Adjusted net income attributable to equity shareholders[1]	**6,849,000**	4,000,000	**8,673,000**	12,733,000
Per share[1]	**0.012**	0.007	**0.015**	0.022
Cash flows				
Cash flows from operating activities[2]	**13,856,000**	7,782,000	**30,196,000**	25,695,000
Per share[1]	**0.024**	0.013	**0.052**	0.044

[1] Adjusted net income attributable to equity shareholders, adjusted basic earnings per share and operating cash flows per share are non-IFRS financial measures for which there is no standardized definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document, on page 40.

[2] Cash flows from operating activities exclude changes in non-cash working capital items.

4. CONSOLIDATED RESULTS AND MINING OPERATIONS - (CONTINUED)

Comparison of the third quarter of 2019 and the third quarter of 2018

- During the third quarter of 2019, gold sales amounted to $25,478,000 (1st quarter of 2019: $18,870,000; 2nd quarter of 2019: $20,441,000) compared to $19,820,000 for the same period in 2018. The increase in gold sales is attributable to the increase in the amount of gold ounces sold (13,276 ounces of gold sold compared to 12,733 ounces of gold sold) as well as the increase in gold prices on the market ($ 1,919 per ounce compared to $ 1,557 per ounce). The variation between gold ounces sold and gold ounces produced for the periods is due to the timing of shipments.

- In the third quarter of 2019, mining expenses amounted to $7,489,000, representing 29% of total sales (1st quarter of 2019: $7,131,000; 38%; 2nd quarter of 2019: $7,407,000; 36%), while in the third quarter of 2018, mining expenses amounted to $6,984,000, representing 35% of total sales. The decrease in this ratio is explained by an average realized selling price of $362 per ounce higher in the third quarter of 2019 compared to the same period in 2018.

- Administrative expenses for the third quarter of 2019 amounted to $2,632,000 are pretty comparable to the same period in 2018, which is coherent with the fact that the Company's ongoing efforts to control its fixed costs.

- In the third quarter of 2019, the depreciation of property, plant and equipment and amortization of intangible assets was higher than in the same period in 2018. On November 5, 2018 and on August 9, 2019, the Company filed respectively a 43-101 report with an effective date of July 15, 2018 regarding estimated mineral resources as well as a 43-101 report with an effective date of May 1, 2019 in regards to estimated mineral resources and mineral reserves. These new data on the resources and reserves of the Nampala mine, as well as a better knowledge of our industrial tool have had the effect of prospectively refining several methods of calculation of amortization of the fixed assets, to thus represent more precisely the economic reality of the current mine.

4. CONSOLIDATED RESULTS AND MINING OPERATIONS - (CONTINUED)

Comparison of the nine-month period ended September 30, 2019 and the nine-month period ended September 30, 2018

- During the nine-month period ended September 30, 2019, gold sales amounted to $64,789,000, corresponding to 35,971 ounces of gold at an average price of $1,801 per ounce, compared to $59,769,000 for the same period in 2018, corresponding to 36,202 ounces of gold at an average price of $1,651 per ounce. This 8% increase in revenues is attributable to the higher average selling price. The difference between the number of ounces of gold sold and the number of ounces of gold produced during the periods is due to the timing of shipments.

- In the nine-month period ended September 30, 2019, mining expenses amounted to $22,027,000, representing 34% of total sales, while in the nine-month period ended September 30, 2018, mining expenses amounted to $20,577,000, representing 34% of total sales. Although the average realized selling price is higher, fuel costs per ounce of gold sold are up for the first nine months of 2019 compared to 2018. This year, the excavation of ore at the bottom of the existing pit and the presence of more coarse ore are examples of factors requiring higher fuel consumption to recover gold.

- The decrease in mining royalties in the nine-month period ended September 30, 2019 is a direct result of the decrease of gold shipped.

- Administrative expenses for the nine-month period ended September 30, 2019 amounted to $8,783,000 are lower than for the nine-month period ended September 30, 2018, which is coherent with the fact that the Company's ongoing efforts to control its fixed costs.

- During the nine-month period ended September 30, 2019, the depreciation of property, plant and equipment and amortization of intangible assets was higher than in the same period in 2018. On November 5, 2018 and on August 9, 2019, the Company filed respectively a 43-101 report with an effective date of July 15, 2018 regarding estimated mineral resources as well as a 43-101 report with an effective date of May 1, 2019 in regards to estimated mineral resources and mineral reserves. These new data on the resources and reserves of the Nampala mine, as well as a better knowledge of our industrial tool have had the effect of prospectively refining several methods of calculation of amortization of the fixed assets, to thus represent more precisely the economic reality of the current mine.

5. EXPLORATION

On June 25, 2019, the Company communicated the integration of all its 2018-2019 drilling results in a new technical report in conformity with the National Instrument 43-101 entitled "NI 43-101 Technical Report, Mineral Resource and Mineral Reserve Estimates for the Nampala Gold Mine" ("the Technical Report"), was prepared by Mario Boissé, P. Eng., and Denis Boivin, P. Geo.

Main highlights:

- Indicated Mineral Resources increase of 77% and totaling 429,000 ounces of gold (compared to 242,000 ounces of gold in the 2018 MRE) (216,000 ounces in oxide type (principally saprolite), 105,000 ounces in transition zone and 107,000 ounces in fresh rock (sulphides)), which corresponds to a total of 16,304,000 tonnes at 0.82 g/t Au; This represents an increase of more than 60% of available tonnes of ressources and 10.8% of the average grade.

- Inferred Mineral Resources totaling 31,000 ounces of gold (3,000 ounces in saprolite type (oxides), 14,000 ounces in transition zone and 31,000 ounces in fresh rock (sulphides)), which corresponds to a total of 1,296,000 tonnes at 0.74 g/t Au;

- 2018-2019 drilling overall positive impact on the project. Despite the amount of gold produced since the last 2018 MRE, the Nampala's drilling campaign (27,000 meters) has allowed increasing resources significantly. Furthermore, the 25,000 meters drilled on Mininko's permit totaled over 52,000 meters drilled during the 2018-2019 campaign, nearly three times the effort for the previous campaign.

- Reserve update. Following the 2018-2019 campaign, we have established a new reserve estimate. It was decided to carry out additional metallurgical tests before eventually integrating reserves in transition zone and in fresh rock. As a result, we can now report 180,000 ounces of reserves as at April 30, 2019 only in oxide, or 7,719,000 tonnes at a grade of 0.73 g/t with a stripping ratio of 2.76.

- Denis Boivin (QP Geologist) and Mario Boissé (QP Mining Engineer) have also updated the Nampala model block. They also established the economic envelopes and pit designs based on resources and reserves, respectively.

The Company estimates that, based on these assumptions, the current rate of production already suggests that beyond the 4 years of proven production (2023), ROBEX has ample time to invest in, we hope, abundant discoveries of new resources. In addition, the very large increase in resources gives hope that the metallurgical tests to be carried out will already transform some of the resources established into new reserves.

ROBEX has set up an exploration department (supervised by 2 independent QPs) in order to drill continuously (and no longer by campaign) from January 2020 so that costs are optimized and the number of drill-holes increased, which means that additional reserves can be discovered.

As a result of the restructuring of the exploration department, the Company is investing:

- In equipment: calls for tenders are underway to select drilling equipment;
- In the construction of a 700 m² carro library (end of Q1 2020);
- In dedicated hardware and software;
- In the training of geologists on the latest products; and
- In the laboratory (managed on site by SGS) to be able to absorb the increase in the number of samples to be analyzed.

6. 2019 MINERAL RESOURCES AND RESERVES

Table 1. – Nampala (2019) Mineral Resource Estimate

Category	Cut-off Au (g/t)	Weathering type	Tonnage (000t)	Grade Au (g/t)	Metal content Au (000 oz)
Indicated	0.38	Oxide	9,223	0.73	216
	0.48	Transition	3,666	0.90	105
	0.48	Fresh rock	3,416	0.98	107
	Subtotal		**16,304**	**0.82**	**429**
Inferred	0.38	Oxide	693	0.64	14
	0.48	Transition	103	0.86	3
	0.48	Fresh rock	500	0.86	14
	Subtotal		**1,296**	**0.74**	**31**
Total			**17,600**	**0.81**	**460**

Table 2. – Nampala (2019) Mineral Reserve Estimate

Weathering type	Probable Mineral Reserves				Non-Reserve Material (Au > 0,38 g/t)			Waste	Stripping ratio (Waste/Ore)
	Cut-Off Au (g/t)	Tonnage (000 t)	Grade Au (g/t)	Metal content Au (000 oz)	Tonnage (000t)	Grade Au (g/t)	Metal content Au (000 oz)	Tonnage (000 t)	
Oxide	0.38	7,719	0.73	180	335	0.61	7	18,503	**2.76**
Transition	N/A				1,551	0.79	39	860	
Fresh rock	N/A				31	0.62	1	8	
Total		**7,719**	**0.73**	**180**	**1,916**	**0.75**	**46**	**19,371**	

Notes to accompany tables:

1. The independent and qualified person for the Mineral Resource Estimate, as defined by NI 43-101, is Mr. Denis Boivin, B.Sc., P.Geo., (OGQ #816) and Mr. Mario Boissé mining Eng. (OIQ #130715), and the effective date of the estimate is April 30, 2019.
2. These Mineral Resources are not Mineral Reserves as they do not have demonstrated economic viability. The Mineral Reserves were established on the current technical capacity of the Nampala plant. Mario Boissé recommends further metallurgical to analyze the economic potential of the resources used in transition zone and in fresh rock for the 2019 MRE.
3. The Mineral Resources and Reserves estimate follows 2014 CIM definitions and guidelines.
4. The Mineral Resources include Mineral Reserves.
5. Results are presented in situ and undiluted for open pit scenario and considered to have reasonable prospects for economic extraction.
6. Grade interpolation was performed on the Nampala operating permit from 1 meter drilling composites using the grade of the material analyzed and stripped at 15 g/t Au. The grade model was interpolated following the RBF (Radial Basis Function) method of the Leapfrog Geo software version 4.5.0 and evaluated in a 20-degree model block (10 m x 15 m x 5 m). In situ densities were interpolated using respective oxidation levels, with on average: Saprolite (oxides) = 1.60; Transition = 2.18 and Fresh rock = 2.63 (g/cm3).

6. 2019 MINERAL RESOURCES AND RESERVES - (CONTINUED)

7. Resources are contained in an economic envelope built with the Lerch-Grossman optimization tool found in MineMap's IMS software. Cut-off levels are set at 0.38 g/t Au for oxides and 0.48 g/t for transition rock and fresh rock. Cut-off levels were calculated based on: gold price USD 1,250/oz, CAD:USD exchange rate of 1.33 and the following parameters:
    a) Oxide: Mining cost=USD 2.00/t; Processing cost (Plant)=USD 8.70/t; USD/t; G&A=USD 2.30/t;
    b) Transition: Mining cost=USD 2.41/t; Processing cost (Leach)=USD 8.92/t; G&A=USD 2.30/t; and
    c) Fresh rock: Mining cost=USD 2.55/t; Processing cost (Leach)=USD 8.92/t; G&A=USD 2.30/t.
8. The slope of the economic envelope is set at 40 degrees for an elevation of more than 330 meters and 45 degrees for lower elevations.
9. Reserves are contained in an economic envelope similar to that recovery is set at 0% in transition rock and healthy rock; The DCP (Distance to closest point) must be less than 30 meters in order to be categorized in the indicated; Mining recovery is 97%. In addition, a mining design with 7 pits serves as a final constraint or:
    a) A 21m wide ramp at a 10% slope is established to the bottom of the pits;
    b) 10m benches with a 5m bench establish a wall angle at 46.2 degrees; and
    c) Potential pits with a diameter of less than 100m are ignored.
10. The number of metric tonnes was rounded to the nearest thousand and the metal content are presented in troy ounces (tonne x grade / 31.10348). Any gap between the totals is due to the rounding effects. The rounding practices are in accordance with the recommendations established by the appendix 43-101A1.
11. Denis Boivin P.Geo and Mario Boissé Eng. are not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in this Technical Report that could materially affect the mineral resource estimate.

7. OPERATING INCOME (LOSS) BY SEGMENT

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
(rounded to the nearest thousand)				
Operations (Nampala, Mali)	**8,835,000**	7,478,000	**13,556,000**	23,985,000
Explorations (Mali)	**(197,000)**	(1,000)	**(511,000)**	(5,000)
Corporate management	**(1,364,000)**	(1,494,000)	**(4,205,000)**	(5,073,000)
Segment operating income	**7,274,000**	5,983,000	**8,840,000**	18,907,000

Mining Operation: Nampala, Mali

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
Operating Data				
Ore mined (tonnes)	**477,676**	365,759	**1,378,787**	1,306,075
Ore processed (tonnes)	**512,377**	432,538	**1,370,536**	1,313,988
Waste mined (tonnes)	**645,784**	474,115	**2,309,402**	2,341,676
Operational stripping ratio	**1.4**	1.3	**1.7**	1.8
Head grade (g/t)	**1.05**	0.97	**1.01**	0.95
Recovery (%)	**87.7%**	87.3%	**86.5%**	84.5%
Gold ounces produced	**15,175**	12,772	**38,324**	34,281
Gold ounces sold	**13,276**	12,733	**35,971**	36,202
Financial Data				
(rounded to the nearest thousand dollars)				
Revenues – Gold sales	**25,478,000**	19,820,000	**64,789,000**	59,769,000
Mining operation expenses	**7,489,000**	6,984,000	**22,027,000**	20,577,000
Mining royalties	**681,000**	681,000	**1,891,000**	1,984,000
Administrative expenses	**1,284,000**	1,502,000	**4,625,000**	4,224,000
Depreciation of property, plant and equipment and amortization of intangible assets	**7,189,000**	3,175,000	**22,690,000**	8,999,000
Segment operating income	**8,835,000**	7,478,000	**13,556,000**	23,985,000
Statistics				
(in Canadian dollars)				
Average realized selling price (per ounce)	**1,919**	1,557	**1,801**	1,651
Cash operating cost (per tonne processed)[1]	**16**	16	**17**	15
Total cash cost (per ounce sold)[1]	**615**	602	**665**	623
All-in sustaining cost (per ounce sold)[1]	**893**	843	**988**	937
Administrative expenses (per ounce sold)	**97**	118	**129**	117
Depreciation of property, plant and equipment (per ounce sold)	**542**	249	**631**	249

[1] Cash operating cost, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document, on page 40.

7. OPERATING INCOME (LOSS) BY SEGMENT - (CONTINUED)

Mining Operation: Nampala, Mali - (continued)

Comparison of the third quarter of 2019 and the third quarter of 2018

- The amount of ore extracted was 477,676 tonnes for the third quarter of 2019 compared to 365,759 tonnes for the same period in 2018. Of course, the increase in the average daily ore processed at the plant in the third quarter of 2019 (5,569 tonnes compared to 4,702 tonnes in the third quarter of 2018) required a greater amount of ore to be extracted.

- The amount of waste mined was 645,784 tonnes in the third quarter of 2019, representing an operational stripping ratio of 1.4, compared to 474,115 tonnes for the same period of 2018, representing an operational stripping ratio of 1.3. During this period, stripping also took place northeast of the main pit in order to begin mining in the coming months in this area, as planned in the Technical Report.

- For the three-month period ended September 30, 2019, the Nampala mine produced 15,175 ounces of gold compared to 12,772 ounces of gold for the same period in 2018, representing an increase of 19%. These results are due to an 18% increase in the quantity of ore processed, an improvement in the recovery rate (87.7% compared to 87.3%) and a higher grade processed (1.05 g/t Au compared to 0.97 g/t Au).

- Administrative expenses decreased by 15% in the third quarter of 2019 compared to the same period in 2018. The Company is constantly striving to control its fixed costs.

- The increase in amortization per ounce sold reflects the prospective application of the impact of the new 43-101 reports, but also the additional investments made at the mine after the third quarter of 2018, such as the construction of roads, the expansion of the disposal site to anticipate the future production pace and the increase of the power plan capacity to secure our energy production. The stripping costs for various pits have also been added to the investments and are subsequently amortized (IFRIC 20 accounting standard for open pit mines).

7. OPERATING INCOME (LOSS) BY SEGMENT - (CONTINUED)

Mining Operation: Nampala, Mali - (continued)

Comparison of the nine-month period ended September 30, 2019 and the nine-month period ended September 30, 2018

- The amount of ore extracted was 1,378,787 tonnes for the nine-month period ended September 30, 2019 compared to 1,306,075 tonnes for the same period in 2018, representing a increase of 6%. Of course, the increase in the average daily ore processed at the mill for the first nine months of 2019 (from 4,813 tonnes in the first nine months of 2018 to 5,020 tonnes) required a greater amount of ore to be extracted.

- The amount of waste mined was 2,309,402 tonnes for the nine-month period ended September 30, 2019, representing an operational stripping ratio of 1.7, compared to 2,341,676 tonnes for the same period in 2018, representing an operational stripping ratio of 1.8. During this period, stripping work was also carried out south, west and northeast of the existing pit to begin mining ore in new areas, as planned in the Technical Report.

- For the nine-month period ended September 30, 2019, the Nampala mine produced 38,234 ounces of gold compared to 34,281 ounces of gold for the same period in 2018, representing an increase of 12%. These results can be explained by a 4% higher quantity of ore processed, an improvement in the recovery rate (86.5% compared to 84.5%) and a higher grade processed (1.01 g/t Au compared to 0.95 g/t Au for the same period in 2018).

- Administrative expenses increased by 10% in the nine-month period ended September 30, 2019 compared to the same period in 2018. During the first nine months of 2019, the Company created drinking water wells in neighbouring villages. The Company also incurred the organizational costs for the Nampala mine's official inauguration on March 29, 2019.

- The increase in amortization per ounce sold reflects the prospective application of the impact of the new 43-101 reports, but also the additional investments made at the mine. The stripping costs for various pits have also been added to the investments and are subsequently amortized (IFRIC 20 accounting standard for open pit mines).

7. OPERATING INCOME (LOSS) BY SEGMENT - (CONTINUED)

Corporate Management

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
(rounded to the nearest thousand)				
Administratives expenses	**1,346,000**	1,441,000	**4,150,000**	5,017,000
Depreciation of property, plant and equipment and amortization of intangible assets	**18,000**	1,000	**55,000**	4,000
Stock-based compensation expense	**---**	52,000	**---**	52,000
Segment operating loss	**(1,364,000)**	(1,494,000)	**(4,205,000)**	(5,073,000)

Corporate Social Responsibility

The Nampala mine strives to be a responsible mine in search of sustainable impacts.

To this end, it has implemented a series of tools.

This approach began with the mine joining the United Nations Global Compact.

¤ **Joining the UN Global Compact**

The Compact is based on 10 principles.

Human rights:
1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

International labour standards:
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Contribute to the elimination of all forms of forced and compulsory labour;
5. Contribute to the effective abolition of child labour; and
6. Contribute to the elimination of discrimination in respect of employment and occupation.

Environment:
7. Businesses should support a precautionary approach to environmental changes;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption:
10. Businesses should work against corruption in all its forms, including extortion and bribery.

A community development plan (CDP) adopted by representatives of the communities (local elected officials, representatives of the administrations, village leaders and technical services) is being used to implement a multi-year series of actions for the communities and to play a role in improving relations between the mine and its neighbours.

In order to implement this policy, the Nampala mine has expanded its efforts to its suppliers by establishing, among other things, a charter of responsible procurement that mirrors the Global Compact.

7. OPERATING INCOME (LOSS) BY SEGMENT - (CONTINUED)

Corporate Social Responsibility - (continued)

- **Charter of Responsible Procurement**

Through the Charter, the Company is committed to actions that will ensure that the mining site's major and recurring suppliers meet high standards in their treatment of workers.

This charter primarily covers the following:

HUMAN RIGHTS

Nampala's suppliers must undertake to comply with and promote international directives on human rights. In particular, they will ensure that they are not complicit in violations of these fundamental rights.

LABOUR STANDARDS

Nampala's suppliers must undertake to uphold freedom of association and recognize the right to collective bargaining. They will contribute to the effective abolition of child labour and will ensure the elimination of forced and compulsory labour and any form of discrimination in respect of employment and occupation.

ENVIRONMENT

Nampala's suppliers must undertake to apply the precautionary approach to problems related to the environment. They will take initiatives intended to promote greater responsibility for the environment, encouraging the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Nampala's suppliers must undertake to work against corruption in all its forms, including extortion and bribery.

SUPPLIERS' OBLIGATIONS

The Charter has full legal force, since it constitutes part of the general conditions of purchase and applies to Nampala's suppliers, which must themselves, whenever possible, pass on these provisions, where appropriate, to their suppliers. This includes in countries that are not signatories to the conventions of the International Labour Organization where they may be working.

The Company's suppliers must comply with applicable national and international regulations.

They undertake to implement the means required to ensure compliance with the principles set forth in this Charter.

- **Site rehabilitation plan**

A mine has a limited lifetime, even if the estimated date of its end of life is extended as exploration continues.

The era when miners would leave behind a desolate landscape is now, we hope, behind us.

7. OPERATING INCOME (LOSS) BY SEGMENT - (CONTINUED)

Corporate Social Responsibility - (continued)

With the assistance of a specialized engineer from Mali with community development experience (see below), a site rehabilitation plan has now been developed.

The overall philosophy is to return mining sites to a state that requires no expenditure by any party to maintain them or to use them in a healthy condition, without danger and without risk.

To finance this plan, amounts are set aside each year using provisions that are established for this purpose.

The plan is too involved to describe in detail. But it should be mentioned that the plan takes into account various areas on the site, and that site rehabilitation will be easier once an environmental policy has been developed.

Rehabilitating a mining site as part of a mine closing plan essentially involves the following technical issues:

- Demolishing and removing all infrastructures related to the mine, i.e. the processing plant, laboratories, headframe, workshops, garages, storage facilities, administrative buildings, mining hotel and city, thermal power plant, domestic garbage dumps, scrap yards, packing materials, wrecks, etc. To this end, the Company undertakes to comply with all new legislative and regulatory provisions that may be passed and/or all proposals made by the Mines Department concerning maintenance of infrastructure;
- Securing the quarry and galleries (if any);
- Rehabilitating, refurbishing and securing the sump and waste rock dumps (flattening of slopes, planting of trees, etc.);
- Final closing of construction roads;
- Decontaminating soils, if required, and final cleaning of the site; and
- Restoring the site to a remediated condition.

Above all, being responsible means taking care of workers, and a specific policy has been established for this purpose.

- **HSSE/OHS policy**

An HSSE policy (Health, Safety, Security and Environment), also called an OHS policy (Occupational Health and Safety), is a policy on implementing an occupational safety policy.

A mining environment contains many occupational risks due to the use of machines, vehicles, crushers and energy, which present many accident risks. In addition, the work of mining can create many sources of pollution.

Through this policy, the Company acknowledges that excellence in the management of occupational health and safety is an integral part of its operations. The occupational health and safety of its employees is the Company's top priority and, as discussed above, the Company has signed the UN's Global Compact. It undertakes to manage occupational health and safety at an international level by: developing, implementing and continuously improving management systems in order to establish a veritable occupational health and safety culture and a performance culture.

The Company has set itself the objective of establishing a healthy and safe work environment where all employees, subcontractors and visitors will feel safe. Instructions and rules prescribed by the Company will help everyone concerned adopt a safety mind-set.

7. OPERATING INCOME (LOSS) BY SEGMENT - (CONTINUED)

Corporate Social Responsibility - (continued)

In order to attain the objectives of this policy, the Company undertakes to:

1. Comply with all in-force laws, regulations and standards on occupational health and safety by implementing management programs and procedures;
2. Develop and implement comprehensive and strong occupational health and safety management systems, in compliance with ILO-OSH directives;
3. Integrate occupational health and safety objectives into the Nampala mine's standards and practices;
4. Set and attain objectives for the occupational health and safety of employees, subcontractors and visitors by developing and updating such objectives through consultation and communication;
5. Prevent occupational injuries and diseases among employees, subcontractors and visitors;
6. Use risk management techniques to continuously improve health and safety in the workplace;
7. Promote awareness of occupational dangers and risks, and continuously improve occupational health and safety management systems and performance criteria in the departments while integrating occupational health and safety considerations into all the mine's activities;
8. Identify opportunities for appropriate training on occupational health and safety for all employees;
9. Conduct regular audits and review the results of these audits, set performance objectives and measure progress over time in order to ensure continuous improvement and adherence to first-class industrial practices;
10. Use only subcontractors and suppliers that demonstrate a commitment at the highest levels to occupational health and safety management and performance;
11. Ensure that all employees and subcontractors are responsible for health and safety in their workplaces, and that they are regularly evaluated based on their performance in occupational health and safety. All employees and subcontractors have a duty to work safely, help others safely and listen to others when they are helping them work safely;
12. Report all dangerous/risky situations, near-miss situations, incidents and accidents on the job;
13. Provide sufficient resources for occupational health and safety and for a rapid response to emergencies so that employees, subcontractors and visitors can work in a healthy and safe environment; and
14. Plan and maintain a medical monitoring program for all employees, subcontractors and other workers.

It is our conviction that all occupational injuries and illnesses in the workplace are avoidable and, at the very least, everything that is reasonably possible should be done to achieve this end.

It should be noted that in order to monitor, provide quality assurance and control the OHS policy, a permanent system of audit training is being implemented over a three-year period, with the goal of attaining certification at the ISO 45001 level in 2020. The monitoring is provided by an external Malian firm, and all the SSE staff (safety, security and the environment) have been recognized by the ILO (International Labour Organization).

At the mine, each day begins with a moment dedicated to safety rules.

But in order to take care of workers, we also need to ensure that they enjoy better health.

- **Health policy**

The Company has implemented a health policy for its workers as well as for close family members.

First, it created a clinic that is permanently staffed, around the clock (24/24), with two superior health care workers. The clinic is also equipped with an all-wheel-drive ambulance that meets international standards.

7. OPERATING INCOME (LOSS) BY SEGMENT - (CONTINUED)

Corporate Social Responsibility - (continued)

The Company has entered into a partnership with the physicians at two clinics; one in Bamako and the other in Sikasso, the nearest city.

Through these partnerships, the mine provides the following medical services:

- Consultation;
- Hospitalization;
- Minor surgery;
- Health advice and education (also provided to the villages – courses on hygiene, AIDS and STMs, Ebola, malaria);
- Major surgery;
- Childbirth;
- Ophthalmology;
- Dental care;
- Imaging;
- Pharmaceutical costs; and
- Local evacuations.

In 2018 the mine also implemented a verification of the health status of workers and subcontractors.

Of course, being responsible means taking care of the environment. This is why the Company has developed an environment policy.

¤ **Environment policy**

The Nampala gold mine is an open-pit mine that uses conventional surface mining techniques, known as the carbon-in-leach process, to recover gold.

Through a process for evaluating environmental issues, the Nampala mine has undertaken to identify aspects of its operations, including those inherent to geotechnical conditions, to the use of earth-moving machines, to the handling of chemical products, and to dust and other ambient physical nuisances. All the mine's departments have committed to setting objectives so that these aspects of operations can be continuously reduced to acceptable levels.

In order to attain the objectives of this policy, the Nampala mine has undertaken to:

- Comply with all related laws, regulations and requirements in order to conduct its business, while taking economic, social and environmental values into consideration;
- Develop an environmental culture to prevent all pollution;
- Reduce and optimize the use of natural energy sources and resources, while reducing and eliminating all sources of pollution related to hydrocarbons;
- Manage its waste as well as possible, including through sorting and recycling;
- Use only subcontracting businesses that will have been selected in consideration of their level of environmental management, among other things;
- Limit the use of external, temporary resources so that such use does not exceed the mine's ability to manage them;
- Communicate and consult with parties affected by and concerned with environmental aspects of the mine's operations;
- Facilitate and sustain this policy and foster internal and external communication, including feedback from the field on environmental issues;

7. OPERATING INCOME (LOSS) BY SEGMENT - (CONTINUED)

Corporate Social Responsibility - (continued)

- Allocate the required means and resources to implement this policy, ensuring that the financial resources will be available to undertake the mine's gradual rehabilitation work and environmental obligations;
- To fulfill such commitments, the Company sets specific objectives each year that are defined at management reviews; and
- Each of the Company's employees, through his or her daily acts and professionalism, must be a key actor in implementing this policy.

In addition, water quality is verified on a regular basis, at the same time as preventive control of the water tightness of the tailings pond.

The Nampala mine took a novel route by using the services of Mali's national analysis laboratory, acting under the auspices of a bailiff.

¤ **Policy on greenhouse gases**

The Nampala mine is concerned about reducing its carbon footprint and, after having studied other proposals, decided to complete its traditional diesel plant with a solar plant employing solar panels. Construction of the solar plant should be completed before the end of 2019.

As for its traditional diesel plant, the Nampala mine has completed a considerable amount of work on improving fuel quality by improving, as much as possible, its fuel filtering. A new gas-oil filtering station has been implemented that filters impurities to 4µ, representing the best available filtering for the type of gas-oil used.

¤ **Some responsible projects have been undertaken**

For example:

- Drilling and well equipment: through its actions, access to water has been greatly facilitated in an arid country where such access is so important;
- Well repairs;
- Screening young children and providing care in partnership with a trade union;
- Road repairs, including repairs to a bridge; since the roads are destroyed each rainy season, the villages and towns around the mine are now accessible again. In the past, the rainy season resulted in complete destruction of these roads. Travel times have been cut by 30% to 50%, facilitating life for the local people;
- Establishment of a football stadium complete with goals;
- Creation of a marketplace;
- Construction of several classrooms;
- Purchases of produce from women's market garden cooperatives; and
- Maintenance of the long road leading to the national highway.

7. OPERATING INCOME (LOSS) BY SEGMENT - (CONTINUED)

Corporate Social Responsibility - (continued)

- **Mine-school**

The Nampala mine believes that its most significant contribution to sustainable and responsible development is to help its Malian employees obtain or complete their professional qualifications, thereby ensuring long careers. This is why the Nampala mine is often presented in Mali as a mine-school.

The mine has created a training centre with a specialized employee, dedicated full-time to running it. The centre offers many diversified types of courses. Depending on the subject matter, the training may also be provided to the employees of subcontractors. Furthermore, 14 Malian managers at the mine have been sent to Canada and France for training.

The result of these efforts has been that the mine's managers are mostly Malian, something of which the Company can be proud. One direct impact of this policy has been that the number of expatriates has been reduced, and the upper reaches of the organization chart for the Nampala site now consist of 44 Malian managers, 4 managers from the sub-region and only 8 expatriates. To fully grasp the importance of this result, it must be understood that the entire site has approximately 600 workers.

But the Nampala mine has also concerned itself with those with the greatest learning needs. To this end, the Company has established a literacy program for the mine's adults and for people with community responsibilities, in cooperation with the Government of Switzerland. In the coming months this literacy centre has programmed 65,000 hours of training for 126 students from the company and neighbouring communities. It should be noted that it is very rare for a government body to agree to work directly with a private company in this way.

This centre will radically improve the future prospects of employees recruited from the villages and will provide access to knowledge to those who are most active in town and village life. Another impact of this centre is that it has created a meeting place where mine employees and the main actors of local life can get to know each other better, which will probably help avoid tensions.

Clearly all these actions will result in modern, sustainable and responsible action that will have longer-lasting impacts on the entire lives of the people involved.

8. OTHER ELEMENTS OF THE STATEMENT OF INCOME (LOSS)

Financial Expenses

In the third quarter of 2019, financial expenses amounted to $664,000 compared to $1,345,000 for the same period in 2018.

For the nine-month period ended September 30, 2019, financial expenses amounted to $2,178,000 compared to $4,241,000 for the same period in 2018.

The decrease in financial expenses is a direct result of the reduction and restructuring of the Company's liabilities during the year, which ended on December 31, 2018.

Foreign Exchange Loss (Gain)

For the quarter ended September 30, 2019, we registered a foreign exchange loss amounting to $255,000 as a result of the revaluation of our monetary assets and monetary liabilities and our financial instruments denominated in currencies other than the functional currency of the Company, the Euro (foreign exchange loss of $15,000 for the quarter ended September 30, 2018).

For the nine-month period ended September 30, 2019, we registered a foreign exchange loss of $218,000 for the same reason (foreign exchange gain of $200,000 for the nine-month period ended September 30, 2018).

Income Tax Expense (Recovery)

For the quarter ended September 30, 2019, we registered an income tax recovery amounting to $308,000 compared to an income tax expense of $173,000 for the same period of 2018.

For the nine-month period ended September 30, 2019, we registered an income tax recovery amounting to $1,664,000 compared to an income tax expense of $519,000 for the same period in 2018. This change is mainly due to a decrease in the temporary difference between the carrying value of fixed assets and their tax basis for the first nine months of 2019.

Income (Loss) Attributable to Non-Controlling Interest

For the quarter ended September 30, 2019, the net income attributable to the non-controlling interest (10% interest in Nampala S.A. held by the Government of Mali) amounted to $90,000 compared to a net income of $527,000 for the quarter ended September 30, 2018.

For the nine-month period ended September 30, 2019, the net loss attributable to the non-controlling interest was $184,000 compared to a net income of $ 1,496,000 for the nine-month period ended September 30, 2018.

9. OTHER COMPREHENSIVE INCOME (LOSS)

For the quarter ended September 30, 2019, other comprehensive loss amounted to $-1,682,000, reflecting the impact of the change in the exchange rate between the Euro (our functional currency) and the Canadian dollar (our presentation currency) on our non-monetary assets and liabilities (loss of $-1,731,000 for the quarter ended September 30,2018).

For the nine-month period ended September 30, 2019, other comprehensive loss amounted to $-4,949,000 (loss of $-818,000 for the nine-month period ended September 30, 2018).

10. CASH FLOWS

The following table summarizes our cash flows:

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
(rounded to the nearest thousand)				
Operating activities				
Operating	**13,856,000**	7,782,000	**30,196,000**	25,695,000
Working capital items	**(2,039,000)**	(2,609,000)	**(3,729,000)**	(2,333,000)
	11,817,000	5,173,000	**26,467,000**	23,362,000
Investing activities	**(3,107,000)**	(2,245,000)	**(14,442,000)**	(12,903,000)
Financing activities	**(6,842,000)**	9,384,000	**(11,019,000)**	4,334,000
Change in cash during the period	**1,868,000**	12,312,000	**1,006,000**	14,793,000
Effect of exchange rate changes on cash	**281,000**	95,000	**102,000**	(131,000)
Cash at the beginning of the period	**6,381,000**	4,393,000	**7,422,000**	2,138,000
Cash at the end of the period	**8,530,000**	16,800,000	**8,530,000**	16,800,000

Operating Activities

Comparison of the third quarter of 2019 and the third quarter of 2018

Operations

For the quarter ended September 30, 2019, operating activities, before working capital items, generated a positive cash flows of $13,856,000 compared to $7,782,000 for the same period in 2018. This upward movement is mainly attributable to higher gold sales.

Working Capital Items

Working capital items required cash of $2,039,000 in the third quarter of 2019, mainly due to an increase in accounts receivable and a decrease in accounts payable. In the third quarter of 2018, working capital items required cash for an amount of $2,609,000. Additional information on the net change in non-cash working capital is provided in note 17 to the financial statements.

Comparison of the nine-month period ended September 30, 2019 and the nine-month period ended September 30, 2018

Operations

For the nine-month period ended September 30, 2019, operating activities, before working capital items, generated a positive cash flows of $30,196,000 compared to $25,695,000 for the same period in 2018. This upward variation is mainly attributable to higher gold sales.

Working Capital Items

Working capital items required cash of $3,729,000 in the nine-month period ended September 30, 2019, mainly due to an inventory increase and a decrease in payables. In the nine-month period ended September 30, 2018, working capital items required cash for an amount of $2,333,000. Additional information on the net change in non-cash working capital is provided in note 17 to the financial statements.

10. CASH FLOWS - (CONTINUED)

Investing Activities

For the quarter ended September 30, 2019, cash flows used by investing activities amounted to $3,107,000 compared to $2,245,000 for the same period in 2018. Capital expenditures excluding stripping costs are mainly for the acquisition of a crusher in the process of being installed as of September 30, 2019 ($1,227,000).

For the nine-month period ended September 30, 2019, cash flows used in investing activities amounted to $14,442,000 compared to $12,903,000 for the same period in 2018. Capital expenditures excluding stripping costs are mainly for the increase capacity at the disposal site ($1,414,000), the acquisition of a crane ($449,000), a crusher ($1,227,000), and the expansion of the enclosed perimeter of the mine site ($247,000).

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
(rounded to the nearest thousand)	**$**	$	**$**	$
Immobilization expenses				
Maintenance and development	**(1,996,000)**	(1,325,000)	**(4,884,000)**	(3,906,000)
Stripping costs	**(1,660,000)**	(1,451,000)	**(5,241,000)**	(5,486,000)
	(3,656,000)	(2,776,000)	**(10,125,000)**	(9,392,000)
Exploration expenses				
Nampala mine	**(38,000)**	(293,000)	**(1,496,000)**	(1,841,000)
Other permits	**(135,000)**	(97,000)	**(2,027,000)**	(357,000)
	(173,000)	(390,000)	**(3,523,000)**	(2,198,000)
Other variations				
Disposal of property, plant and equipment	**---**	1,351,000	**---**	1,351,000
Decrease (increase) of paid deposits	**737,000**	61,000	**(717,000)**	43,000
Decrease in purchases of property, plant and equipment in accounts payable	**(15,000)**	(491,000)	**(77,000)**	(2,707,000)
	722,000	921,000	**(794,000)**	(1,313,000)
Total	**(3,107,000)**	(2,245,000)	**(14,442,000)**	(12,903,000)

10. CASH FLOWS - (CONTINUED)

Financing Activities

Comparison of the third quarter of 2019 and the third quarter of 2018

For the quarter ended September 30, 2019, cash flows required by financing activities amounted to $6,842,000 (cash flows generated of $9,384,000 for the same period in 2018). During the third quarter of 2019, the Company repaid an amount of $2,404,000 of their long-term debt, in accordance with the scheduled repayment calendar as well as one-third of the principal of non-convertible debentures, for an amount of $3,881,000.

Comparison of the nine-month period ended September 30, 2019 and the nine-month period ended September 30, 2018

For the nine-month period ended September 30, 2019, cash flows required by financing activities amounted to $11,019,000 (cash flows generated of $4,334,000 for the same period in 2018). During the nine-month period of 2019, the Company repaid $6,976,000 on its long-term debt, in accordance with the scheduled repayment schedules as well as one-third of the principal of non-convertible debentures, for an amount of $3,881,000.

11. FINANCIAL INSTRUMENTS

The nature and extent of risks arising from financial instruments are described in note 28 to our annual audited consolidated financial statements.

12. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of incomes and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to our financial statements are disclosed in note 6 of our annual audited consolidated financial statements and in note 4 of our financial statements.

13. CHANGES IN ACCOUNTING POLICIES

On January 1st, 2019, the Company adopted IFRS 16, *Leases*, in accordance with the revised retrospective method. Refer to note 5 of our annual audited consolidated financial statements for further details.

14. FINANCIAL POSITION

	As at September 30, 2019	As at December 31, 2018
(rounded to the nearest thousand)	**$**	$
Current assets	**22,353,000**	19,088,000
Property, plant and equipment	**66,443,000**	83,833,000
Other non-current assets	**8,243,000**	6,772,000
Total assets	**97,039,000**	109,693,000
Current liabilities	**19,950,000**	22,972,000
Non-current liabilities	**16,850,000**	29,804,000
Total liabilities	**36,800,000**	52,776,000
Equity attributable to shareholders	**59,761,000**	56,222,000
Non-controlling interest	**478,000**	695,000
Total liabilities and equity	**97,039,000**	109,693,000

As at September 30, 2019, our total assets amounted to $97,039,000 compared to $109,693,000 as at December 31, 2018. This decline can be explained by a decrease in the net value of the Company's tangible assets of $17,390,000, partially offset by an increase in mining properties corresponding to exploration expenses incurred on the Mininko and Kamasso during the last drilling and exploration campaign, the quantity of product inventories in progress (gold) and the balance in the treasury. The high level of cash flow bodes well for the Company to repay all of the principal amount of the non-convertible debentures in the last quarter of 2019.

As at September 30, 2019, our total liabilities amounted to $36,800,000 compared to $52,776,000 as at December 31, 2018. This decrease is largely due to the fact that the Company's long-term debt decreased from $24,290,000 as of December 31, 2018 to $15,722,000 as of September 30, 2019. In addition, the Company made a partial repayment of the principal amount of the non-convertible debentures in the amount of $3,881,000. The decrease in existing temporary differences between the book value of fixed assets and their tax value has resulted in a decrease in deferred tax liabilities of $2,401,000.

15. CONTRACTUAL OBLIGATIONS

Government Royalties

In Mali, the rate of mining royalties on volumes shipped is 3%. For the quarter ended September 30, 2019, mining royalties of $511,000 were registered as expenses ($509,000 for the quarter ended September 30, 2018).

For the nine-month period ended September 30, 2019, government royalties of $1,415,000 were recorded as expenses ($1,486,000 for the nine-month period ended September 30, 2018).

Net Smelter Royalty ("NSR")

We are subject to NSR royalties ranging from 1% to 2% on our different exploration properties. NSR royalties will only come into effect when we obtain an operating license on these properties.

For the operating license for gold and minerals on a portion of the Mininko property, NSR royalties of $170,000 were recorded as expenses for the quarter ended September 30, 2019 ($172,000 for the quarter ended September 30, 2018).

For the nine-month period ended September 30, 2019, NSR royalties of $476,000 were recorded as expenses ($498,000 for the nine-month period ended September 30, 2018).

Payments for the Maintenance of Mineral Rights

In the normal course of business, in order to obtain and retain all of the benefits associated with the holding of our mining licences, we must commit ourselves to invest a predetermined amount in the exploration and development of the lands covered by the permits that we hold over the period of validity of these licences. In addition, we are required to make annual payments to retain certain property titles. As at September 30, 2019, we respect all of the obligations arising from the holding of our licences in all their significant respects.

16. RELATED PARTY TRANSACTIONS

Transactions between related parties are disclosed in note 21 to our financial statements.

17. SUBSEQUENT EVENTS

On October 2, 2019, the Company obtained an authorized line of credit from a Malian bank for a maximum amount of $1,102,512 (500,000,000 CFA francs), bearing interest at an annual rate of 8%, with an expiry date of July 31, 2020.

On November 26, 2019, all non-convertible debentures and accrued interest were repaid in the form of cash by the Company.

18. TRADING HOUSE: STRATEGY RELATING TO THE SALE OF GOLD

On June 5, 2014, the Company announced that it had finalized the implementation of the corporate structure related to the Trading House (defined hereunder) together with its marketing strategy related to the sale of the gold produced at the gold mine in Nampala, Mali (the "Mine"). This operation was carried out with the sole objective of increasing the Company's return on its previous significant investments made in the Mine. The operation of the Trading House constitutes one of the bases of the Company's marketing strategy relating to the sale outside of Mali of gold produced at the Mine; one of the goals of this strategy is to directly supply certain value-added segments of the market, including the high-end jewelers and mints, with a differentiated product and a trade mark providing additional value.

As such, as indicated in the Material Change Report of May 8, 2014, on March 27, 2014, the Company incorporated a new affiliate, African Peak Trading House Limited (the "Trading House"), a corporation governed by laws of the Isle of Man. This transaction has been subject to an application for approval by the TSX Venture Exchange and is subject to the rules for the protection of minority shareholders.

In order to complete the capitalization of the Trading House, the Company subscribed for common shares and Class B Shares of the Trading House in an aggregate amount of $15,000,000. Under the terms of a subscription agreement, the Company, subject to the satisfaction of certain conditions, subscribed for 1,000 common shares at $1.00 per share of the Trading House (the "Common Shares") and 15,000,000 Class B Shares of the Trading House (the "Class B Shares") at $1.00 per Class B Share. The Class B Shares are non-voting shares and will entitle the Company to receive a preferential dividend over the Common Shares. The legal control of the Trading House will rest in a trust formed under the laws of Gibraltar, the Golden International Income Trust (the "Trust"), of which the sole beneficiary is the Company. The Trust is also controlled by a protector, who is acting pursuant to the terms of a supervision and control policy (the "Supervision and Control Policy") under which the protector must report annually at the Company's annual shareholders' meeting. The Supervision and Control Policy was implemented by the Board of Directors of the Company.

The Trading House will use the subscription proceeds from the Company to establish, in favor of Nampala S.A., the Company's subsidiary in Mali exploiting the Mine, a senior non-revolving credit facility entitled the Senior Gold Stream Credit Agreement (the "Loan") and a gold supply agreement (the "Gold Supply Agreement") which provides for the supply of gold to the Trading House in the normal course of business for a period of three years and is based on the same price as set forth for the Loan.

The proceeds from the Gold Loan were used by Nampala S.A. to pay back certain advances previously made by the Company for an amount of $15,000,000. In practice, the Company substituted $15,000,000 of advances owed to it by Nampala S.A. with a private placement in the Trading House for the same amount.

Under the Gold Loan, Nampala S.A. must deliver possession to the Trading House of all of the doré bars extracted from the Mine, over a five-year period, in repayment of the capital and interest owed under the Gold Loan by Nampala S.A. to the Trading House. The Trading House will manage the refining of the gold by contracting with refiners located in Europe, in order to subsequently sell the refined gold directly to the international market. This follows the example of the major mining corporations. The Trading House will distribute the profits to the Company by way of intercompany dividends. Following the repayment of the Loan, the Trading House will benefit from the Gold Supply Agreement, pursuant to the same terms and conditions as the Loan. Nampala S.A. will distribute the profits from the sale of the doré bars to the Company by way of repayment of the advances and intercompany dividends, profits representing the difference between the prices set forth in the Loan and the production costs.

18. TRADING HOUSE: STRATEGY RELATING TO THE SALE OF GOLD - (CONTINUED)

On December 6, 2018, an agreement was reached between the Trading House and Nampala S.A. giving rise to a new loan of 7,622,451 euros ($11.6 million Canadian dollars), through a gold stream credit agreement ("gold loan"). This financing, the gold loan, similar to the financing of the 2014 gold loan, allowed Nampala S.A. to complete its financing structure with a favorable interest rate on this financing at 5% (compared to 11% in 2014). This transaction also includes the increase in the capitalization of the Trading House of a total amount of 7,622,451 euros, paid by the Company on December 6, 2018. As part of this loan, Nampala S.A. will deliver to the Trading House all gold bullion extracted from the mine over a period of seven years, in payment of the capital and interest due under the gold loan.

In summary, the Trading House is a specialized company that will market the gold received from Nampala S.A. outside of Mali by identifying the favorable markets and eventually by developing new niche markets. The Trading House will sell the physical gold on the international market and will distribute all the profits from the sales of said gold to the Company through inter-company dividends. In doing so, the Company anticipates that the additional profits generated from the gold marketing strategy, based on the business model of the Trading House targeting value-added segments of the market, will be significant and that this endeavor will be beneficial for the Company.

19. MINING PROPERTIES: FIVE EXPLORATION PERMITS

ROBEX currently holds five exploration permits, all located in Mali, in West Africa. Mali is currently Africa's third most important gold-producing country. Two of Robex's permits are situated in southern Mali (Mininko and Kamasso), while the three others are located in the western area of the country (Sanoula, Kolomba and Diangounte). ROBEX is actively working towards developing its permits, all of which indicate favorable geology for the discovery of gold deposits.

19. MINING PROPERTIES: FIVE EXPLORATION PERMITS - (CONTINUED)

Mininko Permit

The project includes the Mininko exploration permits covering 62 km^2. Robex owns 100% of the permit and a 1% NSR is liable. It is on this property that the Nampala mine is located. It is located around 57 km to the southwest of the town of Sikasso and 21 km south of Niéna village, which is accessible via the trail from the Nampala mine. Geologically, it is located in the South Mali window, in the inferior Proterozoic age Birrimian bedrock, where the Syama, Morilla, and Nampala gold deposits were found. The project includes the operation permit of the Nampala deposit, and is located 35 km north-northeast of the Syama deposit and 92 km southwest of the Morilla deposit.

The region of the permit has been explored in detail since 1980, and soil geochemistry, geology, geophysics, and surveys revealed potential areas for exploration. The work has defined several gold targets, one of which became the Nampala deposit. Geochemical and geophysical studies have been planned on this property to determine drilling sites conducive to discoveries that may lead to future exploitation.

Kamasso Permit

The project includes the Kamasso exploration permits covering 100 km^2. Robex owns 100% of the permit and a 1% NSR is liable. It is located about 74 km southwest of Sikasso and 35 km south of Niéna village, which is accessible via the Nampala mine trail. In the prospecting Sikoro area, the geochemical anomaly is combined with an induced polarization anomaly. This gold anomaly is located on the southern extension of the stratigraphic and structural sequence where the Nampala deposit is. In 2009, 700 meters of drilling were completed and show a rooting under the surface of the soil anomaly.

The Kamasso permit offers very interesting prospects. It is located on the southern extension of the stratigraphic and structural sequence in which the Nampala deposit (Mininko) is located. It is located a few kilometers from Nampala. Exploration work previously carried out had helped to identify several geochemical anomalies in soils including the Sikoro, as well as those of Kadjila and Sirakoroni confirmed by wells and short-destructive surveys. The completion of a geological map using aerial and satellite images and an airborne geophysical survey of the Sysmine project in the territory of the Kamasso permit had also showed the continuation of large structures of the Nampala anomaly (Mininko permit) defined by faulting and fracture networks. Geochemical and geophysical studies have been planned on this property to determine drilling sites conducive to discoveries that may lead to future exploitation.

Sanoula Permit

The project includes the Sanoula exploration permit covering 31.5 km^2. Robex owns 100% of the permit and a 1% NSR is liable. It is located around 58 km north-northwest of the town of Kenieba and 120 km south of the city of Kaye, which is accessible by trails. Geologically, it is located in the northern part of the Kédougou Kéniéba window, in the inferior Proterozoic age Birrimian bedrock, which can be found in the central and northern part of the gold deposits of Sadiola, Loulo and Tabakoto. The project is located on the Senegalese-Malian Accident (ASM), which marks the boundary between the Kofi Formation to the east and the Kéniébandi Formation to the west, and is located between the Sadiola, 56 km north-northwest, and Loulo, 26 km south-southeast, deposits.

The region of the permit has been explored in detail since 2000, and soil geochemistry, geophysics, geology, and surveys have found a linear gold mineralized area. The area was drilled in 2006 and 2007 following the discovery of a geochemical anomaly associated with a resistivity anomaly. A total of 966 meters was drilled; the mineralization intersection is contained in a highly distorted sedimentary tourmaline formation. Gold occurs mainly in strongly dipped pyritized quartz veins, in moderately silicified tourmaline-enclosed rock. This type of gold mineralization characterizes the Loulo deposit.

19. MINING PROPERTIES: FIVE EXPLORATION PERMITS - (CONTINUED)

Kolomba Permit

The project includes the Kolomba exploration permit covering 64 km^2. Robex owns 100% of the permit. It is located about 12 km south of Kenieba and 1 km northeast of Dabia village. The road linking Bamako Kenieba passes through the center of the permit. Geologically, it is located in the southeast sector of the Kédougou Kéniéba window in the inferior Proterozoic age Birrimian bedrock, which can be found in the central and northern part of the gold deposits of Sadiola, Loulo and Tabakoto. The project is located 21 km northeast and 25 km south of the Fekola and Tabakoto gold deposits respectively.

The region of the permit has been explored in detail since the 1990s, and soil geochemistry, geology, geophysics, and surveys revealed potential areas for gold exploration. These studies have yielded poor results in general. They are consistent with geological landscapes where saprolite is dominate, with scatterings of small quartz stock work and, at times, higher amounts of gold mineralization, but the latter are sporadic and have no real continuity. The results obtained on the target MM-5A show that the central area of this target could be prospective. The drilling on anomalies MM-2, MM-3 and Bilali Santos highlighted valid intersections worthy of follow-ups to establish continuity. Consistent gold values were also revealed in trenches dug in a targeted area of 40 meters by 50 meters.

Diangounte Permit

The project includes the Diangounte licence, which covers 52.14 km^2. Robex owns 100% of the permit. It is located around 90 km SSW of the city of Kaye and 30 km SSW of the village of Sadiola, which is accessible by trails. Geologically, it is located in the northern part of the Kédougou Kéniéba window, in the inferior Proterozoic age Birrimian bedrock, which can be found in the central and northern part of the gold deposits of Sadiola, Loulo and Tabakoto. The project is located 30 km SSW of the Sadiola deposit.

The licensed area has been explored in detail since the 90s. The geochemistry soil work, geophysics, and well surveys revealed several gold targets. This project encompasses the regional gold geochemical anomaly, La Corne (Klöckner-1989). This regional anomaly is similar to those that led, among other things, to the discovery of the Sadiola deposit. Subsequently, detailed geochemical work helped define a circular anomaly covering 8 km^2.

20. RISKS AND UNCERTAINTIES

As a mining company, we face the financial and operational risks inherent to the nature of our activities. These risks may affect our financial condition and results of operation. As a result, an investment in our common shares should be considered speculative. Prospective purchasers or holders of our common shares should give careful consideration to all of our risk factors.

Financial Risks

Fluctuation in Gold Prices

The profitability of our operations will be significantly affected by changes in the market price of gold. Gold production from mining and the willingness of third parties, such as central banks, to sell and lease gold have an impact on the Golden supply.

The demand for gold can be influenced by economic conditions, the attractiveness of gold as an investment vehicle and the strength of the US dollar. Other factors include interest and exchange rates, inflation and political stability. The overall incidence of these factors is impossible to predict accurately.

In addition, the price of gold has, on some occasions, been subject to very rapid short-term variations due to speculative activities. Fluctuations in gold prices can have a significant adverse impact on our financial situation and on our operating income.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Fluctuation in Petroleum Prices

Because we use petroleum fuel to power our mining equipment and to generate electrical energy to power our mining operations, our financial condition and results of operation may be materially adversely affected by rising petroleum prices.

Exchange Rate Fluctuations

Our operations in Mali are subject to currency fluctuations that may materially adversely affect our financial condition and results of operation. Gold is currently sold in euros, and the majority of our costs are calculated in FCFA. The exchange rate between the Euro and the FCFA is set by the European Central Bank and has remained unchanged for the last ten years at a rate of FCFA 655.957 for 1 euro. However, some of our costs are incurred in other currencies, such as the US dollar and the Canadian dollar. The appreciation of other currencies against the Euro can increase the cost of exploration and production in Canadian dollar terms, which could materially adversely affect our financial condition and results of operation.

Interest Rate Fluctuations

All of the Company's financial instruments and their lines of credit and long-term debt bear interest at a fixed rate and are therefore not exposed to interest rate risk.

Access to Debt Financing

The Company's activities depend on its ability to continue to have the necessary financing through borrowing. While management has been successful in securing funding in the past, there is no guarantee of future success, and there can be no assurance that these funding sources or initiatives will be available to the Company or available on terms acceptable to the Company.

<u>Operational Risks</u>

Uncertainty of Reserve and Resource Estimates

Reserves and resources are estimates based on limited information acquired through drilling and various sampling methods. No assurance can be given that anticipated tonnages and grades will be achieved or that level of recovery will be realized. The ore grade actually recovered may differ from the estimated grades of the reserves and resources. Such figures have been determined based upon assumed gold prices and operating costs.

Future production could differ dramatically from what is foreseen in the reserve estimates, particularly for the following reasons:

- mineralization or formations could differ from those predicted by drilling, sampling and similar examinations;
- increases in operating mining costs and processing costs could materially adversely affect reserves;
- the grade of the reserves may vary significantly from time to time and there is no assurance that any particular level of gold may be recovered from the reserves; and
- a decline in the market price of gold may render the mining of some or all of the reserves uneconomic.

Any of these factors may translate into increased costs or a reduction in our estimated reserves. Short-term factors, such as the need for the additional development of a deposit or the processing of new or different grades, may impair our profitability. Should the market price of gold fall, we could be required to materially write down our investment in mining properties or delay or discontinue production or the development of new projects.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Production and Cost Estimates

No assurance can be given that the intended or expected production schedules or the estimated cash costs and capital expenditures will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on our future cash flows, profitability, results of operations and financial condition. Many factors may cause delays or cost increases, including labor issues, disruptions in power, transportation or supplies, and mechanical failure. In addition, short-term operating factors, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular period. Furthermore, our activities may be subject to prolonged disruptions due to weather conditions. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material.

Our cost to produce an ounce of gold is further dependent on a number of factors, including the grade of the reserves, recovery and processing capacity, the cost of raw materials, inflationary pressures in general, and exchange rates. Our future performance may therefore differ materially from the estimated return. Since these factors are beyond our control, there can be no assurance that our cost will be similar from year to year.

Nature of Mineral Exploration and Mining

Our profitability is significantly affected by our exploration and development programs. The exploration and development of mineral deposits involves significant risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a gold-bearing structure may result in substantial rewards, few properties explored are ultimately developed into mines. Major expenses may be required to establish and replace reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that our current or proposed exploration programs will result in profitable commercial mining operations.

Whether a gold deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to taxes, royalties, infrastructure, land use, import and export of gold, revenue repatriation and environmental protection. The effects of these factors cannot be accurately predicted, but the combination of these factors may preclude us from receiving an adequate return on invested capital. Our operations are, and will continue to be, subject to all of the hazards and risks normally associated with the exploration, development and production of gold, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage.

Risk Related to External Contractors

Under mining services contracts, pit operations are carried out by external contractors. As a result, our operations are subject to risks, some of which are beyond our control, including:

- Inability to replace the contractor and its operating equipment in the event that either party terminates the agreement;
- Reduced control over certain aspects of the operations that are the responsibility of the contractor;
- Failure by the contractor to fulfil its obligation under the mining services contract;
- An interruption of operations in the event that the contractor ceases to operate due to insolvency or other circumstances;
- The contractor's failure to comply with the applicable legal and regulatory requirements under its responsibility; and
- The entrepreneur's problems in managing his workforce, a labour dispute or other related to his employees.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Risk Related to External Contractors – (continued)

In addition, we may incur liability to third parties as a result of the actions of a contractor. Although the mining contractors involved in these projects are well established and reputable, the occurrence of one or more of these risks could have a significant adverse impact on our financial situation and our result the operating.

Limited Property Portfolio

Currently, our only mineral property in operation is our Nampala mine in Mali. If we do not acquire or develop new mineral properties, any adverse development affecting our Nampala property could have a material adverse effect on our financial condition and results of operations.

Depletion of our Mineral Reserves

We must continually replace mining reserves depleted by production to maintain production levels over the long term. This is done by expanding known mineral reserves or by locating or acquiring new mineral deposits. There is, however, a risk that depletion of reserves will not be offset by future discoveries. Exploration for minerals is highly speculative in nature and involves many risks. Many, if not most, gold projects are unsuccessful, and there are no assurances that current or future exploration programs will be successful. In addition, significant costs are incurred to build up mineral reserves, to open new pits and to construct mining and treatment facilities.

Water Supply

The mining operations we exercise at the Nampala mine in our installations require significant quantities of water for mining, ore processing and related support facilities. Continuous production at our mines is dependent on our ability to access an adequate water supply. An insufficient water supply, as a result of new regulations or otherwise, could materially adversely affect our financial condition and results of operations.

Fluctuation in the Price of Energy and Other Commodities

The profitability of our mining operations activities is affected by the market price and availability of commodities that are consumed or otherwise used in connection with our operations such as diesel, fuel, steel, concrete and chemical products (including cyanide). Prices of such commodities are affected by factors that are beyond our control. An increase in the cost or decrease in the availability of needed commodities may materially adversely affect our financial condition and results of operations.

Licenses and Permits

We require licenses and permits from various governmental authorities. We believe that we hold all necessary licenses and permits under applicable laws and regulations in respect of our properties and that we presently comply in all material respects with the terms of such licenses and permits.

Such licenses and permits, however, are subject to change in various circumstances. There can be no guarantee that we will be able to obtain or maintain all necessary licenses and permits that may be required to continue to operate our current undertakings to explore and develop properties or commence construction or operation of mining facilities and properties under exploration or development. Failure to obtain new licenses and permits or successfully maintain current ones may materially adversely affect our financial condition and results of operations.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Political Risk, Terrorist Risk and Armed Banditry

While the Government of Mali has supported the development of its natural resources by foreign companies, there is no assurance that the government will not in the future adopt different policies or new interpretations respecting foreign ownership of mineral resources, rates of exchange, environmental protection, labor relations, and repatriation of income or return of capital. Any limitation on transfer of cash or other assets between Robex and our subsidiaries could restrict our ability to fund our operations, or it could materially adversely affect our financial condition and results of operations.

Moreover, mining tax regimes in foreign jurisdictions are subject to differing interpretations and constant changes and may not include fiscal stability provisions. Our interpretation of taxation law, including fiscal stability provisions, as applied to our transactions and activities may not coincide with that of the tax authorities. As a result, taxes may increase and transactions may be challenged by tax authorities and our operations may be assessed, which could result in significant taxes, penalties and interest. We may also encounter difficulties in obtaining reimbursement of refundable tax from tax authorities. We may also find it difficult to recover the amounts of taxes and refundable taxes on the part of the tax authorities.

The possibility that the government may adopt substantially different policies or interpretations, which might extend to the expropriation of assets, cannot be ruled out. Political risk also includes the possibility of civil disturbances and political instability in our or neighboring countries as well as threats to the security of our mines and workforce due to political unrest, civil wars or terrorist attacks. Any such activity may disrupt our operations, limit our ability to hire and keep qualified personnel as well as restrict our access to capital.

It should be noted that the situation in Mali is deteriorating, as well as in neighbouring Burkina Faso and more generally in the Sub-Saharan arc. The degradation is of several natures, in particular with a destabilisation of the Centre of the country approaching Bamako, including social instability and political difficulties of all kinds. The country saw the emergence of ethnic conflicts that did not exist and the presence of armed banditry because of the presence of numerous weapons and militias.

Compliance, Fraud and Security Issues

The Company must ensure that fraud-related risks are adequately managed by the nature of its activities and its environment of extreme poverty and instabilities. A daily struggle is being fought on these aspects in another with the help of a mining safety specialist with experience in Africa.

More, the Company undertook a policy of consolidation of compliance, in particular by setting up a policy called AFP (anti-fraud procedure) based on the COSO 2013 benchmark.

A Gendarmerie is installed at the entrance of the mine. The site is monitored by several dozen digital cameras and patrol by several dozen guards. Nevertheless, the Company must adapt constantly and nothing guarantees the perfect effectiveness of the actions carried out.

Title Matters

Title to mineral projects and exploration and exploitation rights involves certain inherent risks due to the potential for problems arising from the ambiguous historical characteristics of mining projects. While we have no reason to believe that the existence and extent of any mining property in which we have an interest is in doubt, title to mining properties is subject to potential claims by third parties, and no guarantees can be provided that there are no unregistered agreements, claims or defects which may result in our titles being challenged.

In addition, the failure to comply with all applicable laws and regulations, including failure to pay taxes and carry out and file assessment work within applicable time periods, may invalidate title to all or portions of the properties covered by our permits and licenses.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Suppliers Risk

We are dependent on various services, equipment, supplies and parts to carry out our operations. The shortage of any needed good, part or service may cause cost increases or delays in delivery time, thereby materially adversely affecting our production schedules as well as financial condition and results of operations.

In addition, we may incur liability to third parties as a result of the actions of a contractor. The occurrence of one or more of these risks could have a material adverse effect on our financial condition and results of operations.

Competition

The mineral exploration and mining business is competitive in all of its phases. We compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties, equipment and human resources. There is no assurance that we will continue to be able to compete successfully with our competitors.

Qualified and Key Personnel

In order to operate successfully, we must find and retain qualified employees with strong knowledge and expertise in the mining environment. ROBEX and other companies in the mining industry compete for qualified and key personnel, and if we are unable to attract and retain qualified personnel or fail to establish adequate succession planning strategies, our financial condition and results of operations could be materially adversely affected.

Labor Relations

We are dependent on our workforce to extract and process minerals. Our relations with our employees may be impacted by changes in labor relations which may be introduced by, among others, employee groups, unions and governmental authorities. Furthermore, some of our employees are represented by labor unions under collective labor agreements. We may not be able to satisfactorily renegotiate our collective labor agreements upon their expiration. In addition, existing labor agreements may not prevent a strike or work stoppage at our facilities in the future. Labor disruptions could have a material adverse impact on our financial condition and results of operations.

Environmental Risks, Hazards and Costs

All phases of our operations are subject to environmental regulation. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Environmental hazards which are unknown to us at present and which have been caused by previous or existing owners or operations of the properties may exist on our properties. Failure to comply with applicable environmental laws and regulations may result in enforcement actions and may include corrective measures that require capital expenditures or remedial actions. There is no assurance that future changes in environmental laws and regulations and permits governing operations and activities of mining companies, if any, will not materially adversely affect our financial condition and results of operations.

Mining production involves the use of sodium cyanide, which is a toxic material. Should sodium cyanide leak or otherwise be discharged from the containment system, we may become subject to liability for clean-up work that may not be insured. While all steps have been taken to prevent discharges of pollutants into ground water and the environment, we may become subject to liability for hazards that may also not be insured.

In addition, natural resource companies are required to conduct their operations and rehabilitate the lands that they mine in accordance with applicable environmental regulations. Our estimates of the total ultimate closure and rehabilitation costs may be materially different from these actual costs. Any underestimated or unanticipated rehabilitation cost could materially adversely affect our financial condition and results of operations.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Insufficient Insurance

While we may obtain insurance against certain risks in such amounts as we consider adequate, available insurance may not cover all the potential risks associated with a mining company operations. We may also be unable to maintain insurance to cover insurable risks at economically feasible premiums, and insurance coverage may not be available in the future or may not be adequate to cover any resulting loss. Moreover, insurance that covers risks such as mill sites, environmental pollution, waste disposal or other hazards as a result of exploration and production is not generally available to gold mining companies on acceptable terms. The potential costs which may be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, materially adversely affecting our financial condition and results of operations.

Resource Nationalism

As African governments continue to struggle with deficits and depressed economies, the gold mining sector has been targeted to raise revenues. Governments are continually assessing the terms for a mining company to exploit resources in their countries. If translated into applicable law, the trend in resource nationalism could materially adversely affect our financial condition and results of operations. Many projects and new texts create concerns.

Relations with Surrounding Communities

Natural resources companies increasingly face public scrutiny of their activities. We are under pressure to demonstrate that, as we seek to generate satisfactory returns for our shareholders, other stakeholders including local governments and the communities surrounding our mine in Mali.

The potential consequences of these pressures include reputational damage, lawsuits, increasing social investment obligations and pressure to increase taxes and royalties payable to local governments and surrounding communities. These pressures may also impair our ability to successfully obtain the permits and approvals required for our operations.

In addition, our properties in Mali may be subject to the rights or asserted rights of various community stakeholders. Moreover, artisanal miners may make use of some or all of our properties, which would interfere with exploration and development activities on such properties.

Reliance on Information Technology Systems

Our operations are dependent upon information technology systems. These systems are subject to disruption, damage or failure from a variety of sources. Failures in our information technology systems could translate into production downtimes, operational delays, compromising of confidential information or destruction or corruption of data. Accordingly, any failure in our information technology systems could materially adversely affect our financial condition and results of operations. Information technology systems failures could also materially adversely affect the effectiveness of our internal controls over financial reporting. An action has been carried out for several years to reduce the risk of data loss, but there is no guarantee that this action will be fully effective.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Cybersecurity Threats

Our operations depend, in part, on how well we and our suppliers protect networks, technology systems and software against damage from a number of threats, including viruses, security breaches and cyberattacks. Cybersecurity threats include attempts to gain unauthorized access to data or to automated network systems and the manipulation or improper use of information technology systems. The failure of any part of our information technology systems could, depending on the nature of any such failure, materially adversely impact our reputation, financial condition and results of operations. Although we have not to date experienced any material losses relating to cyberattacks or other information security breaches, there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any system vulnerabilities.

Litigation

All industries, including the mining industry, are subject to legal claims with and without merit. We have in the past been, currently are, and may in the future be involved in various legal proceedings. While we believe it is unlikely that the final outcome of these legal proceedings will have an adverse material effect on our financial condition and results of operations, defense costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on our financial condition and results of operations.

Anti-Corruption Laws

We operate in jurisdictions that have experienced governmental and private sector corruption to some degree. We are required to comply with the Corruption of Foreign Public Officials Act (Canada), which has recently seen an increase in both the frequency of enforcement and severity of penalties. Although we adopted a formal anti-corruption policy and our Code of Conduct mandates compliance with anti-corruption laws, there can be no assurance that our internal control policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts. Violation or alleged violation of anti-corruption laws could lead to civil and criminal fines and penalties, reputational damage and other consequences that may materially adversely affect our financial condition and results of operations.

21. SHARE CAPITAL

As at November 27, 2019, our share capital consisted of 580,259,566 common shares issued and outstanding.

Also, 11,300,000 stock options were granted at an exercise price of $0.09 and $0.115, expiring respectively on July 16, 2022 and September 23, 2023. Each option entitles the holder to acquire one common share of the Company.

Shareholding of the Company

	Current position		Stock options (1) Exercise effects		
	Shares Outstanding	%	Issued Shares	Total Shares Outstanding	% After Exercise
Cohen Group*	382,793,027	65.97%	5,000,000 (2)	387,793,027	65.55%
Other Shareholders	197,466,539	34.03%	6,300,000	203,766,539	34.45%
Total	**580,259,566**	**100%**	**11,300,000**	**591,559,566**	**100%**

* Members of Cohen Group are: Georges Cohen, Julien Cohen, Benjamin Cohen, Johan Cohen, Émilie Cohen and Laetitia Cohen.

(1) Exercising these options would increase the Company's cash flow by $1,034,500.
(2) Stock options were awarded as follows: 3,000,000 to Georges Cohen, 1,250,000 to Benjamin Cohen and 750,000 to Julien Cohen.

22. DISCLOSURE CONTROLS AND PROCEDURES (DC&P) AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (ICFR)

Disclosure Controls and Procedures

We maintain appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, accurate, reliable and timely. The disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that information required to be disclosed in the annual filings, interim filings or other reports filed under securities legislation is recorded, processed, summarized and reported within the time periods specified by said legislation and include controls and procedures designed to ensure that material information required to be disclosed is accumulated and communicated to management, including its certifying officers, as appropriate, to allow timely decisions regarding required disclosure.

Our President, our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO) have evaluated, or caused the evaluation of, under their direct supervision, the design and operating effectiveness of our DC&P as defined in *Regulation 52-109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings* as at December 31, 2018, and have concluded that such DC&P were designed and operating effectively.

There have been no material changes in our DC&P during the three-month period ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our DC&P.

Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has evaluated the design and operating effectiveness of its ICFR as defined in *Regulation 52-109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings*. This evaluation was performed by the President, the CEO and the CFO with the assistance of other management and staff to the extent deemed necessary.

Based on this evaluation, the President, the CEO and the CFO and the concluded that, as at December 31, 2018, the ICFR were appropriately designed, effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no material changes in our ICFR during the three-month period ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our ICFR.

Limitations of Controls and Procedures

In spite of its evaluation, our management, including the President, CEO and CFO, believes that any controls and procedures no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives. Accordingly, because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected

23. QUARTERLY RESULTS

	2019			2018				2017	
	Q3	**Q2**	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
(in thousands of dollars, except for amounts per share)									
Results									
Revenue – Gold sales	**25,478**	**20,441**	**18,870**	18,613	19,820	19,376	20,573	14,754	14,786
Net income (loss)	**6,684**	**918**	**669**	(5,484)	5,125	5,242	6,406	4,062	711
Attributable to									
- Shareholders	**6,593**	**1,037**	**825**	(4,897)	4,598	4,796	5,883	3,812	381
- Non-controlling interest	**91**	**(119)**	**(156)**	(587)	527	446	523	251	330
Basic earnings per share	**0.011**	**0.002**	**0.001**	(0.008)	0.008	0.008	0.010	0.007	0.001
Diluted earnings per share	**0.011**	**0.002**	**0.001**	(0.008)	0.008	0.008	0.010	0.007	0.001
Cash flows from operating activities[1]	**13,856**	**8,640**	**7,699**	1,219	7,782	8,310	9,603	5,490	5,722
NAMPALA									
Operating Data									
Ore mined (tonnes)	**477,676**	**402,678**	**498,433**	491,734	365,759	448,974	491,342	479,198	325,524
Ore processed (tonnes)	**512,377**	**433,598**	**424,561**	481,603	432,538	436,224	445,226	470,010	404,038
Head grade (g/t)	**1.05**	**1.00**	**0.95**	0.91	0.97	0.94	0.93	0.89	0.80
Recovery (%)	**87.7%**	**86.6%**	**85.0%**	84.9%	87.3%	86.3%	83.9%	82.4%	83.5%
Gold ounces produced	**15,175**	**12,089**	**11,060**	10,665	12,772	11,716	9,793	11,099	9,163
Gold ounces sold	**13,276**	**11,760**	**10,935**	10,939	12,733	11,481	11,989	9,069	9,197
Statistics (in dollars)									
Average realized selling price (per ounce)	**1,919**	**1,728**	**1,726**	1,701	1,557	1,688	1,716	1,627	1,608
Cash operating cost (per tonne processed)[2]	**16**	**18**	**18**	17	15	14	15	15	13
Total cash cost (per ounce sold)[2]	**615**	**683**	**706**	765	586	597	655	706	585
All-in sustaining cost (per ounce sold)[2]	**893**	**1,035**	**1,053**	1,148	827	921	1,036	1,105	774
Administrative expenses (per ounce sold)	**97**	**133**	**162**	101	134	137	112	139	130
Depreciation of property, plant and equipment (per ounce sold)	**542**	**627**	**765**	702	249	254	242	239	217

[1] Cash flows from operating activities exclude net change in non-cash working capital items.

[2] Cash operating cost, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document, on page 40.

24. NON-IFRS FINANCIAL PERFORMANCE MEASURES

Some of the indicators used to analyze and evaluate our results represent non-IFRS financial performance measures. We provide non-IFRS financial performance measures, as they may be used by some investors to evaluate our financial performance. Since the non-IFRS performance measures do not have any standardized definition prescribed by IFRS, they may not be comparable to similar measures presented by other companies. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. For the non-IFRS financial performance measures not already reconciled within the present document, we have defined the IFRS financial performance measures below and reconciled them to reported IFRS measures.

Cash Operating Cost

The table below presents reconciliation between the cash operating cost calculated in accordance with the Gold Institute[3] standards and operating expenses. The Company follows the recommendations of the Gold Institute on standard production costs.

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
Per tonne processed				
Tonnes of ore processed	**512,377**	432,538	**1,370,536**	1,313,988
(in dollars)				
Mining operation expenses (relating to ounces sold)	**8,170,026**	7,665,673	**23,918,317**	22,560,701
Mining royalties	**(681,185)**	(681,523)	**(1,891,245)**	(1,983,588)
Effects of inventory adjustments (doré bars, gold in circuit and ore stockpiles)	**484,238**	(80,813)	**1,097,741**	(838,714)
Operating costs (relating to tonnes processed)	**7,973,079**	6,903,337	**23,124,813**	19,738,399
Cash operating cost (per tonne processed)	**16**	16	**17**	15

Total Cash Cost

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
Per ounce sold				
Gold ounces sold	**13,276**	12,733	**35,971**	36,202
(in dollars)				
Mining operation expenses	**8,170,026**	7,665,673	**23,918,317**	22,560,701
Total cash cost (per ounce sold)	**615**	602	**665**	623

[3] The Gold Institute, which ceased operations in 2002, was a non-regulated organization representing a global group of gold producers. The cost standard of production developed by the Gold Institute remains the generally accepted standard for the recording of costs disbursed by gold mining companies.

24. NON-IFRS FINANCIAL PERFORMANCE MEASURES - (CONTINUED)

All-in Sustaining Cost

All-in sustaining cost represents the total cash cost plus sustainable capital expenditures and the stripping costs per ounce.

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
Gold ounces sold	**13,276**	12,733	**35,971**	36,202
(in dollars)				
Sustaining capital expenditures	**3,694,023**	3,063,206	**11,620,882**	11,358,128
Sustaining capital expenditures (per ounce sold)	**278**	241	**323**	314
Total cash cost (per ounce sold)	**615**	602	**665**	623
All-in sustaining cost (per ounce sold)	**893**	843	**988**	937

Operating Cash Flows per Share

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
Cash flows from operating activities[1] (in dollars)	**13,856,083**	7,781,562	**30,195,860**	25,694,980
Weighted average number of outstanding common shares - basic	**579,509,566**	579,509,566	**579,509,566**	579,509,566
Operating cash flows per share (in dollars)	**0.024**	0.013	**0.052**	0.044

Adjusted Accounting Measures

	Third quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	**2019**	2018
(in dollars)				
Net income attributable to equity shareholders as per IFRS	**6,593,048**	4,597,561	**8,455,126**	15,276,077
Foreign exchange loss (gains)	**255,474**	15,110	**218,086**	(200,341)
Change in fair value of financial liabilities	**---**	(48,340)	**---**	(1,777,995)
Stock-based compensation expense	**---**	51,936	**---**	51,936
Gain on disposal of property, plant and equipment	**---**	(616,717)	**---**	(616,717)
Adjusted net income attributable to equity shareholders	**6,848,522**	3,999,550	**8,673,212**	12,732,960
Weighted average number of outstanding shares	**579,509,566**	579,509,566	**579,509,566**	579,509,566
Adjusted basic earnings per share (in dollars)	**0.012**	0.007	**0.015**	0.022

[1] Cash flows from operating activities exclude changes in non-cash working capital items.

25. ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A has been prepared as at November 27, 2019. We present additional information on us through regular filings of press releases, financial statements and annual management proxy circulars on SEDAR (sedar.com). These documents and other sources of information about the Company may also be found on our website at robexgold.com.

26. FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and, accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. These forward-looking statements include statements regarding our expectations as to the market price of gold, production targets, timetables, mining operation expenses, capital expenditures and mineral reserve and resource estimates. Forward-looking statements include words or expressions such as “pursuing”, “growth”, “opportunities”, "anticipated", “outlook”, “strategy”, “will”, "estimated", “expected”, "in order to", "should", "target", "objective", "intend", and other similar words or expressions. Factors that could cause actual results and events to differ materially from expectations expressed or implied by the forward-looking statements include, among others, the ability to achieve our objective of producing at least 45,000 ounces of gold at the Nampala mine in 2019 at a total cash cost (per ounce sold) less than $650 and an all-in sustaining cost (per ounce sold) less than $900, the ability to maintain a level of administrative burdens similar to that of the year 2018, the ability to achieve our strategic focus, fluctuations in the price of gold, currencies and operating costs, risks related to the mining industry, uncertainty as to calculation of mineral reserves and resources, delays, political and social stability in Africa (including our ability to maintain or renew licenses and permits), and other risks described in Robex’s documents filed with Canadian securities regulatory authorities. ROBEX disclaims any obligation to update or revise any forward-looking statements, unless required to do so by law.

CORPORATE INFORMATION

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BOARD OF DIRECTORS
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Vice-chairman: Richard R. Faucher
Other members: Benjamin Cohen, Christian Marti, Claude Goulet, Julien Cohen, Michel Doyon

AUDIT BOARD
President: Claude Goulet
Other members: Julien Cohen, Michel Doyon

DIRECTION
President: Georges Cohen
CEO: Benjamin Cohen
CFO and COO: Augustin Rousselet

AUDITORS
PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
Québec (Quebec)

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Québec (Quebec)

QUALIFIED PEOPLE (NI 43-101)
Denis Boivin, B. Sc., P. Geo.
Mario Boissé, mining Eng.

TRANSFER AGENT
Computershare Trust Company of Canada, Montréal (Quebec)
580,259,566 shares issued as at November 27, 2019

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