TEMBO GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Background

This discussion and analysis of financial position and results of operations is prepared as at July 14, 2016, and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2015 and 2014 of Tembo Gold Corp. ("Tembo" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

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

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

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

Company Overview

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

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

On April 5, 2016 the Company made application for a voluntary management cease trade order ("MCTO") with the British Columbia Securities Commission, its principal regulator. The application was made as the Company anticipated that it would be unable to file the Company's annual audited consolidated financial statements, MD&A and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") certifications for the financial year ended

December 31, 2015 (collectively, the "Required Filings") by April 29, 2016. The MCTO prohibits trading in securities of the Company, either directly or indirectly, by the Company's CEO and CFO until the Company files the Required Filings and the MCTO is revoked but will not affect the ability of the Company's shareholders to trade in the Company's securities. On May 2, 2016 the Company was granted the MCTO.

Directors and Officers of the Company

On May 5, 2016 Dr. Bob Foster tendered his resignation as a director of the Company. As of the date of this MD&A the directors and officer of the Company are:

Mr. David Scott	Director, President and CEO
Mr. Marc Cernovitch	Director and CFO
Mr. Frank Högel	Director
Mr. Nick DeMare	Corporate Secretary

Exploration Activities

The Company's main asset is the Tembo gold property (the "Tembo Project") located in northwest Tanzania. The Company's wholly owned Tanzanian registered subsidiaries and associates are the sole holders. The project is located directly northwest of and adjacent to Acacia Mining's Bulyanhulu mine and comprises 38 contiguous prospecting licenses and license applications covering a total area of approximately 110km2. Geologically, the Tembo Project is situated in the Lake Victoria goldfield in the Sukumaland greenstone belt, an Archean age succession of volcanic and sedimentary rocks that have been intruded by a variety of Archean granitic plutons as well as younger dolerite dykes and possible kimberlite intrusions. The geology that is host to Bulyanhulu trends directly into the Tembo Project area, including the main structure on which the Reef 1 ore body is developed.

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

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

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

Tembo Project Drilling

An initial phased drilling program was designed for the project comprising approximately 115 diamond holes (27,500 meters) and 470 RC holes (60,000 meters). RC and diamond drilling commenced on Ngula 1 in January 2012, and a total of 196 holes were drilled on the targets to the end of 2012. Due to market financing constraints, the drilling is undertaken in focused phases as available funding permits. All drill cores are oriented using either a Reflex instrument or an orientation tool to facilitate structural logging and analysis. Preliminary indications are that mineralization may be associated with steep north and south dipping structures and as such additional diamond drill holes have been planned from the north to improve the intersection angle through structures with a northern dip and provide additional 3D information.

Ngula 1

During the 2012 drilling campaign seventy-five holes were drilled at Ngula 1, with 34 diamond and 41 RC holes completed, totaling 7,953 meters and 7,623 meters respectively. Drilling commenced again in late December 2013 at Ngula 1 and borehole TDD0041 was deepened to its final depth of 507.0 meters. The initial drilling targeted a southern dominant east-west structure at 50 meters and 100 meters depths, with all holes being extended to between 200 meters and 300 meters in order to intersect a second east-west structure and test for potential deeper structures. The drill holes were collared at -60° inclination either to the north or south as the primary east west striking structures have near vertical dips. One incomplete hole from 2012 was completed in Q4 2013 and two additional holes drilled at Ngula 1 during Q1/2014. Drilling has been suspended at Ngula 1 pending a detailed review and structural analysis of the gold hosting zones, after which a decision will be made on future drilling.

Nyakagwe East

Nyakagwe East is characterized by extensive artisanal mining with numerous shafts in excess of 20 meters in depth accessing a number of northwest striking quartz vein shears. Historic diamond and RC drilling returned significant gold intersections from two sub-parallel, northwest southeast trending mineralized zones, each consisting of multiple structures. Twenty-three diamond drill holes (6,613 meters) and 20 RC drill holes (2,238 meters) have been completed to date. In the Phase 1 program, the diamond drill holes targeted an extensive area of artisanal mining along a northern and southern set of structures, both of which were previously drilled in 2008. The reverse circulation holes targeted the east and west extensions to the artisanal workings. The drilling identified 1,000 meters of mineralized strike length. The mineralization along the northern structure on which the drilling focused appears to be open to the west (entering the Mgusu target area) and to the east (where RC drilling has been hampered by the presence of black cotton soils). The latter will be tested by means of diamond drilling during the dry season during a further phase of drilling. All diamond drill holes encountered gold mineralization along a principle structure with multiple gold bearing structures identified in several holes at depth. Follow up drilling has been conducted in the 2014 drilling campaign through Q1/2014 and Q2/2014 and has included in-fill drilling and deeper step back boreholes testing lateral and vertical continuity and tenor of mineralization. A total of 3,178 meters comprising 13 diamond drill holes were completed in the 2014 drilling program to date. Drilling has been suspended pending exploration funding.

Highlights of 2014 drilling results at Nyakagwe East include:

- TDD0026: 1.89g/t Au over 2.23 meters from 221.77 meters
- TDD0056: 4.42g/t Au over 2.60 meters from 130.60 including 10.57g/t Au over 1.00 meters
- TDD0070: 1.01g/t Au over 8.70 meters from 87.84 meters, including 2.81g/t Au over 1.41 meters
- TDD070A: 1.55g/t Au over 7.21 meters from 93.24 meters, including 3.15g/t Au over 0.94 meters and 3.19g/t Au over 0.51 meters
- TDD0072: 8.44g/t Au over 1.30 meters from 99.90 meters, including 25.00g/t Au over 0.42 meters
- TDD0074: 6.55g/t Au over 7.46 meters from 370.46 meters
- TDD0077: 1.41g/t Au over 4.50 meters from 133.00 meters, including 2.62g/t Au over 1.50 meters

Nyakagwe Village

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

During Q2/2014 three drill holes totaling 585 meters were completed and fifteen diamond drill holes (2,914 meters) and 20 RC drill holes (2,238 meters) were completed to date.

Highlights of 2014 drilling results included:

- TDD0071: 9.64g/t Au over 3.95 meters from 85.25 meters, including 24.72g/t Au over 1.45 meters
- TDD0103: 15.10g/t Au over 1.00 meters from 54.00 meters
- TDD0112: 3.49g/t over 4.98 meters from 65.12 meters

Significantly, the 2014 program identified a previously unknown northeast trending mineralized zone associated with a 1.8 kilometer long magnetic lineament. Drill holes to date have tested the structure along a strike of approximately 200 meters and down to a depth a 100 meters and the mineralization is open ended in all directions. Shallow wide zones of mineralization were encountered where the earlier drilled east-west structures intersected the northeast structure.

The high grades intersected are associated with quartz veining and associated abundant pyrite mineralization. Further drilling is planned to test the extensions to the known mineralization along strike and down dip on the east-west and northeast structures.

Buly Trend/Iyenze/Ngula 2

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

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

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

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

Follow Up Drilling Program and Future Strategy

The Company plans to continue testing the identified targets particularly at Nyakagwe Village and Nyakagwe East along which significant drill intersections were achieved during the Phase 1 drilling program in 2012 and Q1/2014 and Q2/2014 of the 2014 program. No drilling was conducted during the second half of 2014 and all of 2015 pending further financing. A strategic review by the Company has concluded that the definition of a near surface resource and the potential of a medium scale mining operation must be established and if shown to be feasible, such resource should be brought into production. Immediate drill planning for fiscal 2016 is therefore to be focused on resource definition on those targets that have returned good results.

Qualified Person

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

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company.

	Years Ended December 31,		
	2015 $	2014 $	2013 $
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(678,180)	(1,484,782)	(2,523,710)
Other items	(12,182)	7,494	100,271
Income tax	Nil	501,234	79,737
Net loss	(690,362)	(976,054)	(2,343,702)
Other comprehensive gain (loss)	4,216,340	2,065,931	550,680
Comprehensive income (loss)	3,525,978	1,089,877	(1,793,022)
Basic and diluted loss per share	(0.01)	(0.01)	(0.04)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working (deficit) capital	(719,344)	395,591	4,020,636
Total assets	26,305,880	22,153,563	20,805,418
Total long-term liabilities	Nil	Nil	Nil

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

	Fiscal 2015				Fiscal 2014			
Three Months Ended	**Dec 31 2015 $**	**Sept 30 2015 $**	**Jun 30 2015 $**	**Mar 31 2015 $**	**Dec 31 2014 $**	**Sept 30 2014 $**	**Jun 30 2014 $**	**Mar 31 2014 $**
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(218,187)	(82,407)	(153,402)	(224,184)	(184,754)	(474,556)	(319,274)	(506,198)
Other items	(12,869)	Nil	23	664	1,524	2,752	3,218	Nil
Income tax recovery	Nil	Nil	Nil	Nil	376,585	Nil	120,449	4,200
Net income (loss)	(231,056)	(82,407)	(153,379)	(223,520)	193,355	(471,804)	(195,607)	(501,998)
Other comprehensive income (loss), net	1,020,490	1,618,888	(386,495)	1,963,457	726,615	967,808	(679,462)	1,050,970
Comprehensive (loss) income	789,434	1,536,481	(539,874)	1,739,937	919,970	496,004	(875,069)	548,972
Basic and diluted (loss) income per share	(0.01)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.01)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working (deficit) capital	(719,344)	(439,050)	(243,906)	(17,640)	395,591	722,191	1,327,231	2,815,974
Total assets	26,305,880	25,274,052	23,551,993	24,025,511	22,153,563	21,676,560	21,434,499	22,551,566
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended December 31, 2015 Compared to Three Months Ended September 30, 2015

During the three months ended December 31, 2015 (“Q4”) the Company reported a net loss of $231,056 compared to a net loss of $82,407 for the three months ended September 30, 2015 (“Q3”), an increase in loss of $148,649. The primary factor for the increase in loss is attributed to the accrual of $105,392 in Q4 for management fees, attributable to Q2 and Q3, for the Company’s President.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

During fiscal 2015 the Company reported a net loss of $690,362 ($0.01 per share), a decrease of $285,692 from the net loss of $976,054 ($0.01 per share) for fiscal 2014. The primary factor for the decrease is attributed to the significant decrease in corporate expenses in fiscal 2015 due to limited working capital. The decrease in loss was offset against the future income tax recovery recognized in fiscal 2014 on the expiry of warrants.

Total expenses decreased by $806,602 from $1,484,782 during fiscal 2014 to $678,180 during fiscal 2015 reflecting reduced activities and expenses due to limited financial resources.

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no source of operating revenue. Interest income is generated from cash on deposit and short-term money market instruments issued by major financial institutions. During fiscal 2015 the Company reported interest income of $687 compared to $7,494 during fiscal 2014, a decrease of $6,807. The decrease is due to lower levels of cash held during fiscal 2015 and lower yields obtained during fiscal 2015.

Financing

No financing activities were conducted by the Company during fiscal 2015.

During fiscal 2014 the Company completed non-brokered private placements totalling 3,800,000 units for gross proceeds of $1,380,000. All proceeds were used to conduct exploration activities on the Tembo Project and cover corporate overhead.

Advances

During fiscal 2015 the Company received total advances of $64,000 comprising $32,000 from Bernd Högel, a shareholder of the Company, and $32,000 from Stratex International PLC, a private company controlled by Frank Högel, a director of the Company. These funds were used to provide working capital to the Company. The advances bear interest at 5% per annum and have no fixed terms of repayment. During fiscal 2015 the Company recorded interest expense of $666, which is included in accounts payable and accrued liabilities.

Exploration and Evaluation Assets

The Company's carrying values of the Tembo Project was $25,970,778 as of December 31, 2015, and $21,402,926 as of December 31, 2014.

Exploration and evaluation activities incurred during fiscal 2015 and 2014 are as follows:

	$
Balance at December 31, 2013	16,038,676
Exploration costs:	
Assays and analysis	58,054
Drilling	1,498,256
Exploration	59,044
Field transportation	58,031
Technical services	495,156
	2,168,541
Acquisition costs:	
Property/concession payments	739,641
Foreign exchange movement	2,456,068
Balance at December 31, 2014	21,402,926
Exploration costs:	
Equipment rental	8,849
Exploration	119,430
Field transportation	81,145
Security	37,936
Technical services	124,466
	371,826

	$
Acquisition costs:	
Property/concession payments	32,549
Foreign exchange movement	4,163,477
Balance at December 31, 2015	25,970,778

Financial Condition / Capital Resources

Operations for fiscal 2015 have been reduced due to the Company's limited funds. As at December 31, 2015, the Company had a working capital deficit of $719,344 and an accumulated deficit of $32,412,655. In the immediate term, the Company's ability to continue as a going concern is dependent upon continued financial support from existing shareholders and creditors and its ability to continue to raise additional capital to fund its ongoing business operations and exploration projects. Additional capital may be sought from the sale of additional common shares or other equity or debt instruments and also from joint venture agreements on the Company's properties. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the ability of the Company to obtain financing to support its ongoing exploration programs, the discovery of economically recoverable reserves and the achievement of profitable operations.

On April 26, 2016 the Company announced a non-brokered private-placement financing of up to 20,000,000 common shares at a price of $0.02 per share to raise gross proceeds of up to $400,000. On May 16, 2016 the Company closed on the first tranche of the private placement and issued 12,500,000 common shares for cash proceeds of $250,000.

Contractual Commitments

As at December 31, 2015 the Company has vehicle lease commitments totalling $65,516 for fiscal 2016 and $16,379 for fiscal 2017.

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

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. A detailed summary of all the Company's significant accounting policies is included in Note 3 to the December 31, 2015 annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

Related Parties Disclosures

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

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

(a) *Transactions with Key Management Personnel*

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

During fiscal 2015 and 2014 the following amounts were incurred:

	2015 **$**	**2014** **$**
Mr. Scott - President and CEO	288,445	269,603
Mr. Cernovitch - CFO	60,000	60,000
Mr. Seaman - Former CFO	17,500	42,000
	341,256	371,603

As at December 31, 2015, $295,963 (2014 - $16,601) of the above amounts remained unpaid.

The Company has also incurred rent in Tanzania for housing accommodation provided to Mr. Scott, the President of the Company. The value of the accommodation for fiscal 2015 was $50,640 (2014 - $45,940) As at December 31, 2015, $21,100 (2014 - $nil) remained unpaid.

Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, the Corporate Secretary of the Company, provides accounting and administrative services. During fiscal 2015 the Company incurred $2,719 for accounting and administrative services provided by Chase since Mr. DeMare's appointment on July 24, 2015. As at December 31, 2015, $1,349 remained unpaid.

(b) *Advances*

During fiscal 2015 the Company received total advances of $64,000 comprising $32,000 from Bernd Högel, a shareholder of the Company, and $32,000 from Stratex International PLC, a private company controlled by Frank Högel, a director of the Company. These funds were used to provide working capital to the Company. The advances bear interest at 5% per annum and have no fixed terms of repayment. During fiscal 2015 the Company recorded interest expense of $666, which is included in accounts payable and accrued liabilities.

Risks Factors

An investment in the Company involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this report in evaluating the Company and its business before making any investment decision in regards to the common shares of the Company. The Company's business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Company. Additional risks not presently known to us may also impair business operations.

Exploration and Mining Risks

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

The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on our financial position.

The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

Financing Risks

The Company is limited in financial resources, and as a mineral exploration company has no source of operating cash flow. The Company has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfil our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Regulatory Requirements

Even if our mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. The Company may acquire other properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

No Assurance of Titles

It is possible that any of our properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at our projects will be granted.

Competition

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Company for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing our investment capital.

Environmental Regulations

Our operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees . The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Stage of Development

The Company is in the business of exploring for, with the ultimate goal of producing, mineral resources from our mineral exploration properties. None of our properties have commenced commercial production and we have no history of earnings or cash flow from our operations. As a result of the foregoing, there can be no assurance that we will be able to develop any of our properties profitably or that our activities will generate positive cash flow. We are unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of our management in all aspects of the development and implementation of our business activities.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

Geopolitical Risks

The Company may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted. Any changes in regulations or shifts in political attitudes that may result, among other things, in significant changes to mining laws or any other national legal body of regulations or policies are beyond the control of the Company and may adversely affect its business. The possibility that future governments may adopt substantially different policies, which might extend to the expropriation of assets, cannot be ruled out.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at July 14, 2016 there were 149,257,634 issued and outstanding common shares. In addition, there were 400,000 share options outstanding, at an exercise price of $0.10 per share, and 87,171,401 warrants outstanding at exercise prices ranging from $0.12 to $0.125 per share. The Company also anticipates the closing of the final tranche of the private placement for a further issuance of 7,500,000 common shares.