

TEMBO GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Background

This discussion and analysis of financial position and results of operations is prepared as at as at November 30, 2020, and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2020 of Tembo Gold Corp. ("Tembo" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

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

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

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com 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.

COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Company has been monitoring the COVID-19 outbreak and the potential impact at all of its operations and has put measures in place to ensure the wellness of all of its employees and surrounding communities where the Company works while continuing to operate. Currently, fieldwork has been halted on the Tembo Project and all corporate personnel travel has been restricted to absolute minimum requirements and employees have been encouraged to work remotely.

With respect to the Company's operations or work locations in Tanzania, the Company has implemented the typical control measures for dealing with the outbreak of COVID-19. These include self-screening for symptoms and travel history with possible COVID-19 exposure of any employees, visitors and contractors (site personnel) prior to any

travel to or from a site and isolation, where necessary, from the general site population. These cautions and precautions rely on voluntary information and voluntary compliance of those working directly or indirectly for the Company. The Company expects that procedures will continue to evolve according to the World Health Organization and Center for Disease Control guidelines as more becomes known about the virus.

Company Overview

Tembo is a junior mineral development company conducting activities in the East African country of Tanzania. The Company's principal business activity is the acquisition, exploration and development of mineral properties. The principal area is located in the Lake Victoria goldfield where extensive surface exploration has been carried out on the Tembo Project. The Company has not yet determined whether these properties contain economically recoverable ore reserves and Tembo is therefore still an exploration stage company.

The Company's main asset is the Tembo gold property (the "Tembo Project"). Due to a lack of funding over recent years the Company was constrained to making property payments, maintaining its prospecting licenses and license applications, maintaining its corporate standing in Tanzania and Canada, maintaining its exploration field base, and conducting limited exploration activities on the Tembo Project. As a consequence, in fiscal 2016 management recorded an impairment of \$20,000,000.

Through its local subsidiary and local companies with whom Tembo has agreements, the Company is currently in the process of consolidating and expanding the original 111km², which formed its original licence area, by an additional contiguous 70km² in new licence area. The project area now consists of six licences that have been granted which cover 143.79km² and one application that is pending with the letter of offer awaiting signature. The total area will comprise 181.8km². All licences are held through companies with which Tembo has acquisition agreements to explore and eventually acquire the licences at no cost. The licences will be transferred to a local Tembo Gold subsidiary on request. The licence holding will comprise seven licences and have a nine-year tenure from date of grant possible through the original grant and two periods of renewal.

No work has been carried out on the new areas and Tembo will assess their prospectivity and elect whether to retain or relinquish them. The recommencement of drilling, exploration and development awaits further financing. See "Follow Up Drilling Program and Future Strategy".

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

Share Consolidation

On July 17, 2020 the Company completed a consolidation of its share capital on a one new for three old basis. The share and per share amounts have been adjusted within this MD&A to reflect the share consolidation.

Board of Directors and Management

As of the date of this MD&A the Company's board of directors and officers are as follows:

David Scott	- Director, President and Chief Executive Officer ("CEO")
Simon Benstead	- Director, Chief Financial Officer ("CFO") and Vice-President Corporate Development
Marc Cernovitch	- Director
Frank Hogel	- Director
Nick DeMare	- Corporate Secretary

Exploration Activities

The Company's main asset is the Tembo Project located in northwest Tanzania. The Company's associates with whom Tembo has acquisition agreements are the sole holders. The main Tembo project area is located directly northwest of and adjacent to Barrick Gold's Bulyanhulu Mine.

The Tembo Project is situated in the Lake Victoria goldfield in the prospective geological terrane of 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 Barrick's Bulyanhulu Mine trends directly into the Tembo Project area, including the main structure on which the Reef 1 and Reef 0 orebodies are 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. This remains Tembo's goal with future positive drilling results determining further expanded drilling programs. At the end of 2012, the Company suspended drilling pending new financing being secured. During the fourth quarter of 2013 new financing of \$8,500,000 was secured and diamond drilling was resumed in December 2013. The 2014 drilling program, including all corporate expenses, was planned to cost US \$4,200,000 and comprise 7,000 meters of diamond drilling.

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

The Company has signed a cooperation agreement with GoldSpot Discoveries Corp. In terms of this agreement GoldSpot is applying the experience and knowledge of their team of multidisciplinary geoscientists and data scientists and artificial intelligence computing technology to re-interpret all available data within the Tembo licences and the goldfield area in proximity to the Tembo Project. Following the re-interpretation and study further recommendations will be made highlighting favourable new targets and proposed work programs.

No exploration activities have been undertaken since 2015 pending financing. Strategically the Company has resolved that the future course of action should include resource modeling using the existing drill hole database supplemented with in-fill drilling where recommended. Where warranted preliminary economic assessment of potential mineable resource areas will be considered with a view to moving to preliminary feasibility study, and application for one or more mining licences over defined resources. Further infill drilling may be required along earlier good results where resources will be considered for open pit mining along three resource potential targets, Ngula 1, Nyakagwe East and Nyakagwe Village.

Tembo Project Drilling

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

Due to market financing constraints, the drilling is undertaken in focused phases as available funding allows. 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 is associated with steep dipping shear structures hosting quartz veins, sulphides and associated alteration along three dominant structural directions, northwest-southeast, northeast-southwest and east-west.

All drill results may be found on the Company's website at www.tembogold.com and in Company News Releases.

Ngula 1

To date 35 DD holes totaling 9,107m and 41 RC drill holes totaling 7,623m have been completed at Ngula 1 along a strike of approximately 600m. During the 2012 drilling campaign seventy-five holes were drilled at Ngula 1, with 34 DD and 41 RC holes completed, totaling 7,953 meters and 7,623 meters respectively. Drilling commenced again in

late December 2013 at Ngula 1 and borehole TDD0041 was deepened to its final depth of 507.0 meters. Two additional holes were drilled at Ngula 1 during Q1/2014.

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

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

Nyakagwe East

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

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

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

Nyakagwe Village

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

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

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

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

Buly Trend/Iyenze/Ngula 2

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

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

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

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

Follow Up Drilling Program and Future Strategy

A strategic review by the Company has concluded that the definition of a near surface resource and the identification of areas within the known targets and the many as yet untested targets where significant resource may be developed, is a priority, with the aim of fast tracking the project to a major discovery. Immediate activities will be focused on achieving this. Further drilling will be focused on extending these targets, as well as testing the many remaining targets on the licence area.

The Company plans to commence compliant resource modeling at Ngula 1 and other targets as guided by the GoldSpot studies. Follow-up diamond drilling to define the extent of high grade mineralization encountered in earlier drilling is planned and further RC drilling has been designed where the best results were achieved at this target and will be guided by the outcome of the modeling and re-interpretation. The drilling is planned to test approximately 300m of strike of mineralized structure along the southern structure. A potential 1,200m of structure is present at the target along two or more closely spaced parallel east-west mineralized structural zones. Additional drilling will continue testing the identified targets along the Ngula 1 structures, and at Nyakagwe Village and Nyakagwe East along which significant drill intersections were achieved during the Phase 1 and 2 drilling programs in 2012 and 2014. No drilling has been conducted since fiscal 2014 pending further financing.

Building on the good drilling results already achieved, an aggressive work program and budget is planned for 2021, comprising an expenditure of approximately US \$10,000,000. Due to the remoteness of the project area and the apparent low level of Covid-19 in rural Tanzania, the execution of proposed work programs is not expected to be affected. Recent discussions with interested parties, including potentially significant strategic investors, as well as the improved gold market and country risk profile of Tanzania through resolution of the disagreement between Barrick Gold and the Tanzanian government, provide confidence that Tembo will be able to raise the finance to execute the proposed program. Initial desk top studies will be completed prior to the end of 2020 and field work is expected to ramp up in Q1/2021 as funding is secured.

Qualified Person

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

Selected Financial Data

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

Three Months Ended	Fiscal 2020			Fiscal 2019			Fiscal 2018	
	Sept 30 2020 \$	Jun 30 2020 \$	Mar 31 2020 \$	Dec 31 2019 \$	Sept 30 2019 \$	Jun 30 2019 \$	Mar 31 2019 \$	Dec 31 2018 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(1,231,904)	(307,952)	(101,307)	362,476	(335,912)	(658,877)	(118,994)	(134,968)
Other items	1,153,373	30,377	(58,316)	206,309	3,614	12,489	10,977	(27,372)
Net income (loss)	(78,531)	(277,575)	(159,623)	568,785	(332,298)	(646,388)	(108,017)	(162,340)
Other comprehensive income (loss), net	(101,555)	(200,539)	389,970	34,286	(44,608)	(95,672)	(98,432)	247,052
Comprehensive income (loss)	(180,086)	(478,114)	230,347	603,071	(376,906)	(742,060)	(206,449)	84,712
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital deficiency	(184,385)	(2,818,151)	(3,254,888)	(2,900,724)	(3,339,194)	(3,335,235)	(2,763,520)	(2,631,989)
Total assets	6,509,475	6,850,935	6,872,033	6,292,776	6,382,214	6,285,558	6,344,063	6,362,979
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

The Company's corporate and exploration activities have been constrained due to its financial situation and will remain constrained until the Company is able to raise sufficient capital.

Three Months Ended September 30, 2020 Compared to Three Months Ended June 30, 2020

During the three months ended September 30, 2020 ("Q3") the Company reported a net loss of \$78,531 compared to a net loss of \$277,575 for the three months ended June 30, 2020 ("Q2"), a decrease in loss of \$199,044. The decrease in loss is due to a recovery of forgiveness of \$1,153,358 and offset against share-based compensation of \$1,122,300 recognized in Q3. During Q3 the Company negotiated settlement of certain of its accounts payable and accrued liabilities arising from compensation and salaries accrued and has reached agreements with its President and an employee of the Company for the forgiveness of \$1,777,029 of which \$623,671 was credited to exploration and evaluation assets and \$1,153,358 as a recovery on forgiveness in the statement of loss.

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

During the nine months ended September 30, 2020 (the "2020 period") the Company reported a net loss of \$515,729 compared to a net loss of \$978,686 for the nine months ended September 30, 2019 (the "2019 period"). The \$462,957 decrease in loss is primarily due to the recovery of forgiveness of \$1,153,358 offset by the increase in general and administrative expenses of \$646,374, from \$994,789 in the 2019 period to \$1,641,163 in the 2020 period.

Specific general and administrative expenses of variance between the 2020 and 2019 periods are noted below. During the 2020 period the Company:

- (i) incurred \$53,260 for salaries and benefits compared to \$155,5658 during the 2019 period. During fiscal 2019 the Company's project manager agreed to a 50% reduction in his salary effective January 1, 2019;
- (ii) incurred \$31,408 for legal fees compared to \$7,342 during the 2019 period. During the 2020 period the Company incurred significant legal fees with respect to the management cease trade order, corporate restructure and other various corporate services;
- (iii) incurred \$4,913 for professional fees compared to \$19,161 during the 2019 period. During the 2019 period the Corporate Secretary charged fees with respect to his services in implementing the management cease trade order, overseeing various financings and other corporate services;
- (iv) incurred \$233,993 for executive management compensation compared to \$634,407 during the 2019 period. During the 2019 period certain directors and officers of the Company provided special services for various corporate services; and

- (v) recognized share-based compensation of \$1,122,300 during 2020 period on the granting of 6,235,000 share options to the Company's officer and directors. No share options were granted during the 2019 period.

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

Financings

- (a) During the 2020 period the following financings were completed:
- (i) On May 14, 2020 the Company closed the first tranche of a non-brokered private placement financing and issued 6,286,668 common shares as \$0.075 per share for \$471,500. On July 20, 2020 the Company closed the final tranche and issued 8,380,000 common shares for \$628,500. Directors and officers of the Company participated in the private placement and purchased a total of 7,213,334 common shares. The Company issued 266,667 common shares for finder's fees at a value of \$20,000 on a portion of the first tranche closing.
 - (ii) On August 6, 2020 the Company completed a non-brokered private placement and issued 5,300,000 common shares at a price of \$0.15 per share for gross proceeds of \$795,000. Directors and officers of the Company participated in this private placement and purchased a total of 1,333,334 common shares for gross proceeds of \$200,000.

The proceeds raised from these private placements will be used for exploration on the Company's resource properties and for working capital purposes.

- (b) During the 2019 period, on July 29, 2019, the Company completed a non-brokered private placement for 5,013,333 common shares at a price of \$0.075 per share for gross proceeds of \$376,000 of which 2,453,333 common shares were issued for settlement of the advances. The rest of the proceeds were used for working capital purposes.

Advances

Ongoing advances have been made by shareholders and officers of the Company to assist the Company dealing with its creditors. During the 2020 period the Company received advances totalling \$56,268 and repaid \$138,128.

As at September 30, 2020 a total \$62,140 (December 31, 2019 - \$144,000) of advances and accrued interest of \$13,976 (December 31, 2019 - \$13,054) remained outstanding.

See also "Related Party Disclosures".

Exploration and Evaluation Assets

Due to limited funds, the Company's exploration activities have been limited to property and concession payments and property maintenance. The Company intends to recommence drilling when it is able to obtain sufficient funding. See also "Follow Up Drilling Program and Future Strategy".

Exploration and evaluation activities incurred during the six months ended June 30, 2020 and fiscal 2019 are as follows:

	Total \$
Balance at December 31, 2018	<u>6,103,024</u>
Exploration costs:	
Technical services	114,162

	Total
	\$
Acquisition costs:	
Property/concession payments	107,869
Foreign exchange movement	<u>(264,316)</u>
Balance at December 31, 2019	<u>6,060,739</u>
Exploration costs:	
Technical services	204,521
Acquisition costs:	
Property/concession payments	159,955
Recovery on forgiveness	(634,671)
Foreign exchange movement	<u>125,604</u>
Balance at September 30, 2020	<u>5,917,148</u>

Financial Condition / Capital Resources

Operations have been limited due to the Company's lack of funds. As at September 30, 2020, the Company had a working capital deficit of \$184,385 and an accumulated deficit of \$55,159,421. In the immediate term, the Company's ability to continue as a going concern is dependent upon continued financial support from existing shareholders and creditors and its ability to continue to raise additional capital to fund its ongoing business operations and exploration projects. Additional capital may be sought from the sale of additional common shares or other equity or debt instruments and also from joint venture agreements on the Company's properties. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the recoverability of the carrying value of the Company's long-lived assets is dependent upon the Company's ability to preserve its interest in the underlying mineral property interests, the ability of the Company to obtain financing to support its ongoing exploration programs, the discovery of economically recoverable reserves and the achievement of profitable operations.

Contractual Commitments

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

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has 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 the Company's critical accounting estimates is included in Note 3 to the December 31, 2019 annual consolidated financial statements.

Changes in Accounting Policies

Adoption of New Accounting Standards

Definition of a Business (Amendments to IFRS 3)

Effective January 1, 2020 the Company adopted IASB - *Definition of a Business* (Amendments to IFRS 3) which clarifies the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- (i) clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- (ii) remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- (iii) narrow the definition of a business and the definition of outputs; and
- (iv) add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

There was no impact on the Company's condensed consolidated interim financial statements.

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) *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.

- (i) During the 2020 and 2019 periods the following compensation and fees were incurred

	2020 \$	2019 \$
David Scott - President, CEO and Director	120,126	197,757
Simon Benstead - CFO, VP Corp. Development and Director	101,750	400,000
David Anthony - Non-Executive Chairman and Director ⁽¹⁾	30,000	50,000
Frank Hogel - Director	-	70,000
Marc Cernovitch - Director	-	-
Nick DeMare - Corporate Secretary	17,500	200,000
	<u>269,376</u>	<u>737,757</u>

- (i) Mr. Anthony resigned as a director effective July 29, 2020.

During the 2020 period the Company incurred \$269,376 (2019 - \$737,757) for executive management compensation. Of this amount \$35,383 (2019 - \$103,350) has been capitalized to exploration and evaluation assets based on the nature of the expenditures and \$233,993 (2019 - \$634,407) has been expensed to executive management compensation. As at September 30, 2020 \$nil (December 31, 2019 - \$1,288,782) remained unpaid.

- (ii) During the 2020 period the Company recorded \$963,000 for share-based compensation for share options granted to officers and directors of the Company as follows:

	2020 \$
Share-based compensation - David Scott	360,000
Share-based compensation - Simon Benstead	360,000
Share-based compensation - Frank Hogel	90,000
Share-based compensation - Marc Cernovitch	90,000
Share-based compensation - Nick DeMare	<u>63,000</u>
	<u>963,000</u>

- (ii) The Company has also incurred rent in Tanzania for housing accommodation provided to Mr. Scott. The value of the accommodation for the 2020 period was \$40,211 (2019 - \$39,471). As at September 30, 2020 \$137,218 (December 31, 2019 - \$134,730) remained unpaid.
- (iii) Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, the Corporate Secretary of the Company, provides accounting and administrative services. During the 2020 period the Company incurred \$29,900 (2019 - \$22,500) for accounting and administration services. As at September 30, 2020 \$5,400 (December 31, 2019 - \$57,499) remained unpaid.

(b) *Advances*

	\$
Balance December 31, 2018	245,000
Advances received	83,000
Advances settled	<u>(184,000)</u>
Balance December 31, 2019	144,000
Advances received	56,268
Repayment of advances	<u>(138,128)</u>
Balance June 30, 2020	<u>62,140</u>

The Company has received ongoing advances from directors and shareholders of the Company to provide working capital. Certain of the advances are non-interest bearing and an advance bore interest at 5% per annum (the “Interest-bearing Advance”). All of the advances are without fixed terms of repayment. Effective April 1, 2020 the holder of the Interest-bearing Advance agreed to cease interest charges.

During the nine months ended September 30, 2020 the Company incurred a total of \$922 (2019 - \$4,005) of interest expense and, as at September 30, 2020, accrued interest of \$13,976 (December 31, 2019 - \$13,054) remained outstanding.

Outstanding Share Data

The Company’s authorized share capital is unlimited common shares without par value. As at November 30, 2020 there were 79,490,884 issued and outstanding common shares and 6,235,000 share options at exercise prices ranging from \$0.15 to \$0.20 per common share expiring July 27, 2023.