Management's Discussion & Analysis

For the Nine Month Period Ended
July 31, 2018
(Expressed in U.S. Dollar)

INTRODUCTION

Date Prepared: September 26, 2018.

This Management Discussion and Analysis ("MDA") covers the operations of **Canaf Investments Inc.,** ("Canaf" or the "Corporation") for the period ended July 31, 2018 and should be read in conjunction with the audited consolidated Financial Statements for the year ended October 31, 2017 and related notes and the consolidated interim unaudited financial statements for the nine month ended July 31, 2018. The Financial Statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Canaf's accounting policies are described in Note 2 of the Interim Financial Statements for the nine month period ended July 31, 2018. The Financial Statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Corporation.

All dollar amounts are expressed in US dollars, the reporting currency of the Corporation, unless otherwise stated. Additional information relating to the Corporation is available on SEDAR at www.sedar.com, or at the Corporation's website at canafgroup.com.

DESCRIPTION OF BUSINESS

Canaf is incorporated in the Province of British Columbia and wholly owns a company in South Africa, Quantum Screening and Crushing (Proprietary) Limited ("Quantum"). Quantum, through its 70% owned subsidiary, Southern Coal (Pty) Ltd. ("Southern Coal"), processes anthracite coal into de-volatised (calcined) anthracite for sale mostly to steel and ferromanganese manufacturers as a substitute product for coke.

Southern Coal – Calcined Anthracite, South Africa

Southern Coal produces calcined anthracite, a product used primarily as a substitute to coke in sintering processes, by feeding anthracite coal through its rotary kilns, at temperatures between 900 and 1100 degrees centigrade; the volatiles are driven off and the effective carbon content increased.

Southern Coal's two largest clients are world leaders in steel and ferromanganese production. Southern Coal's three kilns operate near Newcastle, KwaZulu Natal.

OVERALL PERFORMANCE AND OUTLOOK

Revenues for the nine months were $12,137,604 (2017 - $8,443,667) a 43.7% increase, and the Corporation continues to be profitable with gross profits of $933,187 (2017 - $889,225) a 4.9% increase and net income for nine month period ended July 31, 2018 of $516,105 (2017 - $595,716) a 13% reduction. While revenues and gross margin have grown, increased cost of sales produced smaller gross margin percentages, 2018 7.7% (2017 10.5 %). The reduction in the gross margin is mainly due to major maintenance and re-commissioning costs during the period as well as various one off costs.

The Corporation expects to continue to operate profitably into Q4, however Revenue is expected to reduce slightly as demand for calcine reduces slightly due to a slowing in manganese and steel production downstream of the supply chain. The Corporation cannot be sure of how long this slight reduction in demand will continue for, however remains confident that Southern Coal will continue to operate profitably as it continues to work with a potential new customer with the intention to secure a new long-term supply contract.

Whilst continuing to ensure that Southern Coal continues to generate free cash flow, the Corporation is also actively exploring new opportunities in South Africa and its neighbours, as it accumulates cash and reduces its gearing; from

January 2019 Southern Coal will have completed the repayment of the 14 million Rand loan with ABSA which will add approximately $26,000 per month to its cash-flow.

The Corporation's B-BBEE transaction for the sale of 30% of Quantum's shares in Southern Coal for 18 million Rand was completed during the quarter. This marks a significant milestone in the strategic plan to bring Southern Coal's B-BBEE rating in line with its existing and potential new customers' requirements. The revised effective date for the transaction is 01 August 2018.

Selected Financial Information

Due to the Corporation being listed on the TSX-V and it share price is quoted in Canadian Dollars, the Corporation has converted some key financial information included in this report to Canadian dollars. The following financial information is derived from the Corporation's interim financial statements nine month period ended July 31, 2018, with a comparison in Canadian Dollars.

	July 31 9 Months Ended			July 31 9 Months Ended	
	2018 US$	**2017 US$**		**2018 CDN$**	**2017 CDN$**
Conversion 1.00 US (av. 6 months)				**1.304**	**1.244**
Revenue from Sales	12,137,604	8,443,667		15,831,113	10,503,922
Cost of Sales	-11,204,417	-7,554,442		-14,613,955	-9,397,729
Gross Profit	**933,187**	**889,225**	**0**	**1,217,158**	**1,106,193**
Expenses	-444,535	-355,249		-579,809	-441,930
Interest Income	53,645	12,177		69,969	15,148
Income Tax Recovery (Expense)	-26,192	49,563		-34,162	61,656
Net Income for the period	**516,105**	**595,716**		**673,156**	**741,067**
Adjusted EBITDA	**800,748**	**845,646**		**1,044,416**	**927,257**
Conversion 1.00 US (closing position)				**1.313**	**1.244**
Total Assets	**4,474,719**	**3,353,998**		**5,876,661**	**4,172,374**
Bank Loan	**174,801**	**490,078**		**229,567**	**609,657**
Total Equity	**2,543,895**	**2,091,704**		**3,340,905**	**2,602,080**

Non- GAAP Performance Measures

The Corporation has included additional financial performance measures in this MD&A, such as adjusted EBITDA. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Corporation's underlying performance of its core operations and its ability to generate cash flow. Accordingly, it is 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.

Reconciliation of Adjusted EBITDA and Profit

	July 31		July 31	
	9 Months Ended		9 Months Ended	
	2018	2017	2018	2017
	US$	US$	CDN$	CDN$
Conversion 1.00 US Dollar Rate			1.304	0.984
Net Income for the period	516,105	595,716	673,156	586,240
Interest Paid	5,838	29,658	7,615	40,467
Interest Received	-53,645		-69,969	
Depreciation	306,258	193,126	399,452	263,511
Income Taxes	26,192	27,146	34,162	37,039
Adjusted EBITDA	**800,748**	**845,646**	**1,044,416**	**927,257**

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, foreign exchange gain (loss) and other revenues (expenses) as historically calculated by the Corporation.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT TRANSACTION (B-BBEE)

As part of Southern Coal's B-BBEE transformation program, Amandla Amakhulu (Pty) Ltd., ("AAM"), a 100% black, privately owned, and ringfenced, company incorporated in South Africa, acquired 30% of the issued shares of Southern Coal, from Canaf's wholly owned subsidiary, Quantum, for the value of 18 million Rand. The revised effective date for the transaction is 01 August 2018.

Quantum in return received cumulative, redeemable preference shares in AAM in the amount of the purchase price. These preference shares shall provide preferential dividends, until redeemed by AAM. These dividends will be secured by an irrevocable direction from AAM to Southern Coal to pay Quantum such dividends from any distribution to AAM.

CLAIM AGAINST KILEMBE MINES LIMITED

In August 2006, Canaf, then known as Uganda Gold Mining, announced the termination of any further investment into its Kilembe Copper-Cobalt Project in Uganda. Since 2007, the Corporation has been engaged in an arbitration with Kilembe Mines Limited, ("KML"), whereby the Corporation seeks general damages, special damages and costs of the arbitration from KML for breach of contract.

The legal work, carried out by MMAKS Advocates, Kampala, against KML is at no cost to the Corporation, but any award in won by MMAKS efforts will be distributed to both MMAKS and Canaf.

Despite the fact that the claim against KML Corporation remains active, the Corporation is unable to give an indication of either the quantum or any likely date by which the arbitration will be concluded.

RESULTS OF OPERATIONS

Nine-month Period Ended July 31, 2018

The Corporation reported net income of $516,105 (2017 - $595,716), a decrease of $79,611, -13%, on revenues of $12,137,604 (2017 - $8,443,667) a 44% increase. The Corporation continues to be profitable with gross profits of $933,187 (2017 - $889,225) a 5% increase. While revenues and gross margin have grown, increased cost of sales, produced a smaller gross margin percentage of 7.7% (2017 10.5%).

Income Statement

	3 Months Ended				9 Months Ended			
	July 31 2018 $	July 31 2017 $	Variance	%	July 31 2018 $	July 31 2017 $	Variance	%
SALES	3,444,253	1,961,208	1,483,045	76%	12,137,604	8,443,667	3,693,937	44%
COST OF SALES	(3,209,160)	(1,756,888)	(1,452,272)	83%	(11,204,417)	(7,554,442)	(3,649,975)	48%
GROSS PROFIT	235,093	204,320	30,773	15%	933,187	889,225	43,962	5%
EXPENSES								
General and Administrative	(140,009)	(105,199)	(34,810)	33%	(418,788)	(312,829)	(105,959)	34%
Interest on Bank Loan	(5,838)	(12,762)	6,924	-54%	(25,747)	(42,420)	16,673	-39%
	(145,847)	(117,961)	(27,886)	24%	(444,535)	(355,249)	(89,286)	25%
INCOME BEFORE OTHER ITEM	89,246	86,359	2,887	3%	488,652	533,976	-45,324	-8%
Interest Income	8,546	2,996	5,550	185%	53,645	12,177	41,468	341%
INCOME BEFORE INCOME TAXES	97,792	89,355	8,437	9%	542,297	546,153	-3,856	-1%
Income Tax Recovery (Expense)	(32,784)	76,709	(109,493)	-143%	(26,192)	49,563	(75,755)	-153%
NET INCOME FOR THE PERIOD	65,008	166,064	-101,056	-61%	516,105	595,716	-79,611	-13%
OTHER COMPREHENSIVE INCOME (LOSS)	-	1.00			-	1.00		
Foreign Currency Translation (Loss) Gain	-115,670	21,732	-137,402	-632%	119,153	27,014	92,139	341%
NET COMPREHENSIVE INCOME FOR THE YEAR	-50,662	187,796	-238,458	-127%	635,257	622,730	12,527	2%

Sales

Revenue for the nine months was $12,137,604 (2017 - $8,443,667), 44% increase due to high demand for Southern Coal's calcine product from both of its main customers, particularly in Q2. The Corporation is confident that Sales will remain at profitable levels in to Q4, however expects to see a slight reduction in comparison to Q3, as demand falls off slightly.

Expenses

Expenses for the nine months were $444,535 (2017 - $237,288) an increase of $89,286, 25%, primarily due to increased costs relating to the B-BBEE program and major maintenance costs on Southern Coal's old calcining facilities. Other one off expenses that were incurred during the period were legal costs relating to the Corporation's name change, as well as back dated rent for Southern Coal's premises which were negotiated at approximately $20,000.

General administrative and finance expenses for the nine month period were $418,788 (July 31, 2017 - $312,829) an unfavorable variance of $105,959, primarily due to increased involvement in South Africa's B-BBEE program and increased activity resulting in higher management fees and office expenses. The Corporation incurred extra management and consultant fees due to the passing of its previous CFO, Zeny Manalo as well as transitional costs associated with the resignation and appointment of its CFO during the year. The Corporation does not expect any further extra ordinary management or consultant fees going forward. Additional details of general and admin expenses can be found in the table below.

GENERAL AND ADMIN EXPENSES

	3 Months Ended July 31		9 Months Ended July 31	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Bank Charges and Interest	11,582	1,216	13,160	2,655
Bad Debts	0	0	0	6,595
Consulting Fees	18,709	16,916	65,981	49,900
Management Fees	29,552	28,778	99,260	91,441
Office, Insurance and Sundry	15,364	21,441	42,218	52,289
Professional Fees	22,252	19,809	52,719	60,863
Promotion	0	286	0	675
Telephone	3,179	3,512	14,234	11,618
Transfer Agent and Filing Fees	3,986	750	12,720	7,077
Depreciation-Buildings	393		1,669	
Travel	11,305	12,491	30,575	29,716
Broad-Based Black Economic Empowerment	6,601		45,615	
Audit Fees	17,087		40,638	
	140,009	105,199	418,788	312,829

Income Taxes

The Corporation reported income tax expense year to date of $26,192 (2017 recovery - $49,563) an in-year reduced liability as a result of tax losses carried forward.

Comprehensive Income

The Corporation is not subject to currency fluctuations in its core activities however the Corporation is subject to transactions in various currencies and the volatility in international currency markets does have an impact on some costs and the translation into US$ the reporting currency of the Corporation. The current period comprehensive gain on foreign exchange in the amount of $119,153 (2017 - $27,014) is primarily as a result of the translation into US$ the reporting currency. As at July 31, 2018 the Corporation has net comprehensive gain of $635,257 (July 31, 2017 - $622,730.) The Corporation does not hedge net asset translation movements.

SUMMARY OF QUARTERLY RESULTS

The following financial data is derived from the Corporation's financial statements for the past 8 quarters.

	Three Months Ended			
	July 31 2018 $	April 30 2018 $	January 31 2018 $	October 30 2017 $
Sale	$ 3,444,253	$ 5,425,213	$ 3,273,213	$ 2,255,450
Gross Profit	235,093	454,607	248,562	333,885
Net Income (Loss)	65,008	262,753	187,126	(53,908)
Net Comprehensive Income (Loss) for the period	(50,662)	138,299	552,815	(183,066)
Basic and diluted earnings (loss) per share	$ 0.001	$ 0.005	$ 0.004	$ (0.001)

	Three Months Ended			
	July 2017 2017 $	April 30, 2017 2017 $	January 31, 2017 2017 $	October 30, 2016 2016 $
Sale	$ 1,961,208	$ 3,490,753	$ 2,991,706	$ 1,796,330
Gross Profit	204,320	299,024	385,881	94,196
Net Income (Loss)	166,064	231,961	197,691	136,764
Net Comprehensive Income (Loss) for the period	187,796	236,713	198,221	191,340
Basic and diluted earnings (loss) per share	$ 0.004	$ 0.005	$ 0.004	$ 0.003

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2018, the Corporation had cash of $1,252,240 (October 31, 2017 - $453,609) and working capital of $1,735,049 (October 31, 2017 - $1,098,726). Surplus cash and cash equivalents are deposited in interest accruing accounts.

Working capital components include cash in current or interest bearing accounts, trade and other receivables, sales tax receivable, inventories and prepaid expenses and deposits, trade and other payables, sales tax payable, income tax payable, and current portion of long-term debt.

Trade receivables and trade payables are expected to increase or decrease as sales volumes change.

	9 Months Ended	
	July 31 2018 $	July 31 2017 $
Cash provided by (used) in operating activities	1,000,336	714,809
Cash used in investing activities	(78,776)	(238,866)
Cash provided by (used) in financing activities	(242,081)	(212,152)
Increase (Decrease) in cash	679,479	263,791

Operations provided $1,008,336 in cash during the nine-month period ended July 31, 2018 (July 31, 2017 provided $714,809) largely due to timing of supplier payments.

Except as described above, the Corporation's management is not aware of any other trends or other expected fluctuations in its liquidity that would create any deficiencies. The Corporation's management believes that its cash balances will be sufficient to meet the Corporation's short-term and long-term requirements for ongoing operations and planned growth. The Corporation does occasionally utilize cash reserves to offer suppliers earlier payment terms in return for more favorable rates.

ECONOMIC DEPENDENCE

Sales from the Corporation's South African coal processing business are substantially derived from two customers and as a result, the Corporation is economically dependent on these customers. The Corporation's exposure to credit risk is limited to the carrying value of its accounts receivable. As at July 31, 2018, trade receivables of $1,682,075 (October 31, 2017, $1,314,828) were due from these customers and were collected subsequent to period-end.

REVENUE RECOGNITION

Revenue from the sale of calcined anthracite is recognized upon transfer of title, which is completed when the physical product is delivered to customers and collection is reasonably assured. Interest and other income are recognized when earned and collection is reasonably assured.

COMMITMENT

The Corporation has an agreement to lease premises for Quantum's coal processing plant in South Africa for a term of ten years, expiring on December 31, 2020. The agreement offers the Corporation, in lieu of rent, feedstock coal to be delivered to its adjacent premises, which it purchases at market price. Should the Corporation decide to purchase feedstock coal from an alternative supplier which the lessor is otherwise able to provide, then a monthly rent of Rand 200,000 ($14,888) is payable. During May 2018, the Corporation agreed news terms with the lessor to pay a revised monthly rent of Rand 35,000, given the fact that the lessor has been unable to supply feedstock coal to Quantum since August 2018. The new agreed terms are valid until December 31, 2018, after which new or extended terms will be agreed.

CONTRACTUAL OBLIGATIONS

The bank loan bears interest at 10.25% per annum, matures on January 7, 2019, and is secured by the Corporation's furnace acquired with the proceeds from the loan. The bank loan is repayable in blended monthly payments of Rand 393,060.51 ($29,133 translated at July 31, 2018 exchange rate). During the nine month period ended July 31, 2018, the Corporation incurred interest expense totaling $25,747 (July 31, 2017 – $42,420).

TRANSACTIONS WITH RELATED PARTIES

At the report date, key management consists of Christopher Way (CEO, President and a Director of the Corporation), Derick Sinclair (CFO and a director) (resigned); Rebecca Williams (CFO and Director) appointed July 2018, David Way (Chairman of the Board and Director of the Corporation) and Kevin Corrigan (Independent Director of the Corporation).

Fees incurred for services by key management personnel during the nine-month period ended July 31, 2018 and 2017 were as follows:

		9 Months Ended	
		July 31 2018	July 31 2017
Services	**Party**	**$**	**$**
Professional Fees	CFO and director of the Corporation	38,411	30,282
Consulting Fees	President, CEO and director of the Corporation	65,981	49,900
Directors Fees	Directors of the coal processing operations in South Africa	99,260	91,141

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up the date of issuance of the Corporation's consolidated financial statements not yet effective that the Corporation intends to adopt when they becomes effective.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of Canaf's accounting policies are presented in Note 2 of the Interim financial statements nine month period ended July 31, 2018. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Corporation's financial statements and the uncertainties that could have a bearing on its financial results.

MANAGEMENT FINANCIAL RISKS

The Corporation is exposed to various risks in relation to financial instruments. The Corporation's financial assets and liabilities by category are summarized in Note 2 of the consolidated financial statements. The Corporation's risk management is coordinated by the board of directors and focuses on actively securing the Corporation's short to medium-term cash flows and raising finances for the Corporation's capital expenditure program. The Corporation does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Corporation is exposed are described below.

Foreign Currency Risk

Foreign exchange risk arises because of fluctuations in exchange rates. The Corporation conducts a significant portion of its business activities in foreign currencies. The Corporation's subsidiaries, principally located in South Africa, routinely transact in the local currency, exposing the Corporation to potential foreign exchange risk in its financial position and cash flows.

The assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rate between the United States dollar and these foreign currencies. The Corporation has outstanding debt obligations that are payable in South African Rand. The Corporation does not currently use financial instruments to mitigate this risk.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Corporation limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for trade receivable by performing standard credit checks. The credit risk for cash and trade receivables is considered negligible since the counterparties are reputable banks with high quality external credit ratings and customers with no history of default.

The Corporation has a credit risk exposure related to its economic dependence on two customers for its calcine sales. The Corporation has assessed its exposure to credit risk and has determined that no significant risks exist from these concentrations of credit.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations when they become due. The Corporation ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Corporation's holdings of cash. The Corporation has a working capital of $1,735,049 as at July 31, 2018. There can be no assurance that the Corporation will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest on the Corporation's bank loan is tied to the Prime Rate, and as such, the Corporation is not exposed to significant interest rate risk.

Commodity Price Risk

The Corporation's revenues, earnings and cash flows are directly related to the volume and price of calcine sold and are sensitive to changes in market prices over which it has little or no control. The Corporation has the ability to address its price-related exposures through the use of sales contracts.

Fair Value

The Corporation uses the following hierarchy for determining fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that is not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The Corporation's financial assets measured at fair value through profit or loss use Level 1 valuation techniques during nine month period ended July 31, 2018 and 2017. The carrying values of the Corporation's financial assets and liabilities approximate their fair values as at July 31, 2018.

CAPITAL RISK MANAGEMENT

The Corporation's objectives in managing its capital are to ensure adequate resources are available to fund its coal processing business in South Africa, to seek out and acquire new projects of merit, and to safeguard its ability to continue as a going concern. The Corporation manages its share capital as capital, which as at July 31, 2018, totaled $8,079,463 (2017 - $8,079,463).

The Corporation manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through the sale of calcine in South Africa and, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Corporation will be able to obtain debt or equity capital in the case of operating cash deficits.

The Corporation may, from time to time, invest capital that is surplus to immediate operational needs in short-term, liquid, and highly rated financial instruments held with major financial institutions, or in marketable securities. The Corporation may also, from time to time, enter into forward foreign exchange and commodity price contracts to hedge a portion of its exposure to movements in foreign exchange and commodity prices.

The Corporation has no externally imposed capital requirements and has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes in the Corporation's approach to capital management during the nine month period ended July 31, 2018.

RISKS AND UNCERTAINTIES

The Corporation is subject to a number of risk factors due to the nature of the mining business in which it is engaged, including movements in commodity prices, which are difficult to forecast. The Corporation seeks to counter these risks as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

The Corporation's assets are of indeterminate value. For further particulars see the financial statements filed on www.sedar.com.

Exploration and Development

The Corporation is not currently engaged in any exploration or development projects.

Operating Hazards and Risks

Operations in which the Corporation has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Corporation has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Corporation might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Corporation could incur significant costs that could have a material adverse effect upon its financial condition.

Metal and Mineral Prices

Factors beyond the control of the Corporation affect the price and marketability of gold and other metals and minerals. Metal and mineral prices have fluctuated widely, particularly in recent years and are affected by numerous factors including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors on the Corporation's future prospects cannot accurately be predicted.

Political Risk

Quantum is located in South Africa and consequently the Corporation will be subject to certain risks, including currency fluctuations, electricity outages and possible political or economic instability, and exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Corporation and may adversely affect its business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and site safety.

Environmental Factors

All phases of the Corporation's operations will be subject to environmental regulation in South Africa.

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. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The exploration, development and production activities of the Corporation will require certain permits and licenses from various governmental authorities and such operations are and will be governed by laws and regulations governing exploration, development and production, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all licenses and permits which the Corporation may require to carry out exploration and development of its projects will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Corporation may undertake.

Cash Flows and Additional Funding Requirements

Although since the acquisition of Quantum, the Corporation has significant revenues from operations, the majority of sources of funds currently available to the Corporation for any future acquisition and development projects will in large portion be derived from the issuance of equity or project finance debt. Although the Corporation presently has sufficient financial resources and has been successful in the past in obtaining equity and debt financing to undertake its currently planned exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Corporation.

Title to Assets

Although the Corporation has or will receive title options for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will be not challenged or impugned. In some countries, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the holder has title. Also, in many countries, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries.

Enforcement of Civil Liabilities

Substantially all of the assets of the Corporation will be located outside of Canada and certain of the directors and officers of the Corporation will be resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Corporation or the directors and officers of the Corporation residing outside of Canada.

Management

The Corporation is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Corporation.

CAUTIONARY STATEMENTS ON FORWARD-LOOKING INFORMATION

This MD&A together with the Corporation's consolidated financial statements for the nine month period ended July 31, 2018 contain certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Corporation expects to occur, are forward looking statements. Forward looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.

Inherent in forward-looking statements are risks and uncertainties beyond the Corporation's ability to predict or control, including risks that may affect the Corporation's operating or capital plans, including risks generally encountered in the exploration and development of natural resource properties, such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, process upsets and equipment malfunctions; risks associated with labour and unavailability of skilled labour; fluctuations in the market prices of the Corporation's principal products, which are cyclical and subject to substantial price fluctuations; risks created through competition for natural resource properties; risks associated with lack of access to markets; risks associated with mineral and resource estimates, including the risk of errors in assumptions or methodologies; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; risks associated with the Corporation's dependence on third parties in the provision of transportation and other critical services; risks associated with aboriginal title claims and other title risks; social and political risks associated with operations in foreign countries; and risks associated with legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Corporation receives regulatory and governmental approvals as are necessary on a timely basis; that the Corporation is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Corporation's activity costs; that the Corporation is able to continue to secure adequate transportation as necessary for its exploration activities; that the Corporation is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that exploration activity timetables and capital costs for the Corporation's planned projects are not incorrectly estimated or affected by unforeseen circumstances; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that the Corporation's estimates in relation to its natural resource interests are within reasonable bounds of accuracy (including with respect to size, grade and recoverability of mineral projects) and that the geological, operational and price assumptions on which these are based are reasonable; that no environmental and other proceedings or disputes arise; and that the Corporation maintains its ongoing relations with its employees, consultants and advisors.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Corporation's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Corporation will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the interim Consolidated financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

OUSTANDING SHARES

Authorized: Unlimited number of common shares without par value.

Common shares outstanding:	47,426,195
Options:	Nil
Warrants:	Nil
Fully Diluted:	47,426,195