This "Management's Discussion and Analysis" has been prepared as of November 4, 2016 and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2016.

Forward-looking Information

This Management Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to Simba Energy Inc. ("the Company" or "Simba") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of Simba Energy exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Simba Energy to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

The Company

Simba Energy is a Canadian-based company, incorporated under the laws of the Province of British Columbia. On February 18th, 2010 Gold Star Resources Corp. announced it had received approval from the TSX Venture Exchange ("TSX-V") to change the Company's name to Simba Energy Inc. The stock symbol of the Company was changed to "SMB" and the Company's CUSIP number was changed to CUSIP 828572107. The corporate name change and symbol change took effect February 19, 2010. The website of the Company is Simbaenergy.ca.

SMB's strategy is to focus on oil and gas opportunities in unexplored onshore frontier basins of Africa. Using expertise and affiliations the Company has pursued and secured strategic assets that demonstrate high potential for drilling and production operations. Once secured, SMB utilizes a farm-out strategy to escalate and progress exploration of the assets before commencing exploration drilling.

Oil and gas properties

(a) Kenya

On August 3, 2011, the Company was awarded a Production Sharing Contract ("PSC") by the Government of Kenya covering Block 2A in Kenya. This PSC comprises 7,802 square kilometres in northeast Kenya.

Block 2A overlies the southern tip of the Mandera Basin while the southwest corner of the block extends into the Anza Basin. The Mandera Basin is Permo-Triassic to Tertiary in age with a sediment thickness of 10,000 meters. Potential source rock interval is mid Jurassic-Lower Cretaceous and comparable with the larger Mandera-Lugh basin in Ethiopia and Somalia.

In the Anza Basin, lower Cretaceous reef structures have been mapped with a potential reservoir thickness of 300m – 500m. Source rock is likely Lower Cretaceous.

In December 2011, the work program for year one commenced with a re-interpretation of existing gravity and magnetic data as well as the reprocessing of select 2D lines. The Company also obtained copies of all existing 2D seismic lines (800 kilometers) carried out by Chevron and Amoco. This reprocessing was completed by March 2012.

In June 2012, the Company engaged GeoDynamics Research S.R.L. of Italy to conduct a passive seismic survey covering 750 square kilometers with 250 MPS (measuring points) on 2km spacing to identify and evaluate areas with hydrocarbon potential.

In July and August, 2012, the Company increased its coverage area for its passive seismic survey from 750 sq. kms to about 4,000 sq. kms, utilizing 218 data/listening stations, and in addition added a geochemical survey during this phase of the fieldwork including the collection of 675 geochemical samples on Block 2A.

Infrasonic Passive Differential Spectroscopy (IPDS) is a direct hydrocarbon indicator process which utilizes high sensitivity seismometers. The seismometers presently used are even more sensitive and are used in an extensive worldwide grid monitoring the earth's subsurface seismic activity. This grid identifies the background noise as a frequency spectrum. IPDS detects low frequency in the 1-8 Hz range as a spectral signature over hydrocarbon reservoirs. A hydrocarbon reservoir is a frequency converter and deforms the frequency of the natural earth noise. These deformed signals on spectroscopic analysis produce unique spectral signatures which are used as Direct Hydrocarbon indication.

IPDS technology has been tested in numerous basins and reservoirs around the world and in over 120 surveys it has proven correct 80% of the time. [1]

This first phase of passive seismic was completed in August 2012, and the report confirmed P1 to be comprised of two distinct and sizeable leads with excellent hydrocarbon response lying east and SSE of the city of Wajir. The first lead in P1 with an area of 29 km2 demonstrated the highest level of hydrocarbon seismic energy interpreted amongst all seven potential leads identified by the survey. The second lead is over 100km2 in size and had a good response for hydrocarbon potential. This find lies from 8km to 20km to the SW.

On April 22, 2014, the Company signed a contract with Bell Geospace to conduct a comprehensive airborne Full Tensor Gradiometry ("FTG") survey on Block 2A in Kenya. Work commenced on this project throughout May and on June 19, 2014 the Company reported the completion of the flight program portion of the FTG and that Geospace had identified 11 high ranking and sizeable anomalies in both the Mandera (5 anomalies) basin and the Anza (6 anomalies) within the Block 2A concession.

The FTG identified five structural features in the Mandera basin with independent closures varying in size from 30kms2 to +100kms2. The largest, having 2D seismic 4-way structural closure and excellent correlation with the FTG and earlier passive seismic surveys completed, is an excellent prospect. The remaining anomalies consist of two "string of pearl type" leads and two FTG structures which are supported by previous passive seismic results. This was outlined in the final report received from Bell Geospace on August 14, 2014.

On June 5, 2015, the Company executed an agreement with Essel Group Middle East DMCC, ("Essel") wherein Essel agreed to provide 100% of funding required to carry out an exploration program on all Simba PSCs including the Kenyan PSC. This 100% funding commitment covers all exploration expenditures including FTG and seismic surveys and the drilling of two wells per each PSC Essel will earn 60% of the Company's Kenyan subsidiary, Simba Africa Rift Energy Ltd. while Simba with retain 40%.

A definitive agreement was executed on November 27, 2015 and is subject to approval of the TSX-V and the Company's shareholders. The government of Kenya has already approved the participation of Essel. Subsequently, in January and May 2016, Essel subscribed to a total of 67,914,975 units and two of its officers became directors and officers of Simba.

[1] Per GeoDynamics Research S.R. L.(Italy)

(b) Guinea

On July 27, 2011, the Company signed an Agreement to acquire a 60% interest in an issued a PSC for Blocks 1 & 2 comprising 12,000 square kilometers onshore in the Republic of Guinea's Bove Basin. This Agreement was executed after the Company's geological staff conducted both site investigation and detailed review of technical data, and advised that there existed a significant potential for oil and gas in the basin.

The Company received approval for its 60% owned PSC on May 24, 2012 regarding Blocks 1 & 2 in onshore Guinea and commenced negotiations to acquire the remaining 40% of the PSC. This 40% was owned by a third company which defaulted on the PSC and the Guinean government eventually rescinded their ownership.

The two blocks total 12,000 sq km onshore in the Bove basin in the Republic of Guinea and when conducting the geo-chem, several surface oil seeps and three known reservoir systems with good reservoir parameters in both clastic sediments and carbonates were identified.

A field trip was conducted on Block 2 which identified and sampled numerous oil seeps and contaminated (unpalatable) water well. Several samples have been collected for laboratory analysis to confirm the presence of hydrocarbon. Preliminary tests on the two samples showed significant florescence which confirmed the presence of hydrocarbon. During the surface sampling program completed in the summer of 2013, two sites of major blow outs were visited and the blow outs were confirmed in discussion with residents in the area.

The work program for the past year was deferred due to the outbreak of Ebola but this issue appears to be resolved and the Company expects to commence a full FTG program in the first quarter of 2017. The Company has fulfilled its work obligations to date and is in current negotiations with the government of Guinea regarding 100% ownership of a PSC and revising the work program going forward. The government was advised during recent negotiations that the preference of the Company was 100% ownership in a PSC and wished to defer FTG and seismic exploration until changes to ownership of the PSC were finalized.

As at June 30, 2016, the negotiations have not been completed and, without a firm agreement, management has impaired the property and written down the costs incurred to date.

The 100% funding commitment from Essel covers all exploration expenditures including FTG and seismic surveys and the drilling of two wells. Through an earn-in in the Company's Guinean subsidiary, Simba Energy – SUCC, Essel will earn 60% of the revenues attributable under the PSC, while the Company will retain 40%.

(c) Chad

On September 24, 2012, the Company executed a Protocole d'Accord with the Republic of Chad which grants the Company 100% interests in PSC's on three prospective oil & gas concessions in the Doba, Doseo and Erdis basins. As part of the execution of this agreement, the parties agreed to finalize the first-year work program and execute the PSC documentation by October 31, 2012. On October 18, 2012, the Company formally executed the PSC's for the three blocks outlined above and was to await approval by the Government of Chad.

These three PSC's in Chad have a first exploration phase of five years and a second exploration phase of three years. The first exploration phase requires geological and geophysical studies to include processing and reinterpretation of existing 2D seismic, acquisition of at least 750 kilometres of new 2D seismic, as well as 400km^2 of 3D seismic (or 2D equivalent) to determine the range of possible drilling opportunities for the second phase that requires two exploration wells.

The first two blocks, Chari Sud Block 1 and the southern half (50%) of Chari Sud Block 11 are adjacent to each other and therefore treated as one (10,111km^2). They are in the Doba - Doseo Basin complex and lie just southeast of the Mangara and Badila oil fields where proven reserves are currently in the advanced stages of appraisal and production development. Assessment of earlier gravity and magnetic surveys across both these blocks along with existing 2D seismic, has confirmed these blocks comprise the same basin morphology as these producing fields. The NE-SW trending Borogrop fault zone crosses both blocks in a manner that divides Chari Sud Block 1 into both a north and south section while Chari Sud Block 11 is mainly south of this fault zone.

The third concession, Erdis Block 111 covering 15,700 km^2 is in the south-western portion of the Erdis Basin, known as the Kufra Basin in Libya, where there are known discoveries. Recent gravity across Erdis Block 111 indicates the presence of a major depo centre and ties it to a sediment source to the west where along with a deep mature section and this current activity in Sudan, supports the Company's view of the block's potential.

On June 25, 2013, the Company was advised by the Government that the PSC between the Government of Chad and Simba Energy had been ratified. The issuance of the PSCs included a signing bonus which the Company felt was not acceptable given the current market conditions. The PSC covering these properties has been suspended over the signing bonus issue and negotiations are currently underway in Chad to resolve this issue so that the PSCs can be restored and a work program can be instituted.

Due to the uncertainty surrounding this issue, the Company impaired the costs incurred to date with respect to Chad, effective June 30, 2015.

Should the Company successfully complete negotiations to reinstate its PSCs in Chad, the Company will incorporate a Chad subsidiary and the 100% funding commitment from Essel will cover all exploration expenditures including FTG and seismic surveys and the drilling of two wells. Through an earn-in in the Company's Chad yet to be incorporated subsidiary, Essel will earn 60% of the revenues attributable under the PSC while the Company will retain 40%.

(d) Liberia

The Company, through its subsidiary, Simba Energy Liberia Inc., acquired a Hydrocarbon Reconnaissance License ("HRL") covering an onshore area in Liberia covering area of approximately 1,366 square kilometers in Liberia. The negotiations were put on hold during the previous year as the country dealt with an outbreak of a serious contagious disease. The Company has executed a new HRL, NR-002, and is awaiting final approval from The National Oil Company of Liberia, ("NOCAL"). This new HRL covers its existing concession area as well as an additional 1,566 square kilometers off shore in shallow water as part of Block 13, where there is offshore drilling activity.

The permit rights extend to the exploration for hydrocarbons, including drill to no more than 300m, but explicitly exclude the rights to produce or sell any hydrocarbons. Also included is the right of first refusal for conversion to a PSC, which would include the above mentioned rights.

Liberia is a country which resumed stable and democratic government in 2006, after a period of over twenty years of civil war. The current government, which is underwritten by the UN and the USA, has restored democracy and through its government agency, NOCAL, is directing efforts towards the opening of the natural resource sector to foreign investment, and consequently, is also laying great emphasis on infrastructure. The Liberian and US dollar are freely traded in parallel within the national economy.

<u>Reconnaissance Permit Extension</u>

Although the HRL Permit NR-001 in Liberia was allowed to expire in February 2011, the application process of applying for the PSC effectively extends the life of the license through this process. The extension of the reconnaissance permit by NOCAL provides both the Company and NOCAL additional time to complete the technical review. This process has now been completed. The members of the Board of Directors of NOCAL have been revamped and the new board is behind schedule in its review process.

The Company advises that it has completed negotiations for a new HRL covering the existing 1,366 sq. km area covered under the original HRL plus an additional 1,566 sq. km in shallow offshore which is an extension of the existing area allocated to Simba. Negotiations have completed and the Company is awaiting NOCAL execution of the NRL. Once the executed NRL is received from NOCAL, the Company plans to commence a FTG program to be followed by a seismic program. Once completed, the HRL will automatically convert to a PSC. There will be no drilling under terms of HRL.

Financial statement presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining on-going financing. There can be no assurance that the Company will be able to obtain either of these requirements. The consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

Selected Annual Information

Selected annual information from the consolidated audited financial statements for the three years ended is summarized as follows:

	June 30, 2016 In CDN $	June 30, 2015 In CDN $	June 30, 2014 In CDN $
Operating expense	1,120,495	1,523,455	1,289,649
Other (income)/expense	-	(682,263)	12,905
Net loss for the year	2,228,071	2,205,718	1,276,744
Net loss per share	0.00	0.01	0.01
Total assets	9,957,731	8,912,079	8,038,452
Total Liabilities	2,617,581	2,532,098	1,859,544

Summary of Quarterly Results

Results for the eight most recently completed quarters are summarized as follows:

	Total revenues In CDN $	Net loss for the period In CDN $	Net loss per share (basic and diluted) In CDN $
June 30, 2016	NIL	1,330,438	0.01
March 31, 2016	NIL	273,100	0.00
December 31, 2015	NIL	400,567	0.00
September 30, 2015	NIL	223,966	0.00
June 30, 2015	NIL	1,038,087	0.01
March 31, 2015	NIL	456,369	0.00
December 31, 2014	NIL	313,937	0.00
September 30, 2014	NIL	397,325	0.00

Results of Operations

Results for the year

The Company incurred a loss of $2,228,071 for the year ending June 30, 2016 as compared to a loss of $2,205,718 for the previous year ending June 30, 2015. The non-operating expenses in fiscal 2016 arose from an impairment taken on the Guinean evaluation and exploration asset of $1,107,576. The non-operating expenses in 2015 of $682,263 arose from the following:

(a) A gain on write-off from accounts payable and accrued charges of $100,000;
(b) Impairing costs relating to Chad of $696,056;
(c) An impairment of equipment not being used of $106,783;
(d) An impairment of $104,551 against advances receivable; and
(f) A reversal of a provision of $125,127 for flow-through shareholder tax liability.

Operating costs in fiscal 2016 were $1,120,495 compared to $1,523,455 in fiscal 2015, a decrease of $402,960. However, the non-cash expense – share-based compensation was $171,456 in 2015 while there was no share-based compensation in 2016. Accounting and legal expenses increased $6,208 from $119,414 to $125,622. Amortization reduced slightly to $14,460 from $20,312. Consulting fees reduced by $106,436: 2016 was $87,374 compared to $193,810 in 2015. Interest and bank charges were insignificant and virtually unchanged. Investor communication, trade shows and web site decreased significantly: $122,177 in 2015 compared to $283,502 in 2015. Management fees increase slightly: $310,000 in 2016 compared to $288,000 in 2015. Office and miscellaneous was $215,340 in fiscal 2016 compared to $189,522 in 2015. Project investigation costs are expenditures increased from $64,881 to $92,788. In fiscal 2016 the costs were incurred in both Liberia and Chad, while in 2015 there were only Liberian costs. Transfer agent regulatory fees were $75,001 in 2016 compared to $46,296 in 2015. Finally, travel fees decreased significantly: $74,748 in 2016 compared to $140,142 in 2015. In fiscal 2015 management incurred additional travelling expenses seeking potential farm-in partners, while in 2016, these costs were significantly reduced once the Essel agreement was signed.

Results for the quarter

The operating expenses for the 4th quarter (“Q4”) of fiscal 2016 were $222,862 and the non-operating expenses were $1,107,576. In Q4 fiscal 2015, the operating costs were $355,824 and the non-operating costs were $682,263. The non-operating expenses were recorded in Q4 for both years and are discussed above.

The operating expenses for the Q4 2016 were $132,962 less than those of Q4 2015. Accounting and legal was reduced by $3,342: $18,164 in 2016 from $21,506 in 2015. Amortization was $3,615 in 2016 and $5,078 in 2015 - a reduction of $1,463. Consulting fee reduced $47,920: $26,255 in 2016 from $74,175 in 2015. Interest and bank charges were virtually unchanged. Investor communication, trade shows and web site was less by $111,093 in 2016 as compared to 2015. Management fees were $94,000 in Q4 2016 compared to $72,000 in Q4 2015. Office and miscellaneous was $11,022 in Q4 2016 compared to $37,653 in 2015. Project investigation costs increased by $31,192: $36,223 in 2015 compared to $67,415 in 2016. There was no share-based compensation in either years in Q4. Transfer agent and regulatory fees were $5,292 in 2015 and $17,920 in 2016 – an increase of $12,682. Travel expenses reduced by $9,712: $11,931 in 2016 compared to $21,643 in 2015.

Kenya

During the past two years, the Company focused its efforts on exploration in Kenya. On April 22, 2014, the Company entered an agreement with Bell Geospace to conduct a comprehensive airborne FTG survey on Block 2A in Kenya. The program included flying 6,313 line kms over two target areas within Block 2A. The Company reported on June 19, 2014 that the FTG program was complete and that it identified 11 high ranking and sizeable anomalies in the Mandera and Anza basins within Block 2A. This was outlined in their written report dated August 14, 2014. The resulting data from this FTG survey allowed for a more focused and cost effective 2D seismic well location program.

Under the agreement with Essel, they are to fund all ongoing exploration expenditures. Accordingly, Essel initiated a 2D seismic program on Block 2A in late summer with AGS Oilfield Services Ltd. of Oman. The program is expected to complete in November 2016 and its results will determine whether a 3D seismic program is needed or whether to go directly into a drill program. In either case, Essel will fund all exploration expenditures. In addition to the seismic program, Essel has spent approximately $464,000 on exploration on the Kenyan property from the date of its agreement in June 2015 to September 30, 2016.

Guinea

During the fiscal year ended June 30, 2015, the Company was prevented from conducting any exploration activities on the ground in both Guinea and in Liberia because of the serious outbreak of Ebola throughout the region. The Ministry of Natural Resources in Guinea have recently advised the Company that new and advanced medication has been introduced and that currently – Ebola has been essentially eradicated and it is safe to resume exploration activities.

However, the Company has been reluctant to commence further exploration until the completion of the application to increase ownership in the PSC from 60% to 100%.

As at June 30, 2016, the negotiations have not been completed and, without a firm agreement, management has impaired the property and written down the costs incurred to date.

Liberia

The Company has executed documentation regarding HRL NR-002 and is awaiting NOCAL execution before commencement of the work program. Final documentation is expected shortly.

Chad

Any work in Chad has been delayed until negotiations have been concluded regarding outstanding signing bonuses.

Liquidity and Capital Resources

At June 30, 2016, the Company had cash on hand of $444,792 compared to $4,883 at June 30, 2015. Current assets amounted to $522,175 at June 30, 2016 versus $150,386 at June 30, 2015 and the working capital deficit at June 30, 2016 amounted to $2,095,406 compared to working capital deficit of $2,381,712 at June 30, 2015.

On May 31, 2016, the Company completed a non-brokered private placement by issuing 43,000,000 units at $0.05 each for gross proceeds of $2,150,000. Each unit consists of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share exercisable for a period of two years at a price of $0.075 per share. No finders' fees were incurred regarding this issuance and no value was attributed to the warrants as a component of the units. Directors and officers subscribed for 4,000,000 units, representing $200,000. Essel, subscribed for 34,000,000 units, representing $1,700,000. Through direct cash payments and funds spends on behalf of Simba, at June 30, 2016 the subscription receivable had been reduced by $636,346 to $1,063,654.

On January 21, 2016, the Company completed a non-brokered private placement by issuing 42,014,975 units at $0.05 each for gross proceeds of $2,100,749. Each unit consists of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share exercisable for a period of two years at a price of $0.075 per share. No finders' fees were incurred regarding this issuance and no value was attributed to the warrants as a component of the units. Directors and officers subscribed for 39,814,975 units, representing $1,990,749. Of that amount, $295,000 was applied against debt to directors and officers and $110,000 was applied against debt from unrelated parties.

Share issue costs of $30,655 were incurred with respect to the two private placements.

On June 5, 2015, the Company executed an agreement with Essel wherein Essel agreed to provide 100% of funding required to carry out an exploration program on all Simba PSCs. This 100% funding commitment covers all exploration expenditures including FTG and seismic surveys and the drilling of two wells. Essel will earn 60% of future revenues attributable under the PSC, while Simba will retain 40%. All costs incurred to August 1, 2015 are the responsibility of Simba.

On February 11, 2015, the Company completed a non-brokered private placement by issuing 15,000,000 share units at $0.03 each for gross proceeds of $450,000. Each unit consists of one common share and one-half of a non-transferable common share purchase warrant, with each full warrant exercisable for a period of two years at a price of $0.05 per share. No finders' fees were paid regarding this issuance and no value was attributed to the warrants as a component of the share units.

On September 15, 2015, 530,000 stock options were exercised at $0.06 per share. The fair value of those options was originally determined to be $7,701 and was credited to reserves at the time of issuance. Upon exercise, this amount was taken out of reserves and added to the value received for shares issued.

On July 29, 2014, the Company completed a non-brokered private placement of 54,118,009 units at $0.06 per unit for gross proceeds of $3,247,080. Of this financing, 21,988,200 units for gross proceeds of $1,319,292 were completed at June 30, 2014 and 32,129,809 units for gross proceeds of $1,927,588 were completed in July, 2014.

The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital.

Transactions with Related Parties

The following expenses were incurred with directors and officers of the Company:

For the year ended June 30	2016	2015
Management fees paid to the current CEO	$ 22,000	$ -
Management fees accrued or paid to the President and former CEO	120,000	120,000
Management fees accrued or paid to the Director – Operations	120,000	120,000
Geological consulting fees accrued to James Dick, a former Director	79,000	91,245
Management fees accrued or paid to the CFO	48,000	48,000
Share-based compensation	-	104,616
Total	$ 389,000	$ 483,861

As at June 30, 2016, the amount due to officers and directors of the Company was $393,433 (2015- $604,659). Of this amount, $138,783 (2015 - $188,246) was advanced by officers of the Company to finance the working capital requirements of the Company. The amounts due were unsecured, non-interest bearing and have no fixed terms of repayment.

Included in the May 31, 2016 private placement, are 34,000,000 units issued to Essel and 4,000,000 issued to a director representing $1,900,000 in subscriptions. Of that amount $1,063,654 has yet to be received and is disclosed as share subscriptions receivable.

Included in the January 21, 2016 private placement are 39,814,975 units for $1,990,749 issued to officers and directors. Of that amount, 5,900,000 units representing $295,000 was settled by offsetting debt.

Included in the July 30, 2014 private placement were 3,100,000 units issued to an officer and director to settle a debt of $186,000.

As at June 30, 2014, there were advances due from a related company of $122,622. During the 2015 fiscal year this receivable was reduced through the payment of Company expenses by the related company. As at June 30, 2015, management impaired the balance of $104,551 due to the uncertainty surrounding the amount and timing of future repayments.

Accounts receivable of $13,650 represents receivable for the rent of premises from a company with some common management as the Company.

Commitments

The Company has the following future commitments:

(a) Office lease

The Company has executed an agreement to lease office space effective July 1, 2012 until June 30, 2017. The monthly net requirements under that lease are as follows:

	Minimum lease Required	Sub Lease	Net monthly Obligation
For the year ended June 30, 2017	$14,060	$3,300	$10,760

(b) Work Commitments

The terms of certain of the Company's PSCs require the Company to make payments and undertake exploration expenditures in order for the contracts to remain in good standing. In Kenya, the original contract has been amended eliminating specific yearly expenditures and replacing them with required approved exploration surveys and programs. The Company is meeting these commitments through the expenditures made by Essel as required under the farm-in agreement.

In Chad, there is a signature bonus payment required under the terms of the contract. The amount has not been paid as at June 30, 2016, and the Company is currently in default of the contract and the PSC has been suspended. The reinstatement of the PSC and the signature bonus are currently being negotiated with the Government of Chad.

Recent accounting pronouncements

The following new standards, interpretations and amendments were issued by IASB or IFRIC and are effective for annual periods beginning on or after January 1, 2015. The following standard was adopted by the Company during the year ended June 30, 2016 had no material impact on the Company's consolidated financial statements:

IFRS 7 – Financial Statement Disclosure
Applies to additional disclosures required on transition from IAS 39 to IFRS 9. The effective date of IFRS 7 was January 1, 2015.

Future accounting policy changes issued but not yet in effect

The following amendments to existing standards were issued by the IASB and are effective for annual periods beginning on or after January 1, 2016. Pronouncements that are not applicable or are not expected to have a significant impact to the Company have been excluded from below:

IFRS 9 – Financial Instruments: Classification and Measurement
Applies to classification and measurement of financial assets and liabilities as well as derecognition of financial instruments. IFRS 9 will replace IAS 39. The effective date of IFRS 9 is January 1, 2018. The Company is assessing the impact of this new standard, if any, on the consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers
Supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is assessing the impact of this new standard, if any, on the consolidated financial statements.

IFRS 16 - Leases
Will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, but earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company is assessing the impact of this new standard, if any, on the consolidated financial statements.

Capital disclosures

The Company considers its capital to consist of its debt and equity. Its objectives when managing capital are to safeguard the entity's ability to continue as a going concern and to identify, acquire and explore mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. There were no changes in the Company's approach to capital management during fiscal 2016. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Financial instruments and risks

The Company's financial instruments consist of cash, accounts receivable, goods and services tax recoverable, accounts payable and accrued liabilities, and due to related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Fair Value

The Company classifies its fair value measurements in accordance with an established hierarchy that priorities the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

Cash is measured at fair value using level 1 inputs.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company is not exposed to significant credit risk on its financial assets due to cash being placed with major financial institutions and goods and services tax recoverable is due from government agencies.

Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Kenya, Guinea, Chad and Liberia. The Company has transactions denominated in the U.S. dollar, the UK pound sterling and Kenyan Shilling. During fiscal 2016, when compared to the Canadian dollar, the U.S. dollar strengthened by approximately 3% while the UK pound sterling waned by approximately 12% in value. While significant, management considers the foreign exchange risk to be minimal as they feel the Canadian dollar would not likely depreciate significantly further in the future.

At June 30, 2016, approximately $293,000 of the Company's cash was denominated in a foreign currency and $2,064,000 of accounts payable and accrued liabilities were denominated in those currencies. A 10% variation in the U.S. dollar or UK pound sterling would result in an impact of approximately $177,000 on net loss.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising funds through equity financings. The Company has no assurance that such financings will be available on favourable terms. The Company believes it is subject to liquidity risk through its working capital (deficiency). In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares and/or units. As at June 30, 2016, the Company had cash of $444,792 to settle current liabilities of $2,617,581 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Management considers the interest rate risk to be minimal.

Risk Factors Relating to the Company's Business

Being a company active in the oil and gas and mineral resource exploration and development industry, the Company is exposed to numerous risks.

Exploration Stage Operations

The Company's operations are subject to the risks normally incident to the exploration for and the development and operation of oil and gas properties.

All the Company's properties are still in the exploration stage. Oil and gas exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing revenue.

Exploration in various jurisdictions may involve consultation with indigenous groups. The Company endeavors to consult with such groups on a good faith basis, however, there are no guarantees the consultation process will result in decisions acceptable to all parties. The risk of unforeseen claims and disputes could affect the Company's existing operations as well as development projects and future acquisitions.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for oil and gas exploration and exploitation expertise.

Substantial expenditures are required to establish reserves and resources through drilling, to develop processes for extraction, in the case of new properties, to develop the facilities and infrastructure at any site chosen for production.

There is no assurance that commercial quantities of reserves or resources will be discovered. Even if commercial quantities are discovered, there is no assurance that the properties will be brought into commercial production or that the funds required to exploit reserves and resources discovered by the Company will be obtained on a timely basis or at all.

Competition

The oil and gas and mining industry is intensely competitive in all of its phases, and the Company competes with other companies with greater technical and financing resources than itself with respect to acquire properties of merit, the recruitment and retention of qualified employees and other persons to carry out its exploration activities. Competition in the industry could adversely affect the Company’s prospects for exploration in the future.

Other Information

As November 4, 2016, the Company had the following common shares, stock options and warrants outstanding:

Issued and outstanding common shares	398,989,243
Options	15,970,000
Warrants	86,825,497
Total	501,784,740

Forward Looking Statements

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets”, “may”, “will” and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present should a project be developed. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.