Interim Management's Discussion and Analysis – Quarterly Highlights
For the six month period ended June 30, 2018

INTRODUCTION

This interim management's discussion and analysis ("Interim MD&A") of Volcanic Gold Mines Inc. (the "Company") is the responsibility of management and covers the six month period ended June 30, 2018. The Interim MD&A takes into account information available up to and including August 28, 2018 and should be read together with the unaudited condensed consolidated interim financial statements and accompanying notes for the six month period ended June 30, 2018 and the audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2017 which are available on the SEDAR website at www.sedar.com.

All financial information in this document is prepared in accordance with International Financial Reporting Standards and presented in Canadian dollars unless otherwise indicated. Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This Interim MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation ("Forward-looking Statements"). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this Interim MD&A include, without limitation, statements relating to:

- the Company's planned exploration activities for its mineral properties;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company's cash position and its ability to raise equity capital or access debt facilities; and
- maturities of the Company's financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as "anticipates", "believes", "plans", "estimates", "expects", "forecasts", "scheduled", "targets", "possible", "strategy", "potential", "intends", "advance", "goal", "objective", "projects", "budget", "calculates" or statements that events, "will", "may", "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration and project development;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions;

as well as those factors referred to in the "Risks and Uncertainties" section in this Interim MD&A.

Forward-looking Statements contained in this Interim MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and development activities proceeding on a basis consistent with the Company's current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates;
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels; and
- the accuracy of the Company's current mineral resource estimates.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

DESCRIPTION OF BUSINESS

The Company's business is the acquisition and exploration of mineral properties, focused on consolidating a land package in under-explored countries of West Africa. To date, the Company has acquired an interest in the Mandiana Project in Guinea, and has signed an option agreement on the La Debo and Soubré gold properties located in the Ivory Coast.

EXPLORATION REVIEW

La Debo and Soubré Properties, Ivory Coast

In March 2018, the Company entered into a binding Memorandum of Understanding (the "Agreement") to acquire up to 100% of JOFEMA Mineral Resources SARL ("JOFEMA"), a private company registered in the Ivory Coast. The assets of JOFEMA under option consist of near-adjacent exploration permits and exploration permit renewals known as La Debo and Soubré (the "Properties"), which together cover an area in excess of 600 square kilometres, and fall on a major mineralizing shear zone within one of West Africa's fastest developing gold provinces. JOFEMA holds a direct 100% interest in the Properties.

JOFEMA has completed over 18,000 metres of reverse-circulation and diamond drilling at La Debo, as well as nearly 40,000 metres of RAB, air-core and auger drilling at the property. In 2016 an Inferred Mineral Resource[1] of 9.5 million tonnes at a grade of 1.3 g/t for 396,000 ounces of gold was defined in two small isolated bodies. This Resource has not been verified by the Company and is therefore historic in nature. Over 7,500 surface geochemical samples were collected at La Debo, and on the basis of these data, in combination with limited RAB drilling results, a number of large, consistent targets are observable along strike from the historic Resource, and remain largely untested.

Of particular interest are extensive and continuous soil geochemical anomalies occurring within recognizable and persistent structural zones in proximity to igneous intrusions at La Debo, and Soubré. Importantly, such a combination of circumstances gives rise to gold mineralization of economic proportion elsewhere within the Birimian rocks of the Ivory Coast, a notable example being the nearby Bonikro Mine (Indicated Mineral Resource of 1.3 million ounces at 1.4 g/t Au and Inferred Mineral Resource of 0.77 million ounces at 0.92 g/t Au in 2010[2]). The anomalies at La Debo and La Debo South cover a continuous area of approximately 10 square kilometres, and have been subject of minimal drill testing, which leave important mineralized structures open laterally and at depth. At La Debo, for example, four consecutive shallow RAB holes at 20 metre intervals within the soil anomaly end in >1 g/t Au assays; however, to date no follow-up of this target has occurred, and elsewhere follow-up is minimal. Further extensive gold in soil anomalism is observed at Soubré, where it is similarly juxtaposed to geological structures. Each of these targets provides the Company with the opportunity to potentially grow its resource[1] base using existing data and low-cost conventional exploration drilling techniques.

The Properties are located in southwestern Ivory Coast, approximately 140 kilometres southwest of the capital, Yamoussoukro, and are accessible via all-weather roads. A power line crosses La Debo in the vicinity of the historic Resource. In 2016 the Fraser Institute ranked the Ivory Coast first in Africa for Investment Attractiveness (https://www.fraserinstitute.org/sites/default/files/survey-of-mining-companies-2016.pdf).

1 The reader is advised that these results are historic in nature and are yet to be verified by the Company.
2 http://www.newcrest.com.au/media/resource_reserves/2011/Bonikro_Mineral_Resource_Competent_Persons_Statement_250111.pdf

The Agreement

Subject to the Company completing satisfactory due diligence and to stock exchange approval, the Company will have the exclusive right to acquire up to 100% of the issued shares of JOFEMA, by incurring exploration expenditures ("Expenditures") on the Properties over a period of three years totaling US$5,000,000, and making cash and share payments to JOFEMA. Within 90 days of the fulfilment of the Expenditures, Company shall have the right to either:

(a) acquire an initial 65% interest in JOFEMA by paying US$2,000,000 in cash and US$2,000,000 in shares of the Company to JOFEMA, and thereafter, continuing to fund further exploration of the Properties. The other shareholders (the "Minority Shareholders") of JOFEMA may elect to co-fund such exploration pro rata to their own shareholding. Where the Minority Shareholders do not co-fund further exploration, then the Company may dilute them to 10% by incurring an additional US$3,750,000 in Expenditures.

    If the Minority Shareholders are diluted to a holding of less than 10% of the total issued share capital of JOFEMA, then the Company may, at any time thereafter, purchase the remaining equity of the Minority Shareholders for US$2,000,000 in cash and US$2,000,000 in shares of the Company, or the Company must, at the Minority Shareholders' election at any time after a period of 6 months from when their shareholding has been diluted, purchase the remaining JOFEMA equity for US$2,000,000 in cash and US$2,000,000 in shares of the Company.

or:

(b) acquire a 100% interest in JOFEMA by paying JOFEMA US$4,000,000 in cash, and US$4,000,000 in shares of the Company.

Mandiana Project, Guinea

In January 2017, the Company completed the acquisition of a 75% interest in the Mandiana Project, a gold property located in the Republic of Guinea, from Sovereign Mines of Africa PLC ("SMA").

The Mandiana Project consists of two contiguous exploration permits which cover an area of approximately 304 square kilometres situated approximately 80 kilometres southeast of AngloGold Ashanti's Siguiri gold mine in eastern Guinea. The Mandiana Project permits occupy a broadly north-south trending belt of gold occurrences shown on the published 1:1,000,000 map of gold deposits and lie within an area known as the Siguiri Basin. Intense artisanal gold mining is conducted throughout the area of the claims and supports the local economy.

The northern of the two claim blocks is the only area that has seen recorded modern exploration activity. Between 2010 and 2013, SMA drilled 119 reverse-circulation and diamond core holes for a total of over 16,000 metres of drilling, targeting under the areas of the artisanal mining activity. A Mineral Resource Statement for the Mandiana Project was issued by SMA in January 2014, prepared to JORC Code standards by SRK Consulting (UK) Ltd. The Company retained the services of SRK Consulting (Canada) Ltd. ("SRK") to update SMA's technical report to NI 43-101 standards and re issued a new Mineral Resource statement for Mandiana.

The Mandiana Project contains an Inferred Mineral Resource of 612,000 oz of contained gold (16.1 Mt at 1.18 g/t Au) for the four deposits drilled by SMA, including 510,000 oz of contained gold (13.3 Mt at 1.20 g/t Au) in the Yagbelen deposit. The Inferred Mineral Resource is given in the following table:

Category	**Deposit**	**Quantity Mt**	**Gold Grade g/t**	**Contained Gold oz**
Inferred	Yagbelen	13.3	1.20	510,000
	Foulouni	0.7	1.13	25,000
	Woyondjan	1.9	0.99	61,000
	Damantere	0.2	2.21	16,000
Inferred	Total	16.1	1.18	612,000

Note: Mineral resources are reported in relation to a conceptual pit shell. Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Open pit mineral resources are reported at a cut-off grade of 0.3 g/t gold.

Exploration Update

In April 2017, the Company initiated a drilling program at Mandiana, and to mid-July had completed a total of just over 1,500 metres of reverse-circulation ("RC") and diamond drilling, and over 11,000 metres of air core drilling. The program to date results in the expansion of the strike potential of the Yagbelen Resource at Mandiana by approximately 1,000 metres, and its lateral potential by up to 500 metres. The program has also demonstrated the efficacy of air-core drilling as an exploration and target definition technique. Results are reported for the initial holes of this program.

RC and diamond drilling were completed within, and in the immediate surroundings of the Inferred Mineral Resource (the "Resource") at Yagbelen, as previously defined by Sovereign Mines of Africa (as announced on November 8, 2016). Initial RC results of the Company's infill program include:

Hole		**From** (metres)	**To** (metres)	**Interval** (metres)	**Gold Grade (g/t)** (uncut)
17GRC119		76	81	5	2.68
	incl.	78	80	2	4.61
17GRC120		1	2	1	50.00
17GRC121		51	55	4	2.40
		66	69	3	7.16
	incl.	67	68	1	16.90
		78	**89**	**11**	**2.08**
	incl.	78	80	2	4.51
		101	**124**	**23**	**2.21**
	incl.	103	108	5	6.11
17GRC122		45	48	3	1.21
		70	72	2	1.55
		89	**157**	**68**	**2.01**
	incl.	91	100	9	3.76
	incl.	122	128	6	4.03
	incl.	143	149	6	4.93
17GRC123		**61**	**75**	**14**	**2.73**
		79	94	15	1.21

As well as serving to infill the Resource, the RC and diamond drilling has also allowed the Company to gather extremely valuable information on the geological controls on mineralization. Based on work completed to date, gold mineralization is seen to occur preferentially in a series of bedded sandstone units; these units are repeated in all holes, and their characteristics will serve as a key targeting tool in the Company's planned resource drilling program.

Closed-spaced air-core ("AC") drilling has been successfully deployed in the identification of extensions to the north, east and south of the Resource, showing the mineralized target area surrounding and along strike from the Resource to be over 3 kilometres in length, up to 500 metres in width and consisting of multiple parallel zones. This mineralized area is considerably larger than the surface projection of the Resource thereby indicating the potential to significantly increase this Resource. Note that the maximum downhole depth from collar of AC drilling is 40 metres for the entire Yagbelen program. AC results therefore likely represent the surface expression of underlying mineralization.

Highlights of the AC drilling program are as follows:

Hole	**From** (metres)	**To** (metres)	**Interval** (metres)	**Gold Grade (g/t)** (at a cut-off grade of 0.5 g/t Au)
17YAC0030	24	28	4	2.27
17YAC0076	**8**	**28**	**20**	**6.43**
17YAC0088	20	24	4	2.08
17YAC0095	8	20	12	1.67
17YAC0133	**36**	**40**	**4**	**10.4**
17YAC0153	12	16	4	2.25
17YAC0184	**0**	**12**	**12**	**6.34**
17YAC0205	28	32	4	3.14
17YAC0244	32	36	4	1.92

The AC drilling was performed in grid-like fashion on a series of "fences" established at 100-200 metre intervals, along which inclined holes were drilled at 40-50 metre spacings. AC drilling allows rapid, low-cost exploration beneath cover with the objective of providing targeting information for further mineralization. It has been used very effectively by the Company in the identification and refinement of resource targets for subsequent RC and diamond drilling. The Company's near- term plan is to conduct such drilling within the target area identified by AC drilling, with the objective of defining an expanded resource.

During June 2017, the Company commenced a mapping and prospecting program at the Mandiana Project. Recent field activities have focused on a linear zone of artisanal workings 6.3 kilometres in length and up to 550 metres in width at Tadibakourou, at which coarse gold has been recovered from numerous shallow pits and shafts.

Mapping has led to the identification of numerous artisanal pits and shafts from which gold is routinely recovered from vein quartz material by means of gravitational concentration. Anecdotally, gold recoveries of up to 2 kg per shaft – some of which extend to depths in excess of 70 metres - are reported. The workings fall in close north-south alignment to one another, and frequently associate with large, readily discernible haloes of white kaolinitic alteration which further facilitate their mapping. Mineralization at Tadibakourou, Yagbelen and Woyandian is now interpreted to relate to a series of sub-structures within a broader mineralizing structural trend. From workings at each of these deposits, important inference as to the resource potential of Tadibakourou can be made.

The Company intends to test the Tadibakourou deposit by means of air-core drilling in the first quarter of 2018, as the next step for moving the deposit to resource definition. It is envisaged that a similar exploration approach as deployed by the Company as at Yagbelen (see news release July 12, 2017) be adopted in drilling at Tadibakourou.

Of great significance is that artisanal workings at Mandiana are seen to follow the same north-south mineralized trend common in known deposits in the region, including the Siguiri Mine, 80 kilometres to the north. Past drilling beneath approximately 1 kilometre of strike length of such workings at Mandiana led to definition of the Resource, as well as numerous outlying bedrock and saprolitic gold occurrences.

Artisanal workings are typically shallow, sparsely populated, and restricted to examination of laterite and saprolite above the water table. Due to the shallow occurrence of coarse gold in the laterite, artisanal diggers make highly effective and meticulous use of metal detectors in their search for gold. Having identified gold and quartz rubble, diggers then excavate in search of further vein material and gold. Many kilometres of artisanal workings remain to be drill tested.

Quality Assurance and Quality Control. Drill chip sampling at Mandiana followed a standardized protocol to ensure the collection of representative and unbiased quantities of material from each sample. Samples were collected from the Company's Mandiana field operations by SGS Mineral Services of Bamako, Mali, and were transported directly to the assay facilities thereof, at which they were analysed for gold by means of fire assay, in accordance with analytical method FAA505. In this procedure, a 50g sample is fused with a litharge based flux; the resulting prill is then dissolved in aqua regia, from which gold content is then determined by flame AAS at a detection Limit 0.01 ppm. The Company routinely inserted appropriate standards and blanks into its sample stream at Mandiana, and additionally collected regular field duplicate samples.

Project Update

As announced in June 2018, the Company has recently effected the appointment of its CEO, Jeremy Crozier, as the Administrateur Général of the Company's Guinean operating subsidiary, Guiord SA ("Guiord") . The appointment of Mr. Crozier has resolved the previous operational delays caused by the former Administrateur Général and now permits the Company's management to directly conduct the activities of Guiord and commence the planned drilling program on the Mandiana Project.

The Company holds an indirect 75% interest in the issued capital of Guiord, a company incorporated under the laws of the Republic of Guinea. The remaining 25% of Guiord's issued capital is indirectly held by SOGUIPAMI, the *Société Guinéenne du Patrimoine Minier*, a state entity formed for the promotion of the mining and exploration interests in Guinea. Management of the Company appreciates the positive support of SOGUIPAMI, and the Government and People of Guinea in the conduct of its business.

All but one of the exploration licences comprising Guiord's landholding at Mandiana are in good standing until October 2018. The licence covering the northern portion of the Mandiana Project, in which the mineral resource occurs, has an expiry date of March 30, 2018. The Company submitted a two-year renewal application in the prescribed manner in advance of the expiry date, but the renewal process with the mining authority remains ongoing. Under Guinea mining law, this licence is not ordinarily permitted to be extended in the form of exploration tenure as the maximum number of renewals have previously been granted, but the mining authority is considering the Company's renewal application and has just completed an audit of the Company's operations and expenditures on this ground. No negative comments have been received as a result of this audit; however, whether the licence renewal will be approved is uncertain at this time.

Seimana Project, Guinea

In May 2017, the Company entered into a binding and exclusive Memorandum of Understanding to acquire up to a 100% interest in the Seimana Project in Guinea, subject to the execution of a Definitive Agreement, and renewal of the mineral tenures that collectively comprise the Property. Seimana comprises four exploration permits, which together adjoin much of the western boundary of the Company's existing Mandiana Project. Based on the results of the Company's due diligence procedures, the Company decided in July 2018 to terminate the MOU.

Simon Meadows Smith, consulting geologist to the Company, is a Qualified Person as defined by National Instrument 43-101 -- Standards of Disclosure for Mineral Projects, and has reviewed and approved the disclosure of technical information contained in this Interim MD&A. Mr. Meadows-Smith holds a BSc degree in geology from Nottingham University, England, and has been involved in mineral exploration since 1988, including 20 years of experience working in West Africa. He is a Fellow in good standing of the Institute of Materials, Minerals & Mining in London.

RESULT OF OPERATIONS

All references to 'loss' in the results of operations discussion below refers to the loss attributed to equity shareholders of the Company.

Quarter ended June 30, 2018

During the quarter ended June 30, 2018 the Company incurred a loss of $419,552, compared to a loss of $1,918,690 for the quarter ended June 30, 2017. Significant revenue and expenses for the three month periods ended June 30, 2018 and 2017 are as follows:

	June 30, 2018	June 30, 2017
Exploration expenditures	$ 197,376	$ 1,575,805
Consulting and management fees	40,500	40,500
Investor relations	45,094	152,282
Office and administration	30,674	31,734
Salaries and benefits	24,795	29,037
Share-based payments (relating to value of stock option grants)	-	98,123
Travel	23,141	38,166
Write-off of deferred acquisition costs	43,569	-

The Company incurred a significantly higher loss for the quarter ended June 30, 2017 due to the amount of exploration expenditures during that period. Exploration costs for the comparative quarter were significantly higher due to activity on the Mandiana, WAMA and Seimana projects in Guinea. Exploration costs for the current quarter included new activity in the Ivory Coast but activity in Guinea was significantly reduced while the Company has been taking steps to restructure its Guinea operations. The write-off of deferred acquisition costs recorded during the current quarter relate to the Seimana Project option agreement which, after performing due diligence procedures, the Company decided to terminate.

Consulting and management fees for both quarters presented included fees paid or accrued to the CEO, the VP, Capital Markets, and a director providing advisory services. Investor relations costs include agreements with third parties for capital market consulting and corporate development. Office and administration costs relate mostly to an administrative cost sharing agreement with Gold Group Management Inc. ("Gold Group"), a private company controlled by a director, which is reimbursed by the Company for certain shared rent and other corporate expenses paid by Gold Group on behalf of the Company. Salaries and benefits costs relate primarily to Gold Group which provides administrative personnel, including the Company's CFO and Corporate Secretary.

Six months ended June 30, 2018

During the six month period ended June 30, 2018 the Company incurred a loss of $805,969, compared to a loss of $4,375,429 for the period ended June 30, 2017. Significant revenue and expenses for the six month periods ended June 30, 2018 and 2017 are as follows:

	June 30, 2018	June 30, 2017
Exploration expenditures	$ 349,715	$ 1,998,300
Consulting and management fees	81,000	107,400
Investor relations	140,884	296,490
Office and administration	60,499	51,850
Professional fees	9,486	28,552
Regulatory and filing fees	11,511	19,802
Salaries and benefits	51,538	44,562
Share-based payments (relating to value of stock option grants)	-	1,830,353
Travel	51,586	66,890
Write-off of deferred acquisition costs	43,569	-
Recovery on write-off of accounts payable	-	49,750

The Company incurred a significantly higher loss for the six month period ended June 30, 2017 due to exploration costs of $1,998,300 incurred during that period compared to $349,715 for the current period, and a non-cash share-based payments expense of $1,830,353 that related to the granting of stock options whereas there was no such share-based payments expense for the current period. As in the quarterly comparison, exploration costs for the comparative period were significantly higher due to activity on the Mandiana, WAMA and Seimana projects in Guinea while exploration costs for the current period included new activity in the Ivory Coast but significantly reduced activity in Guinea was while the Guinea operations are being restructured.

As in the quarterly comparison, consulting and management fees consist of fees paid or accrued to the CEO, the VP, Capital Markets, and a director providing advisory services. The comparative period consulting costs also included fees paid to Radius Gold Inc., a company with a common director, for personnel costs prior to the Mandiana acquisition. Investor relations costs, office and administration and salaries and benefits are for the same services described in the quarterly comparison. Professional fees for both the current and comparative periods relate mostly to legal fees associated with corporate and property transaction activity. The recovery on write-off of accounts payable in the comparative period relates to an amount owing to a director of the Company for past services, a portion of which the director agreed to waive.

SUMMARY OF QUARTERLY RESULTS

The Company's quarterly asset balances, working capital balances and operating results over the last eight quarters are summarized as follows:

	June '18	Mar '18	Dec '17	Sept '17	June '17	Mar '17	Dec '16	Sept '16
Total assets	$ 3,194,231	$ 3,616,449	$ 3,959,216	$ 4,710,674	$ 6,026,223	$ 7,460,714	$ 479,719	$ 358,175
Mineral properties	2,671,533	2,631,387	2,605,605	2,001,276	2,001,276	2,001,276	-	-
Working capital	220,559	637,928	1,048,676	1,641,285	2,493,624	5,050,971	168,295	178,658
Loss and comprehensive loss attributed to equity shareholders of the Company	417,682	383,746	1,288,345	857,938	1,800,330	2,456,739	429,543	67,911
Basic and diluted loss per share attributed to equity shareholders of the Company	0.01	0.01	0.02	0.02	0.04	0.07	0.03	0.00

For the quarters presented, the Company had minimal business activity up to the quarter ended September 30, 2016. With property investigation activities in the latter part of 2016 and the completion of the Mandiana property acquisition in the quarter ended March 31, 2017, the Company became significantly more active, hired a new President of the Company and engaged several consultants. As a result, there was an increase in operating expenses starting with the quarter ended December 31, 2016 and a larger increase for the following quarters with exploration activity on the Mandiana, WAMA, and Seimana Projects. The loss for the quarters ended June 30, 2017 and March 31, 2017 include a non-cash share-based compensation expense of $98,123 and $1,732,230, respectively, whereas there was no such expense for the other quarters presented.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2018, the Company had working capital of $220,559. The Company has financed its operations to date primarily through the issuance of common shares. The Company's exploration activities do not provide a source of income and therefore the Company has a history of losses and an accumulated deficit.

During the 2017 fiscal year, the Company completed equity financings to raise gross proceeds of $6.0 million, and received $420,625 from the exercise of 8,082,500 warrants. The Company does not expect its current capital resources to be sufficient to cover its corporate operating costs and to carry out planned exploration activities over the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

Net cash used in operating activities during the period ended June 30, 2018 was $675,726 (2017: $2,593,596).

Net cash used in investing activities during the period ended June 30, 2018 was $68,518 (2017: $949,673).

Net cash provided from financing activities during the period ended June 30, 2018 was $Nil (2017: $5,880,352).

The Company's condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital as and when needed.

OUTSTANDING SHARE, OPTIONS, and WARRANTS DATA

At the date of this Interim MD&A, the Company had outstanding 45,886,538 common shares and the following stock options and warrants:

No. of options	Exercise price	Expiry date
3,850,000	$0.60	March 14, 2027
225,000	$0.60	June 26, 2027
4,075,000		

No. of warrants	Exercise price	Expiry date
2,000,000	$0.05	January 17, 2019(1)
12,958,675	$0.80	March 8, 2022
14,958,675		

(1) In 2016, the Company extended the expiry date from January 17, 2017 to January 17, 2019

TRANSACTIONS WITH RELATED PARTIES

See Note 10 of the condensed consolidated interim financial statements for the six months ended June 30, 2018 for details of other related party transactions which occurred in the normal course of business.

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2017. The following outlines the new accounting standard adopted by the Company effective January 1, 2018:

IFRS 9 Financial Instruments

The Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss ("ECL") impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 did not have a material impact on the Company's classification and measurement of financial assets and liabilities. The standard also had no impact on the carrying amounts of our financial instruments at the transition date.

RISKS AND UNCERTAINTIES

The operations of the Company are highly speculative due to the high-risk nature of its business in the mineral exploration industry. Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as, but not limited to, the following:

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Joint Venture Funding Risk

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues and corresponding effect on the Company's financial position.

Political, Regulatory and Currency Risks

The Company's mineral properties are located in countries in West Africa, which currently suffers from certain governance issues and stressed economic and business climates. Operations in the West Africa are consequently subject to a higher level of risk compared to less economically stressed and more politically stable countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in such nations can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration expenditures in US dollars, Guinean francs, and West African francs. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against these foreign currencies could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve 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. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are of consideration in the Republic of Guinea and the Ivory Coast, the Company's primary areas of operation, due to the existence of poverty. These social risks could have an adverse impact on the efficiency of performing planned exploration activities.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.