DELRAND RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS AT AND FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016

The following management's discussion and analysis of financial condition and results of operations (the "**MD&A**") has been prepared by management and provides a review of the activities, results of operations and financial condition of Delrand Resources Limited (the "**Company**" or "**Delrand**") based upon International Financial Reporting Standards ("**IFRS**"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements as at and for the three months ended September 30, 2016 (the "**Interim Financial Statements**") together with the MD&A and the audited consolidated financial statements of the Company as at and for the year ended June 30, 2016 as well as the notes thereto. All amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A is dated November 14, 2016. Additional information relating to the Company, including the Company's annual information form, is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

The following MD&A contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to future plans and objectives of the Company*)* are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, changes in diamond markets, foreign currency fluctuations, political developments in the Democratic Republic of the Congo (the "**DRC**"), changes to regulations affecting the Company's activities, delays in obtaining or failure to obtain required project approvals, the uncertainties involved in interpreting geological data and the other risks involved in the mineral exploration business. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

COMPANY OVERVIEW

The Company's business has historically been the acquisition and exploration of diamond properties in known diamond producing areas in the DRC. However, the Company presently does not hold any exploration permits. Delrand also has rights to iron ore exploration properties in the DRC.

The Company is currently evaluating business opportunities.

For the three months ended September 30, 2016 the Company reported a net loss of $193,359 (three months ended September 30, 2015: $109,362). The Company had a negative net asset value of $1,812,698 as at September 30, 2016 (June 30, 2016: negative net asset value of $1,919,339).

The Company's accumulated deficit as at September 30, 2016 was $128,482,115 (June 30, 2016: $128,288,756). The Company had a working capital deficit of $489,547 as at September 30,2016 (June 30, 2016: $604,380) and had a net increase in cash of $160,935 during the three months ended September 30, 2016 (three months ended September 30, 2015: net increase of $ 13,930).

While the Company's consolidated financial statements have been prepared on the basis of IFRS accounting principles applicable to a going concern, adverse conditions may cast substantial doubt upon the validity of this assumption. Furthermore, the volatile global economic environment and its impact on certain market conditions may cast significant doubts upon the validity of this assumption.

The Company's ability to execute its work plan, meet its administrative overhead obligations, discharge its liabilities and fulfill its commitments as they come due, is dependent on its success in obtaining additional financing and ultimately, on attaining future profitable operations. These conditions, along with the fact that the Company does not have revenue-generating properties and had an accumulated deficit of $128,482,115 as at September 30, 2016 indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

In a press release dated September 11, 2015, the Company announced that its common shares will begin trading on NEX, a separate board of the TSX Venture Exchange, on September 14, 2015. The voluntary delisting of the Company's common shares from the Toronto Stock Exchange was effected at the close of business on September 11, 2015.

In February 2016, the Company consolidated its outstanding common shares on a two to one basis. Immediately prior to the consolidation, the Company had 30,781,581 common shares outstanding. Upon effecting the consolidation, the Company had 15,390,825 common shares outstanding. All share numbers in this MD&A have been adjusted to reflect the share consolidation to provide more comparable information.

In August 2016, the Company announced that it had decided to voluntarily delist from the Johannesburg Stock Exchange (the "JSE"). The Company decided to take this action after concluding that the disadvantages of maintaining its listing on the JSE (including the additional costs and regulation associated with maintaining the listing) outweighed the benefits to the Company and its shareholders. The voluntary delisting from the JSE was effected on September 26, 2016.

RESULTS OF OPERATIONS

For the three months ended September 30, 2016, the Company reported a net loss of $193,359 (or $0.01 per share), compared to a net loss of $109,362 (or $0.01 per share) incurred during the three months ended September 30, 2015. The higher loss in the three months ended September 30, 2016 is mainly the result of higher general and administrative expenses as well as consulting fees.

SUMMARY OF QUARTERLY RESULTS

The following table sets out certain consolidated financial information of the Company for each of the last eight quarters, beginning with the three months ended September 30, 2016. The Company's presentation and functional currency is the Canadian dollar. The financial information is reported in accordance with IFRS.

	Three months ended September 30, 2016	**Three months ended June 30, 2016**	**Three months ended March 31, 2016**	**Three months ended December 31, 2015**
Net loss ($'000)	$(193)	$(159)	$(117)	$13
Net loss per share (basic and diluted)	$(0.01)	$(0.01)	$(0.01)	$0.01
	Three months ended September 30, 2015	**Three months ended June 30, 2015**	**Three months ended March 31, 2015**	**Three months ended December 31, 2014**
Net loss ($'000)	$(109)	$(253)	$(91)	$(3,458)
Net loss per share (basic and diluted)	$(0.01)	$(0.02)	$(0.00)	$(0.32)

During the three month period ended September 30, 2016, the Company recorded a net loss of $193,359 compared to a net loss of $158,649 during the three month period ended June 30, 2016. The increase in net loss was mainly due to an increase in consulting and professional fees which were $85,183 during the three month period ended September 30, 2016 compared to $46,435 during the three month period ended June 30, 2016. The increase in consulting and professional fees was mainly due to an increase in efforts to review business opportunities.

During the three month period ended June 30, 2016, the Company recorded a net loss of $158,649 compared to a net loss of $116,600 recorded during the three month period ended March 31, 2016. The increase in net loss was mainly due to an increase in general and administrative expenses which were $164,180 during the three month period ended June 30, 2016 compared to $93,633 during the three month period ended March 31,2016. The increase in general and administrative expenses was partially offset by an increase in foreign exchange gain which was $51,966 during the three month period ended June 30, 2016 compared to $11,097 during three month period ended March 31, 2016.

During the three month period ended March 31,2016, the Company recorded a net loss of $116,600 compared to a net gain of $13,200 recorded during the three month period ended December 31, 2015. The change in the net gain to a net loss was mainly due to an increase in general and administrative expenses during the three months ended March 31, 2016 which were $93,633 compared to ($66,431) during the three month period ended December 31, 2015.

During the three month period ended December 31, 2015, the Company recorded a net gain of $13,200 compared to a net loss of $109,362 recorded during the three month period ended September 30, 2015. The change in the net loss to a net gain was mainly due to $94,527 of debt forgiveness. In addition, there was a decrease in consulting and professional fees which were $11,015 compared to $69,522 during the three month period ended September 30, 2015.

During the three month period ended September 30, 2015, the Company recorded a net loss of $109,362 compared to a net loss of $253,185 recorded during the three month period ended June 30, 2015. The decrease in the net loss was mainly due to a decrease in consulting and professional fees which were $69,552 compared to $188,728 during the three month period ended June 30, 2015.

During the three month period ended June 30, 2015, the Company recorded a net loss of $253,185 compared to a net loss of $90,682 recorded during the three month period ended March 31, 2015. The increase in the net loss was mainly due to an increase in consulting and professional fees which were $188,728 compared to $17,039 during the three month period ended March 31, 2015.

During the three month period ended March 31, 2015, the Company recorded a net loss of $90,682 compared to a net loss of $3,457,790 recorded during the three month period ended December 31, 2014. The change in net loss was mainly due to an impairment of deferred exploration expenditures of $2,353,315 incurred during the three month period ended December 31, 2014, and a decrease in consulting and professional fees which were $17,039 compared to $859,136 during the three month period December 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2016, the Company had cash of $206,790 and a working capital deficit of $489,547 compared to cash of $45,855 and a working capital deficit of $604,380 as at June 30, 2016.

The Company has no operating revenues and is wholly reliant upon external financing to fund its activities. There is no assurance that such financing will be available on acceptable terms, if at all.

In general, market conditions have limited the availability of funds. Given the Company's financial position and available resources, the Company currently expects a need to access equity markets for financing over the next twelve months. In light of market conditions, the Company initiated a series of measures to bring its spending in line with projected cash flows from its operations, in order to preserve its balance sheet and maintain its liquidity position. The Company believes that based on its current financial position and liquidity profile, the Company will be able to satisfy its current and long-term obligations. The consolidated financial statements of the Company have been prepared in accordance with IFRS applicable to a going concern.

The Company's contractual obligations as at September 30, 2016 are described in the following table:

		Payments due by period	
Contractual Obligation	Total	Payments due less than 1 year	Payments due in 1-3 years
Long-term debt	$1,323,151	-	$1,323,151

In September 2016, the Company closed a non-brokered private placement of an aggregate of 600,000 common shares of the Company at a price of $0.50 per share for gross proceeds of $300,000 (Arnold Kondrat, the Chief Executive Officer and a director of the Company, acquired 36,000 of such shares).

In August 2016, the Company closed a non-brokered private placement of 300,000 common shares of the Company at a price of $0.40 per share for gross proceeds of $120,000.

In January 2016, Delrand closed (a) a non-brokered private placement of an aggregate of 4,500,000 common shares of the Company at a price of $0.16 per share for gross proceeds of $720,000 (Arnold Kondrat, the Chief Executive Officer and a director of the Company, acquired 3,550,000 of such shares), and (b) the issuance of a $1,300,000 unsecured convertible debenture to its largest creditor. The debenture, which settled indebtedness to the creditor in the amount of $1,300,000, has a maturity date of June 18, 2018 and interest on the principal outstanding from time to time accrues at an interest rate of 2.5% per annum and is payable by Delrand on the maturity date. The principal (and all interest accrued and unpaid thereon) is due and payable on the maturity date, provided, however, that Delrand may prepay the principal and accrued interest earlier, without penalty, at its discretion. The terms of the debenture also provide that (i) the holder thereof shall have the option to convert the outstanding principal into common shares of Delrand at a price of $0.50 per share (the "Conversion Price"), and (ii) within 30 days of the maturity date, Delrand may elect to repay the outstanding principal in common shares of Delrand at the Conversion Price, provided that the 5 day per share volume-weighted average trading price of Delrand's shares at that time is at least $0.50.

OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares. As at November 14, 2016, the Company had outstanding 16,290,825 common shares.

RELATED PARTY TRANSACTIONS

a) Key Management Remuneration

The Company's related parties include key management. Key management includes executive directors. The remuneration of the key management of the Company as defined above, during the three months ended September 30, 2016, and September 30, 2015, was as follows:

	Three months ended September 30, 2016	Three months ended September 30, 2015
Salaries	$25,000	$25,000
	$25,000	$25,000

b) Other Related Parties

As at September 30, 2016, an amount of $298,554 (June 30, 2016 - $252,813) was owing to current directors and a former director of the Company representing advances and consulting fees.

As at September 30, 2016, an amount of $32,831 was owed to Banro Corporation ("Banro") related to shared expenses (June 30, 2016 - $29,068 was owed to Banro). Banro has a director in common with the Company and as of December 2015 had owned common shares of the Company representing a 7.07% interest in the Company. As at September 30, 2016, Banro no longer owns any shares of the Company.

As at September 30, 2016, an amount of $8,823 was owed from Gentor Resources Inc. (June 30, 2016 - $8,823) and $11,258 (June 30, 2016 - $8,542) was owed from Loncor Resources Inc. (both Gentor and Loncor are companies with common directors) related to shared expenses.

FUTURE ACCOUNTING STANDARDS

Certain pronouncements were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting periods on or after July 30, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

IAS 7 – Statement of Cash Flows ("IAS 7") was amended in February 2016 with the objective that entities provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the following:

<u>Provisions and contingencies</u>

The amount recognized as provision, including legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the estimated fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The estimated fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Under IFRS, the Company is required to estimate the number of forfeitures likely to occur on grant date and reflect this in the share-based payment expense, revising for actual experiences in subsequent periods.

Functional and presentation currency

Judgment is required to determine the functional currency of each entity. These judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances.

Going concern

As referred to in the continuation of business note in the Interim Financial Statements, management uses its judgment in determining whether the Company is able to continue as a going concern. Refer to Note 1 of the Interim Financial Statements.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties that could significantly impact its operations and future prospects. The following discussion pertains to certain principal risks and uncertainties but is not, by its nature, all inclusive.

The only sources of future funds for any further exploration programs which are presently available to the Company are the sale of equity capital, or the offering by the Company of an interest in any properties to be earned by another party carrying out further exploration. There is no assurance that such sources of financing will be available on acceptable terms, if at all. In the event that commercial quantities of minerals are found on any properties held by the Company, the Company does not have the financial resources at this time to bring a mine into production.

The current financial climate is characterized by volatile and uncertain times. The uncertainty of forward looking statements is therefore greater. Diamond prices were reduced significantly as a result of the economic downturn and the recovery could be accompanied by volatility.

The Company's business has historically been the acquisition and exploration of mineral properties in the DRC. Any assets and operations in the DRC would be subject to various political, economic and other uncertainties, including, among other things, the risks of war and civil unrest, hostage taking, military repression, labor unrest, illegal mining, expropriation, nationalization, renegotiation or nullification of licenses, permits, approvals and contracts, taxation policies, foreign exchange and repatriation restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in the DRC may adversely affect the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights could result in loss, reduction or expropriation of entitlements. In addition, in the event of a dispute arising from any operations in the DRC, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company.

The DRC is a developing nation emerging from a period of civil war and conflict. Physical and institutional infrastructure throughout the DRC is in a debilitated condition. The DRC is in transition from a largely state-controlled economy to one based on free market principles, and from a non-democratic political system with a centralized ethnic power base, to one based on more democratic principles. There can be no assurance that these changes will be effected or that the achievement of these objectives will not have material adverse consequences for the Company. The DRC continues to experience violence and significant instability in parts of the country due to certain militia and criminal elements. While the government and United Nations forces are working to support the extension of central government authority throughout the country, there can be no assurance that such efforts will be successful.

Delrand operates at a loss and does not generate any revenue from operations. Any exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that exploration programs will result in a profitable commercial mining operation.

The Company is exposed to currency risk as its principal business is conducted in foreign currencies. Unfavorable changes in the applicable exchange rate may result in a decrease or increase in foreign exchange gains or losses. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Any exploration and, if such exploration is successful, development of mineral properties is subject to all of the hazards and risks normally incident to mineral exploration and development, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Fair value of financial assets and liabilities

The interim condensed consolidated statements of financial position carrying amounts for cash, advances receivable and other assets and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1 and Level 2 during the reporting periods. The fair values of financial assets and liabilities carried at amortized cost are approximated by their carrying values. Cash is ranked Level 2 as it is based on similar loans in the market.

b) Risk Management Policies

The Company is sensitive to changes in commodity prices and foreign-exchange fluctuations. The Company's Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. Although the Company has the ability to address its price-related exposures through the use of options, futures and forward contacts, it does not generally enter into such arrangements.

c) Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. Different portions of the Company's transactions are denominated in United States dollars, Congolese francs and South African rand. The Company is also exposed to the impact of currency fluctuations on its monetary assets and liabilities. The Company's functional currency is the Canadian dollar. The majority of major expenditures are transacted in US dollars. The Company maintains the majority of its cash in Canadian dollars but it does hold balances in US dollars and South African rand. Significant foreign exchange gains or losses are reflected as a separate component of the consolidated statement of loss and comprehensive loss. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. See Note 8(c) of the Interim Financial Statements for additional details.

d) Credit Risk

Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with several financial institutions of reputable credit in Canada, the DRC and South Africa and may be redeemed upon demand. It is therefore the Company's opinion that such credit risk is subject to normal industry risks and is considered minimal.

e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company attempts to ensure that there is sufficient cash to meet its liabilities when they are due and manages this risk by regularly evaluating its liquid financial resources to fund current and long-term obligations and to meet its capital commitments in a cost-effective manner. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. The Company's liquidity requirements are met through a variety of sources, including cash and equity capital markets. In light of market conditions, the Company initiated a series of measures to bring its spending in line with the projected cash flows from its operations and available project specific facilities in order to preserve its financial position and maintain its liquidity position.

f) Mineral Property Risk

Any activities of the Company in the DRC are exposed to various levels of political risk and uncertainties, including political and economic instability, government regulations relating to exploration and mining, military repression and civil disorder, all or any of which may have a material adverse impact on such activities or may result in impairment in or loss of part or all of Company assets.

g) Market Risk

Market risk is the potential for financial loss from adverse changes in underlying market factors, including foreign-exchange rates, commodity prices, interest rates and stock based compensation costs.

h) Interest rate risk

Interest rate risk is the potential impact on any Company earnings due to changes in bank lending rates and short term deposit rates. The Company is not exposed to significant interest rate risk other than cash flow interest rate risk on its cash. The

Company does not use derivative instruments to reduce its exposure to interest rate risk. A fluctuation of interest rates of 1% would not affect significantly the fair value of cash.

i) Country risk

The DRC is a developing country and as such, any activities of the Company in the DRC could be adversely affected by uncertain political or economic environments, war, civil or other disturbances, a changing fiscal regime and by DRC's underdeveloped industrial and economic infrastructure.

Any activities of the Company in the DRC may be affected by economic pressures on the DRC. Any changes to regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by factors such as DRC government regulations with respect to foreign currency conversion, production, price controls, export controls, income taxes or reinvestment credits, expropriation of property, environmental legislation, land use, water use and mine safety.

There can be no assurance that policies towards foreign investment and profit repatriation will continue or that a change in economic conditions will not result in a change in the policies of the DRC government or the imposition of more stringent foreign investment restrictions. Such changes cannot be accurately predicted.

j) Capital Management

The Company manages its cash, common shares and any warrants and stock options as capital. The Company's main objectives when managing its capital are:

- to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level of risk while providing an appropriate return to its shareholders;
- to maintain a sufficient capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
- to safeguard the Company's ability to obtain financing; and
- to maintain financial flexibility in order to have access to capital in the event of future acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets.

There were no significant changes to the Company's approach to capital management during the three months ended September 30, 2016.

Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Vice President, Finance, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at June 30, 2016, the Company's Chief Executive Officer and Vice President, Finance evaluated or caused to be evaluated under their supervision the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and Vice President, Finance concluded that, as of June 30, 2016, the Company's disclosure controls and procedures were effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal controls have been designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements together with the other financial information for external purposes in accordance with IFRS. As at September 30, 2016, the Company's Chief Executive Officer and Vice President, Finance evaluated or caused to be evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and Vice President, Finance concluded that, as of June 30, 2016, the Company's internal control over financial reporting was effective.

The Company is required under Canadian securities laws to disclose herein any change in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. No changes were identified in the Company's internal control over financial reporting during the three months ended September 30, 2016, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objective of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.