



Management's Discussion and Analysis
December 31, 2018

TABLE OF CONTENTS

1. OPERATING AND FINANCIAL RESULTS HIGHLIGHTS.....	2
2. 2019 OUTLOOK AND STRATEGY	3
3. KEY ECONOMIC FACTORS	4
4. CONSOLIDATED RESULTS AND MINING OPERATIONS	5
5. EXPLORATION PROGRAMS	7
6. 2018 RESOURCES	9
7. OPERATING INCOME BY SEGMENT	10
8. OTHER ELEMENTS OF THE STATEMENT OF INCOME	19
9. OTHER COMPREHENSIVE INCOME	19
10. CASH FLOWS	20
11. FINANCIAL INSTRUMENTS	22
12. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS.....	22
13. CHANGES IN ACCOUNTING POLICIES	22
14. FUTURE ACCOUNTING CHANGES	22
15. FINANCIAL POSITION	23
16. CONTRACTUAL OBLIGATIONS	24
17. RELATED PARTY TRANSACTIONS	24
18. TRADING HOUSE: STRATEGY RELATING TO THE SALE OF GOLD	25
19. MINING PROPERTIES: FOUR EXPLORATION PERMITS	26
20. RISKS AND UNCERTAINTIES	28
21. SHARE CAPITAL	36
22. DISCLOSURE CONTROLS AND PROCEDURES (DC&P) AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (ICFR).....	37
23. FOURTH QUARTER FINANCIAL AND OPERATING RESULTS	38
24. QUARTERLY RESULTS	39
25. NON-IFRS FINANCIAL PERFORMANCE MEASURES	40
26. ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE	42
27. FORWARD-LOOKING STATEMENTS	42

ROBEX RESOURCES inc. ("ROBEX" or "the Company") is a Canadian mining operation and exploration company, that operates in Mali, in Africa, whose shares are traded on the Canadian TSX Venture Exchange under the symbol RBX, and on the Frankfurt Stock Exchange under the symbol RB4. In addition to its operation of the Nampala mine, the Company currently holds four exploration permits, which are all located in Mali, in West Africa. ROBEX's priority strategy is to maximize shareholder value by managing its existing assets and pursuing opportunities for strategic growth.

This Management's Discussion and Analysis ("MD&A") is designed to provide the reader with a greater understanding of the Company's business, strategy and performance, as well as how it manages risk and capital resources. It also aims to show that the Company is a citizen and responsible actor engaged in actions with lasting effects. This MD&A, prepared as at April 25, 2019, is intended to complement and supplement our Annual Audited Consolidated Financial Statements (the "financial statements") as at December 31, 2018. Our financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing our operational results and our financial performance.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risks and Uncertainties" section and to the "Forward-Looking Statements" section of this document.

Where we say "we", "us", "our", "the Company" or "ROBEX", we mean ROBEX RESOURCES inc. and one, more or all of its subsidiaries, as the case may be.



1. OPERATING AND FINANCIAL RESULTS HIGHLIGHTS

2018 – THE YEAR IN REVIEW

↑ INCREASE IN GOLD PRODUCTION OF 22%

Gold production of 44,946 ounces (1,398 kg) compared to 36,997 ounces (1,151 kg) for the same period in 2017

↑ INCREASE IN SALES (REVENUE) OF 37%

Gold sales of \$78.4 million compared to \$57.2 million for the same period of 2017

↑ INCREASE IN CASH FLOWS FROM OPERATING ACTIVITIES¹ OF 16%

Cash flows from operating activities¹ of \$26.9 million or \$0.046 per share² compared to \$23.2 million or \$0.040 per share² for the same period in 2017

↓ DECREASE IN LIABILITIES OF \$3.4 MILLION

Decrease in the Company's liability in the amount of \$3.4 million compared to December 31, 2017

↑ INCREASE IN EQUITY OF \$12.5 MILLION

Increase in value to the shareholders (book value) of \$12.5 million compared to December 31, 2017

↑ WORKING CAPITAL IMPROVEMENT OF \$31.2 MILLION

Negative working capital from \$3.9 million to December 31, 2018 compared to a negative working capital of \$35.1 million to December 31, 2017

↑ INVESTMENTS IN EXPLORATION OF \$4.5 MILLION

Exploration investments on Nampala's operating permit in the amount of \$4.5 million in 2018

Nampala's mining activities have shown a steady improvement in its overall production. On the one hand, with an average grade of ore processed above that planned, we can also see constant progress in the availability of the plant following major investments made in 2018 and which will continue in 2019. Recovery has been the subject of a full review. Indeed, we have learned to better control this parameter by taking into account the nature of the ore feeding the plant on a daily basis.

	2018 Objectives	2018 Achievements
Gold production (ounces)	38,000 to 42,000	44,946
Total cash cost (per ounce sold)	\$600 to \$650	\$643
All-in sustaining cost (per ounce sold)	\$850 to \$900	\$973
Exploration on the Mininko permit (Nampala site)	20,000 drilling meters	25,573 drilling meters (9,287 on Nampala / 16,286 on Mininko)

Exceeding the all-in sustaining cost is due to a greater investment effort than budgeted, particularly at the reject park level in order to take into account the projected increase in production.

¹ Cash flows from operating activities exclude net change in non-cash working capital items.

² Cash flows from operating activities per share are non-IFRS financial measures for which there is no standardized definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document, on page 40.

2. 2019 OUTLOOK AND STRATEGY¹

In 2019, we maintain the Company's debt reduction as its main objective. We will also prioritize the optimization of our resources in order to make the most of the profit and thus allow the Company to continue to invest significantly to ensure its future.

In preparation for the next few years, our exploration objectives for the year 2019 are to continue on the momentum begun in 2017 and 2018 by investigating the promising results of the various gold zones of Nampala (South, East and West), allowing the Company to increase resources in Nampala and to develop a new mining plan, and research and exploitation permits adjacent to Nampala, Mininko and Kamasso. In addition to having started an on-site laboratory in 2018 for sample analyses, it was decided to integrate in-house several tasks to be accomplished during the exploration campaigns in order to further optimise our costs.

In order to optimize its operational performance and improve the available cash flow, the Company has planned the following investments in 2019:

- ✘ Purchase of new generating sets to reinforce the availability of the power plant;
- ✘ Redesign of the process water circuit so as to offer a lift capacity and above all no longer be a limiting element during production peaks; and
- ✘ Purchase of a mineral sizer crusher to improve production significantly, either by limiting the plant stops caused by the fall blocking, giving us the ability to grind the larger quartz blocks more rich in gold more and more present and allowing us to some extent to treat transitional areas in a timely manner.

In 2019, we also wish to develop a solar energy production program to reduce our energy expenditure to ounce and improve our carbon footprint.

With respect to operations in 2019, in Nampala, we expect to process approximately 1.8 million tonnes of ore at an average grade of 0.92 g/t Au and achieve a gold recovery rate of 86% on average.

	2019 Outlook
Gold production (ounces)	> 45,000
Total cash cost (per ounce sold)	< \$650
All-in sustaining cost (per ounce sold)	< \$900
Exploration on all permits (Nampala, Mininko and Kamasso site)	40,000 drilling meters

¹ This section contains forward-looking statements. Refer to the "Forward-Looking Statements" section on page 42 of this document for further details on forward-looking statements.

3. KEY ECONOMIC FACTORS

Price of Gold

During the year ended December 31, 2018, the price of gold in US dollars, based on the *London Gold Fixing Price*, fluctuated from a high of USD 1,356 to a low of USD 1,175 per ounce (high of CAD 1,746 to a low of CAD 1,524 per ounce). The average market gold price during the year ended December 31, 2018 was of CAD 1,641 per ounce compared to CAD 1,633 per ounce in 2017, representing an increase of CAD 8.

(in dollars per ounce)	2018					2017
	Q4	Q3	Q2	Q1	Year	Year
Average London Gold Fixing Price USD	1,232	1,212	1,323	1,331	1,268	1,259
Average London Gold Fixing Price CAD	1,631	1,583	1,691	1,683	1,641	1,633
Average realized selling price CAD	1,701	1,557	1,688	1,716	1,663	1,642

Cost Pressures

We are, like the entire mining sector, greatly affected by pressures on the costs of development and operating. Since our mining activities consume large amounts of energy, a change in fuel price can have a significant impact on our operations and associated financial results. The situation is the same for all of our chemicals such as lime, cyanide, coal and balls.

We purchase our fuel exclusively from the company Vivo Energy Mali in CFA francs, the local currency in Mali, at a price fixed by the director of the Malian Office of Petroleum Products (ONAP). The average price fixed by the director of ONAP was FCFA 634 per liter (equivalent to CAD 1.48) during the year ended December 31, 2018, compared to FCFA 605 per liter (equivalent to CAD 1.35) for the same period in 2017.

Foreign Currencies

Our mining operation and exploration activities are carried out in Mali, in West Africa. As a result, a portion of operating costs and capital expenditures is denominated in foreign currencies, mainly in euros. The FCFA fluctuates according to the euro, which is currently at a fixed rate of FCFA 655.957 for 1 euro.

4. CONSOLIDATED RESULTS AND MINING OPERATIONS

Financial and Operating Highlights

	2018	2017
Gold ounces produced	44,946	36,997
Gold ounces sold	47,142	34,801
<i>(rounded to the nearest thousand dollars)</i>		
Revenues – Gold sales	78,382,000	57,152,000
Mining operation expenses	27,744,000	20,474,000
Mining royalties	2,582,000	1,619,000
Administrative expenses	12,676,000	8,715,000
Depreciation of property, plant and equipment and amortization of intangible assets	16,689,000	7,718,000
Stock-based compensation expense	52,000	807,000
Operating income	18,639,000	17,819,000
Financial expenses	5,515,000	6,573,000
Foreign exchange gain	(271,000)	(221,000)
Change in fair value of financial liabilities	(1,777,000)	(1,214,000)
Gain on disposal of property, plant and equipment	(366,000)	---
Write-off of mining properties	---	874,000
Other expenses	(40,000)	(63,000)
Income tax expense	4,289,000	454,000
Net income	11,289,000	11,416,000
Net income attributable to equity shareholders	10,380,000	10,845,000
Basic earnings per share	0.018	0.019
Diluted earnings per share	0.018	0.019
Adjusted amounts		
Adjusted net income attributable to equity shareholders ¹	8,018,000	11,091,000
Per share ¹	0.014	0.019
Cash flows		
Cash flows from operating activities ²	26,914,000	23,209,000
Per share ¹	0.046	0.040

¹ Adjusted net income attributable to equity shareholders, adjusted basic earnings per share and operating cash flows per share are non-IFRS financial measures for which there is no standardized definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document, on page 40.

² Cash flows from operating activities exclude net change in non-cash working capital items.

4. CONSOLIDATED RESULTS AND MINING OPERATIONS - (CONTINUED)

- ✧ In 2018, gold sales amounted to \$78,382,000 compared to \$57,152,000 in 2017. The increase in gold sales is mainly attributable to the increase in the quantity of gold ounces sold. In 2018, the Company sold 47,142 ounces of gold compared to 34,801 in 2017. The variation between gold ounces sold and gold ounces produced for the year is due to the timing of shipments.
- ✧ In 2018, mining expenses amounted to \$27,744,000, representing 35% of total sales whereas in 2017, mining expenses amounted to \$20,474,000, representing 36% of total sales.
- ✧ The increase in mining royalties in 2018 is a direct result of the increase in gold sales.
- ✧ Administrative expenses increased in 2018 compared to 2017. At the end of the third quarter of 2017, a general manager was hired at the Nampala mine to monitor daily mining operations. In order to improve its occupational health and safety prevention program, staff has also been added to the OSH department. In addition, in 2018, the Company launched new corporate level projects such as the design of a new website, the deployment of the various management tools to the entire Company, the improvement of the key performance indicators report ("KPI") to support decision-making and the implementation of a formalised internal control process. Obviously, these different projects required the reinforcement of the corporate team.
- ✧ In 2018, the depreciation of property, plant and equipment and amortization of intangible assets was higher than in 2017. This increase is partly due to the fact that the majority of property, plant and equipment are depreciated based on the ounces of gold sold for the period in question. In addition, the Company filed in 2018 a technical report NC 43-101 concerning the estimate of mineral resource of Nampala. These new data as well as a better knowledge of our industrial tool have had the consequences of prospectively refining several methods of calculating the depreciation of fixed assets, thus more accurately representing the reality economy of the current mine.
- ✧ The decrease in financial expenses primarily reflects the decrease in the Company's long-term debt and their lines of credit.
- ✧ In 2018, the Company transferred ownership of its gasoil power station to its supplier for an amount of \$1,351,000 and disposed of various equipment that was no longer operational at the Nampala mine for an amount of \$89,000. These transactions resulted in a gain on disposal of \$366,000 in 2018.

5. EXPLORATION PROGRAMS

2017-2018 Exploration and Drilling Campaign

On September 24, 2018, the Company communicated the integration of all its 2017-2018 drilling results in a new Mineral Resource Estimate (2018 MRE)¹ in accordance with National Instrument 43-101. Main highlights are:

- ✘ Indicated Mineral Resources totaling 242,000 ounces of gold (175,000 ounces in saprolite type (oxides), 61,000 ounces in transition zone and 6,000 ounces in fresh rock (sulphides)), which corresponds to a total of 10,148,000 tonnes at 0.74 g/t Au;
- ✘ Inferred Mineral Resources totaling 81,000 ounces of gold (61,000 ounces in saprolite type (oxides), 16,000 ounces in transition zone and 4,000 ounces in fresh rock (sulphides)), which corresponds to a total of 3,429,000 tonnes at 0.73 g/t Au;
- ✘ 2017-2018 drilling overall positive impact on the project. Sensitivity tests (same parameters, with and without 2017-2018 drilling) shows 10,8% increase in gold ounces (+ 8.7% in tonnes and + 2.4% in grade);
- ✘ 2018 resources are mostly located within the saprolite (oxides) levels and constrained within a Whittle pit shell (resource's level) at the same minimum cut-off grade used for the current mining operations at Nampala;
- ✘ InnovExplo concluded that the 2018 MRE allows the Nampala project to further advance through engineering studies, detailed mine planning and economic studies required for its operation.

The 2018 Mineral Resource Estimate includes five (5) main gold mineralized zones:

- ✘ Nampala Main zone: mostly constituted of Indicated resources, this zone corresponds to the actual Nampala pit currently into production, results shows deep roots of the mineralized system into the fresh rocks under the saprolite levels illustrating potential at depth;
- ✘ Nampala South zone: this zone is currently characterized by limited drilling and Inferred resources and shows potential for upgrading Inferred into Indicated and a potential for adding new Inferred resources;
- ✘ Nampala West and Intrusive zones: results demonstrate the occurrence of gold mineralization and resources West of the Nampala Main zone;
- ✘ Nampala East zone: this zone is characterized by Inferred resources, limited drilling and remains open beyond the current interpreted mineralized zones;
- ✘ Furthermore, geochemical and geophysical anomalies show an exploration potential for new gold discoveries along favorable NNE-SSW structures going from the Nampala permit into the Mininko exploration permit.

All these elements are very encouraging, give reasonable hope for the discovery of new resources in all directions, and provided rational elements to build the new exploration program currently starting.

¹ The Nampala 2018 MRE has been completed by the Canadian firm InnovExplo under the responsibility and supervision of Alain Carrier, M.Sc., P.Geo. (OGQ #281), independent and qualified person under National Instrument 43-101.

5. EXPLORATION PROGRAMS - (CONTINUED)

2017-2018 Exploration and Drilling Campaign – (continued)

These results also provide very important information for the Company by confirming the excellent orientation of the gold potential with exploration permits' geometry on the area that covers a total of 160 km², which are corresponding to the properties of Mininko (Nampala mine) and Kamasso, adjacent to the south, whose ROBEX is the beneficiary. For further information on our exploration permits, see the "Mining Properties: Four Exploration Permits" section of this document, on page 26.

This new data allows us to have a better understanding of the pit currently in production according to the mining plan 2017-2018 and will allow us to prepare the new mining plan 2019. 2018 MRE also helped us to optimize production at different levels, either by adapting the sampling procedures by a more detailed analysis of 5 types of mineralization instead of 3 types and by modifying the means of production with new leased excavation and transport equipment. The Company has also planned the purchase of a crusher in 2019 which will optimize the processing of the ore in the transition zone and quartz blocks that are increasingly present as we descend into the pit.

New Exploration and Drilling Campaign

To follow up on the positive results from the 2017-2018 drilling, the 2018 MRE and InnovExplo's recommendations, a drilling program began at the end of the third quarter of 2018 on Nampala gold mineralized zones (Intrusive, West, East and South) with the main objectives of upgrading Inferred resources into Indicated and potentially adding new Inferred resources.

In order to bring a target area of a prospective State (first research work) to a level of resources, it is essential to carry out several successive exploration campaigns. The classical phases are: 1) shallow identification, 2) prospecting (at 100 meters), 3) qualification (at 50 meters), and 4) definition (at 25 meters). The 2017-2018 campaign has enabled us to confirm the potential of the targeted areas, in particular the potential of the South, East and West areas.

The new 2018-2019 campaign initially predicted an effort of approximately 20,000 meters in drilling compared to the 16,896 meters of the 2017-2018 exploration and drilling campaign. In practice, as at December 31, 2018, this new campaign resulted in a total of 25,573 meters, or 9,287 meters on the Nampala operating licence and 16,286 meters on the Mininko research and exploration permit. These exploration efforts have allowed us to improve our knowledge and thus to better identify the potential on 3 of the 4 Gold zones of Nampala (West, East and South).

The Company continues its exploration efforts at the beginning of the year 2019 in order to:

- ✎ Complete the campaign of identification and prospecting on the Mininko research and exploration permit to reach a total of 35,030 meters drilled on this perimeter. Currently, 24,933 samples have been sent to the laboratory for analytical purposes; and
- ✎ Complete a new definition campaign on the South Gold zone of Nampala of about 9,500 meters of drilling to be able to make a calculation of additional resources on this area and subsequently integrate them into the new mining plan 2019.

For example, the 2018-2019 campaign will ultimately exceed 54,000 metres of drilling and should complement the resources currently qualified in 2018 MRE.

The 2019-2020 campaign is currently under development. This foresees a priori a definition effort on the eastern zone of Nampala, qualification on the West zone of Nampala, prospecting on Kamasso and a prospecting campaign further South, either in the continuity of the South zone of Nampala currently in definition course.

6. 2018 RESOURCES

Table 1. – Nampala (2018) Mineral Resource Estimate*

Weathering Profiles	Indicated Resource			Inferred Resource		
	Tonnage (t)	Au (g/t)	Ounces	Tonnage (t)	Au (g/t)	Ounces
Saprolite (≥ 0.40 g/t)	7,606,000	0.72	175,000	2,688,000	0.71	61,000
Transition (≥ 0.40 g/t)	2,361,000	0.80	61,000	626,000	0.79	16,000
Fresh Rock (≥ 0.75 g/t)	181,000	1.03	6,000	115,000	1.08	4,000
Totals	10,148,000	0.74	242,000	3,429,000	0.73	81,000

*** Notes to Accompany Table 1. – Nampala (2018) Mineral Resource Estimate:**

1. The independent and qualified person for the mineral resource estimate, as defined by NI 43-101, is Alain Carrier, M.Sc., P.Geo. (OGQ #281), and the effective date of the estimate is July 15, 2018.
2. These mineral resources are not mineral reserves as they do not have demonstrated economic viability.
3. The mineral resource estimate follows 2014 CIM definitions and guidelines for mineral resources.
4. Results are presented in situ and undiluted for open pit scenario and considered to have reasonable prospects for economic extraction.
5. The estimation encompasses five different zones subdivided into 17 mineralized sub-domains each defined by individual wireframes within a broader domain (dilution envelope) and with a minimum true thickness of 2 m. The topographic surface of the active Nampala Open pit Mine is dated of June 26, 2018.
6. High-grade capping of 14.5 g/t Au Nampala Main; 7.0 g/t Au Nampala Intrusive, Nampala West and Nampala East and 4.0 g/t Au Nampala South; and dilution envelope was applied to assay grades prior to compositing grade for interpolation using an Ordinary Kriging interpolation method based on 2.0 m composite (using the grade of the adjacent material when assayed or a value of zero when not assayed) and block size of 10 m x 10 m x 10 m using GEOVIA GEMS 6.8.1, with bulk density values applied by weathering profiles (g/cm³): Saprolite (Oxide) = 1.64; Transition = 2.18, and Fresh Rock (Sulphides) = 2.72.
7. The estimate is reported for open pit potential scenario at a 0.4 g/t Au cut-off for the saprolite and transition zones and at a 0.75 g/t Au cut-off for the fresh rocks. The cut-off grades were calculated using a gold price of USD1,300/oz, CAD:USD exchange rate of 1.29 (1-year trailing average) and the following parameters: (a) Saprolite and transition zone open pit scenario: mining cost per tonne = CAD 3.25; processing cost = CAD 6.32; G&A = CAD 10.55, pit slope of 46.2 degrees used during Whittle optimization, (b) Fresh rock open pit scenario: mining cost per tonne = CAD 5.30; processing cost = CAD 21.00; G&A = CAD 10.55, pit slope of 46.2 degrees used during Whittle optimization. The cut-off grades should be re-evaluated in light of future prevailing market conditions (metal prices, exchange rate, mining cost, etc.)
8. The number of metric tons was rounded to the nearest thousand and the metal contents are presented in troy ounces (tonne x grade / 31.10348). Any gap between the totals is due to the rounding effects. The rounding practices are in accordance with the recommendations established by the appendix 43-101A1.
9. InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in this Technical Report that could materially affect the mineral resource estimate.

7. OPERATING INCOME BY SEGMENT

	2018	2017
(rounded to the nearest thousand)		
Operations (Nampala, Mali)	25,446,000	22,603,000
Explorations (Mali)	(10,000)	(10,000)
Corporate management	(6,797,000)	(4,774,000)
Operating income	18,639,000	17,819,000

Mining Operation: Nampala, Mali

	2018	2017
Operating Data		
Ore mined (tonnes)	1,797,809	1,451,497
Ore processed (tonnes)	1,795,591	1,615,966
Waste mined (tonnes)	2,951,212	2,184,546
Operational stripping ratio	1.6	1.5
Head grade (g/t)	0.94	0.85
Recovery (%)	85.6%	83.9%
Gold ounces produced	44,946	36,997
Gold ounces sold	47,142	34,801
Financial Data		
(rounded to the nearest thousand dollars)		
Revenues – Gold sales	78,382,000	57,152,000
Mining operation expenses	27,744,000	20,474,000
Mining royalties	2,582,000	1,619,000
Administrative expenses	5,927,000	4,749,000
Depreciation of property, plant and equipment and amortization of intangible assets	16,683,000	7,707,000
Segment operating income	25,446,000	22,603,000
Statistics		
(in dollars)		
Average realized selling price per ounce	1,663	1,642
Cash operating cost per tonne processed ¹	15	13
Total cash cost per ounce sold ¹	643	635
All-in sustaining cost per ounce sold ¹	973	923
Administrative expenses per ounce sold	126	136
Depreciation of property, plant and equipment per ounce sold	354	221

¹ Cash operating cost, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document, on page 40.

7. OPERATING INCOME BY SEGMENT - (CONTINUED)

Mining operation: Nampala, Mali - (continued)

- ✘ The amount of ore extracted increased from 1,451,000 tonnes in 2017 to 1,798,000 tonnes in 2018, representing an increase of 24%.
- ✘ The amount of waste mined in 2018 was 2,951,000 tonnes, representing an operational stripping ratio of 1.6, compared to 2,185,000 tonnes in 2017, representing an operational stripping ratio of 1.5. The increase of this ratio is due to the fact that we started stripping work on the South and West extensions of the current pit.
- ✘ In 2018, the Nampala mine produced 44,946 ounces of gold compared to 36,997 ounces of gold in 2017, representing an increase of 22%. This increase is partly due to a general improvement in all operating parameters of the plant: the recovery rate has risen from 83.9% in 2017 to 85.6% in 2018 and the total dry-treated tonnage at the plant has risen from 1,615,966 tonnes in 2017 to 1,795,591 tonnes in 2018.
- ✘ Administrative expenses increased in 2018 compared to 2017. At the end of the third quarter of 2017, a general manager was hired at the Nampala mine to monitor daily mining operations. In order to improve its prevention program in occupational health and safety ("OSH"), staff has also been added to the OSH Department.
- ✘ The increase in amortization per ounce sold partially reflects the additional investments made at the mine during the year ended December 31, 2018, such as the construction of roads, the expansion of the disposal site to anticipate the future production pace and the increase of the power plant capacity to secure our energy production. Pit stripping costs are also added to the investments and are subsequently amortized (IFRIC 20 accounting standard for open pit mines). The increase of sales has also an impact on this aspect given that certain investments are calculated according to the percentage of these sales.

7. OPERATING INCOME BY SEGMENT - (CONTINUED)

Corporate Management

	2018	2017
(rounded to the nearest thousand)	\$	\$
Administratives expenses	6,739,000	3,956,000
Depreciation of property, plant and equipment and amortization of intangible assets	6,000	11,000
Stock-based compensation expense	52,000	807,000
Segment operating loss	(6,797,000)	(4,774,000)

Corporate social responsibility

The Nampala mine strives to be a responsible mine in search of sustainable impacts.

To this end, it has implemented a series of tools.

This approach began with the mine joining the United Nations Global Compact.

✧ Joining the UN Global Compact

The Compact is based on 10 principles.

Human rights:

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

International labour standards:

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Contribute to the elimination of all forms of forced and compulsory labour;
5. Contribute to the effective abolition of child labour; and
6. Contribute to the elimination of discrimination in respect of employment and occupation.

Environment:

7. Businesses should support a precautionary approach to environmental changes;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption:

10. Businesses should work against corruption in all its forms, including extortion and bribery.

A community development plan (CDP) adopted by representatives of the communities (local elected officials, representatives of the administrations, village leaders and technical services) is being used to implement a multi-year series of actions for the communities and to play a role in improving relations between the mine and its neighbours.

In order to implement this policy, the Nampala mine has expanded its efforts to its suppliers by establishing, among other things, a charter of responsible procurement that mirrors the Global Compact.

7. SEGMENT OPERATING RESULTS - (CONTINUED)

Corporate social responsibility – (continued)

✧ Charter of Responsible Procurement

Through the Charter, the Company is committed to actions that will ensure that the mining site's major and recurring suppliers meet high standards in their treatment of workers.

This charter primarily covers the following:

HUMAN RIGHTS

Nampala's suppliers must undertake to comply with and promote international directives on human rights. In particular, they will ensure that they are not complicit in violations of these fundamental rights.

LABOUR STANDARDS

Nampala's suppliers must undertake to uphold freedom of association and recognize the right to collective bargaining. They will contribute to the effective abolition of child labour and will ensure the elimination of forced and compulsory labour and any form of discrimination in respect of employment and occupation.

ENVIRONMENT

Nampala's suppliers must undertake to apply the precautionary approach to problems related to the environment. They will take initiatives intended to promote greater responsibility for the environment, encouraging the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Nampala's suppliers must undertake to work against corruption in all its forms, including extortion and bribery.

SUPPLIERS' OBLIGATIONS

The Charter has full legal force, since it constitutes part of the general conditions of purchase and applies to Nampala's suppliers, which must themselves, whenever possible, pass on these provisions, where appropriate, to their suppliers. This includes in countries that are not signatories to the conventions of the International Labour Organization where they may be working.

The Company's suppliers must comply with applicable national and international regulations.

They undertake to implement the means required to ensure compliance with the principles set forth in this Charter.

✧ **Site rehabilitation plan**

A mine has a limited lifetime, even if the estimated date of its end of life is extended as exploration continues.

The era when miners would leave behind a desolate landscape is now, we hope, behind us.

7. SEGMENT OPERATING RESULTS - (CONTINUED)

Corporate social responsibility – (continued)

With the assistance of a specialized engineer from Mali with community development experience (see below), a site rehabilitation plan has now been developed.

The overall philosophy is to return mining sites to a state that requires no expenditure by any party to maintain them or to use them in a healthy condition, without danger and without risk.

To finance this plan, amounts are set aside each year using provisions that are established for this purpose.

The plan is too involved to describe in detail. But it should be mentioned that the plan takes into account various areas on the site, and that site rehabilitation will be easier once an environmental policy has been developed.

Rehabilitating a mining site as part of a mine closing plan essentially involves the following technical issues:

- Demolishing and removing all infrastructures related to the mine, i.e. the processing plant, laboratories, headframe, workshops, garages, storage facilities, administrative buildings, mining hotel and city, thermal power plant, domestic garbage dumps, scrap yards, packing materials, wrecks, etc. To this end, the Company undertakes to comply with all new legislative and regulatory provisions that may be passed and/or all proposals made by the Mines Department concerning maintenance of infrastructure;
- Securing the quarry and galleries (if any);
- Rehabilitating, refurbishing and securing the sump and waste rock dumps (flattening of slopes, planting of trees, etc.);
- Final closing of construction roads;
- Decontaminating soils, if required, and final cleaning of the site; and
- Restoring the site to a remediated condition.

Above all, being responsible means taking care of workers, and a specific policy has been established for this purpose.

✧ **HSSE/OHS policy**

An HSSE policy (Health, Safety, Security and Environment), also called an OHS policy (Occupational Health and Safety), is a policy on implementing an occupational safety policy.

A mining environment contains many occupational risks due to the use of machines, vehicles, crushers and energy, which present many accident risks. In addition, the work of mining can create many sources of pollution.

Through this policy, the Company acknowledges that excellence in the management of occupational health and safety is an integral part of its operations. The occupational health and safety of its employees is the Company's top priority and, as discussed above, the Company has signed the UN's Global Compact. It undertakes to manage occupational health and safety at an international level by: developing, implementing and continuously improving management systems in order to establish a veritable occupational health and safety culture and a performance culture.

The Company has set itself the objective of establishing a healthy and safe work environment where all employees, subcontractors and visitors will feel safe. Instructions and rules prescribed by the Company will help everyone concerned adopt a safety mind-set.

7. SEGMENT OPERATING RESULTS - (CONTINUED)

Corporate social responsibility – (continued)

In order to attain the objectives of this policy, the Company undertakes to:

1. Comply with all in-force laws, regulations and standards on occupational health and safety by implementing management programs and procedures;
2. Develop and implement comprehensive and strong occupational health and safety management systems, in compliance with ILO-OSH directives;
3. Integrate occupational health and safety objectives into the Nampala mine's standards and practices;
4. Set and attain objectives for the occupational health and safety of employees, subcontractors and visitors by developing and updating such objectives through consultation and communication;
5. Prevent occupational injuries and diseases among employees, subcontractors and visitors;
6. Use risk management techniques to continuously improve health and safety in the workplace;
7. Promote awareness of occupational dangers and risks, and continuously improve occupational health and safety management systems and performance criteria in the departments while integrating occupational health and safety considerations into all the mine's activities;
8. Identify opportunities for appropriate training on occupational health and safety for all employees;
9. Conduct regular audits and review the results of these audits, set performance objectives and measure progress over time in order to ensure continuous improvement and adherence to first-class industrial practices;
10. Use only subcontractors and suppliers that demonstrate a commitment at the highest levels to occupational health and safety management and performance;
11. Ensure that all employees and subcontractors are responsible for health and safety in their workplaces, and that they are regularly evaluated based on their performance in occupational health and safety. All employees and subcontractors have a duty to work safely, help others safely and listen to others when they are helping them work safely;
12. Report all dangerous/risky situations, near-miss situations, incidents and accidents on the job;
13. Provide sufficient resources for occupational health and safety and for a rapid response to emergencies so that employees, subcontractors and visitors can work in a healthy and safe environment; and
14. Plan and maintain a medical monitoring program for all employees, subcontractors and other workers.

It is our conviction that all occupational injuries and illnesses in the workplace are avoidable and, at the very least, everything that is reasonably possible should be done to achieve this end.

It should be noted that in order to monitor, provide quality assurance and control the OHS policy, a permanent system of audit training is being implemented over a three-year period, with the goal of attaining certification at the ISO 45001 level in 2020. The monitoring is provided by an external Malian firm, and all the SSE staff (safety, security and the environment) have been recognized by the ILO (International Labour Organization).

At the mine, each day begins with a moment dedicated to safety rules.

But in order to take care of workers, we also need to ensure that they enjoy better health.

✧ **Health policy**

The Company has implemented a health policy for its workers as well as for close family members.

First, it created a clinic that is permanently staffed, around the clock (24/24), with two superior health care workers.

The clinic is equipped with an all-wheel-drive ambulance that meets international standards.

7. SEGMENT OPERATING RESULTS - (CONTINUED)

Corporate social responsibility – (continued)

The company has entered into a partnership with the physicians at two clinics; one in Bamako and the other in Sikasso, the nearest city.

Through these partnerships, the mine provides the following medical services:

- Consultation;
- Hospitalization;
- Minor surgery;
- Health advice and education (also provided to the villages – courses on hygiene, AIDS and STMs, Ebola, malaria);
- Major surgery;
- Childbirth;
- Ophthalmology;
- Dental care;
- Imaging;
- Pharmaceutical costs; and
- Local evacuations.

In 2018 the mine also implemented a verification of the health status of workers and subcontractors.

Of course, being responsible means taking care of the environment. This is why the Company has developed an environment policy.

✧ Environment policy

The Nampala gold mine is an open-pit mine that uses conventional surface mining techniques, known as the carbon-in-leach process, to recover gold.

Through a process for evaluating environmental issues, the Nampala mine has undertaken to identify aspects of its operations, including those inherent to geotechnical conditions, to the use of earth-moving machines, to the handling of chemical products, and to dust and other ambient physical nuisances. All the mine's departments have committed to setting objectives so that these aspects of operations can be continuously reduced to acceptable levels.

In order to attain the objectives of this policy, the Nampala mine has undertaken to:

- Comply with all related laws, regulations and requirements in order to conduct its business, while taking economic, social and environmental values into consideration;
- Develop an environmental culture to prevent all pollution;
- Reduce and optimize the use of natural energy sources and resources, while reducing and eliminating all sources of pollution related to hydrocarbons;
- Manage its waste as well as possible, including through sorting and recycling;
- Use only subcontracting businesses that will have been selected in consideration of their level of environmental management, among other things;
- Limit the use of external, temporary resources so that such use does not exceed the mine's ability to manage them;
- Communicate and consult with parties affected by and concerned with environmental aspects of the mine's operations;
- Facilitate and sustain this policy and foster internal and external communication, including feedback from the field on environmental issues;

7. SEGMENT OPERATING RESULTS - (CONTINUED)

Corporate social responsibility – (continued)

- Allocate the required means and resources to implement this policy, ensuring that the financial resources will be available to undertake the mine's gradual rehabilitation work and environmental obligations;
- To fulfill such commitments, the Company sets specific objectives each year that are defined at management reviews; and
- Each of the Company's employees, through his or her daily acts and professionalism, must be a key actor in implementing this policy.

In addition, water quality is verified on a regular basis, at the same time as preventive control of the water tightness of the tailings pond.

The Nampala mine took a novel route by using the services of Mali's national analysis laboratory, acting under the auspices of a bailiff.

✧ Policy on greenhouse gases

The Nampala mine is concerned about reducing its carbon footprint and, after having studied other proposals, decided to complete its traditional diesel plant with a solar plant employing solar panels. Construction of the solar plant should be completed before the end of 2019.

As for its traditional diesel plant, the Nampala mine has completed a considerable amount of work on improving fuel quality by improving, as much as possible, its fuel filtering. A new gas-oil filtering station has been implemented that filters impurities to 4 μ , representing the best available filtering for the type of gas-oil used.

✧ Some responsible projects have been undertaken

For example:

- Drilling and well equipment: through its actions, access to water has been greatly facilitated in an arid country where such access is so important;
- Well repairs;
- Screening young children and providing care in partnership with a trade union;
- Road repairs, including repairs to a bridge; since the roads are destroyed each rainy season, the villages and towns around the mine are now accessible again. In the past, the rainy season resulted in complete destruction of these roads. Travel times have been cut by 30% to 50%, facilitating life for the local people;
- Establishment of a football stadium complete with goals;
- Creation of a marketplace;
- Construction of several classrooms;
- Purchases of produce from women's market garden cooperatives; and
- Maintenance of the long road leading to the national highway.

7. SEGMENT OPERATING RESULTS - (CONTINUED)

Corporate social responsibility – (continued)

✧ Mine-school

The Nampala mine believes that its most significant contribution to sustainable and responsible development is to help its Malian employees obtain or complete their professional qualifications, thereby ensuring long careers. This is why the Nampala mine is often presented in Mali as a mine-school.

The mine has created a training centre with a specialized employee, dedicated full-time to running it. The centre offers many diversified types of courses. Depending on the subject matter, the training may also be provided to the employees of subcontractors. Furthermore, 14 Malian managers at the mine have been sent to Canada and France for training.

The result of these efforts has been that the mine's managers are mostly Malian, something of which the Company can be proud. One direct impact of this policy has been that the number of expatriates has been reduced, and the upper reaches of the organization chart for the Nampala site now consist of 44 Malian managers, 4 managers from the sub-region and only 8 expatriates. To fully grasp the importance of this result, it must be understood that the entire site has approximately 600 workers.

But the Nampala mine has also concerned itself with those with the greatest learning needs. To this end, the Company has established a literacy program for the mine's adults and for people with community responsibilities, in cooperation with the Government of Switzerland. In the coming months this literacy centre has programmed 65,000 hours of training for 126 students from the company and neighbouring communities. It should be noted that it is very rare for a government body to agree to work directly with a private company in this way.

This centre will radically improve the future prospects of employees recruited from the villages and will provide access to knowledge to those who are most active in town and village life. Another impact of this centre is that it has created a meeting place where mine employees and the main actors of local life can get to know each other better, which will probably help avoid tensions.

Clearly all these actions will result in modern, sustainable and responsible action that will have longer-lasting impacts on the entire lives of the people involved.

8. OTHER ELEMENTS OF THE STATEMENT OF INCOME

Foreign Exchange Gain

In 2018, we registered a foreign exchange gain amounting to \$271,000 as a result of the revaluation of our monetary assets and monetary liabilities and our financial instruments denominated in currencies other than the functional currency of the Company, the Euro (foreign exchange gain of \$221,000 in 2017).

Change in Fair Value of Financial Liabilities

In 2018, the fair value of financial liabilities decreased by \$1,777,000, resulting in an accounting gain of the same amount (\$1,214,000 decrease in fair value in 2017).

Note: The change in the fair value of these financial liabilities is based on certain variables such as the remaining life, the risk-free interest on the valuation date, past performance and market price of the Company's security, and is recorded in the interim consolidated statement of income. For further information, refer to note 19 and 28 to our financial statements.

Income Tax Expense

The increase in the income tax expense for the year ended December 31, 2018 is primarily the result of temporary differences arising from local expenditures that are deductible earlier for tax purposes. These temporary differences have the effect of postponing the payment of the tax burden, which will therefore be payable only in the future. Thus, \$3,611,000 of the tax expense of \$4,289,000 has no cash impact for the current year.

Income Attributable to Non-Controlling Interest

In 2018, the result attributable to the non-controlling interest (10% interest in Nampala S.A. held by the Government of Mali) amounted to \$908,000 compared to a net income of \$571,000 in 2017.

9. OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2018, other comprehensive income amounted to \$2,108,000, reflecting the impact of the change in the exchange rate between the Euro (our functional currency) and the Canadian dollar (our presentation currency) on our non-monetary assets and liabilities (\$3,060,000 in 2017).

10. CASH FLOWS

The following table summarizes our cash flows:

	2018	2017
(rounded to the nearest thousand)	\$	\$
Operating activities		
Operations	26,914,000	23,209,000
Working capital items	(2,002,000)	1,003,000
	24,912,000	24,212,000
Investing activities	(17,659,000)	(15,664,000)
Financing activities	(1,789,000)	(8,366,000)
Change in cash during the year	5,464,000	182,000
Effect of exchange rate changes on cash	(180,000)	(392,000)
Cash at the beginning of the year	2,138,000	2,348,000
Cash at the end of the year	7,422,000	2,138,000

Operating Activities

Operations

For the year ended December 31, 2018, operating activities, before working capital items, generated a positive cash flows of \$26,914,000 compared to \$23,209,000 in 2017. Operating activities included interest paid of \$8,162,000 in 2018 compared to 3,136,000 in 2017.

Working Capital Items

Working capital items required cash of \$2,002,000 in 2018, mainly due to an increase in inventories, while in 2017, the working capital items generated cash of \$1,003,000. Additional information on the net change in non-cash working capital is provided in note 22 to the financial statements.

10. CASH FLOWS - (CONTINUED)

Investing Activities

For the year ended December 31, 2018, cash flows used by investing activities amounted to \$17,659,000 compared to \$15,664,000 in 2017 (see table below for explanations).

	2018	2017
(rounded to the nearest thousand)	\$	\$
Immobilization expenses		
Maintenance and development*	(5,077,000)	(7,372,000)
Stripping costs	(7,030,000)	(4,753,000)
	(12,107,000)	(12,125,000)
Exploration expenses		
Nampala mine	(3,316,000)	(311,000)
Other permits	(1,166,000)	(424,000)
	(4,482,000)	(735,000)
Other variations		
Disposal of property, plant and equipment	1,440,000	---
Decrease (increase) of paid deposits	323,000	903,000
Decrease (increase) in purchases of property, plant and equipment in accounts payable	(2,833,000)	(3,707,000)
	(1,070,000)	(2 804,000)
Total	(17,659,000)	(15,664,000)

* Refer to page 11 of this document for the details of the main amounts invested.

Financing Activities

For the year ended December 31, 2018, cash flows required by financing activities amounted to \$1,789,000 compared to \$8,366,000 in 2017. In 2018, the Company obtained Bank financing from the Malian banks for an amount of \$15,001,000 to restructure its debt. In addition, the Company repaid an amount of \$8,717,000 on its long-term debt, in accordance with the planned repayment schedules, as well as all of its convertible debentures, including an amount of \$7,255,000 for cash and an amount of \$11, 640,000 in consideration of an issuance of new non-convertible and unsecured debentures.

11. FINANCIAL INSTRUMENTS

The nature and extent of risks arising from financial instruments are described in note 28 to our financial statements.

12. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of incomes and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to our financial statements are disclosed in note 6 to our financial statements.

13. CHANGES IN ACCOUNTING POLICIES

The Company has adopted IFRS 15 in its financial statements in accordance with the revised retrospective method. Refer to note 4 of our financial statements for further details.

14. FUTURE ACCOUNTING CHANGES

The Company has not yet adopted certain standards and amendments that have been published but whose effective date is later than December 31, 2018. Refer to note 5 of our financial statements for further details.

15. FINANCIAL POSITION

	2018	2017
(rounded to the nearest thousand)	\$	\$
Current assets	19,088,000	11,153,000
Property, plant and equipment	83,833,000	83,105,000
Other non-current assets	6,772,000	5,351,000
Total assets	109,693,000	99,609,000
Current liabilities	22,972,000	46,281,000
Non-current liabilities	29,804,000	9,859,000
Total liabilities	52,776,000	56,140,000
Equity attributable to shareholders	56,222,000	43,690,000
Non-controlling interest	695,000	(221,000)
Total equity and liabilities	109,693,000	99,609,000

As at December 31, 2018, our total assets amounted to \$109,693,000 compared to \$99,609,000 as at December 31, 2017. This increase is partly due to the significant increase in our cash balance due to the collection of the last sales of the year 2018, and by the increase in the level of inventories of parts and supplies at the Nampala mine in order to allow us to better control the risks of critical production.

As at December 31, 2018, our total liabilities amounted to \$52,776,000 compared to \$56,140,000 as at December 31, 2017. This decrease is due in large part to the fact that the Company repaid a portion of the convertible debentures issued on November 21, 2013, all of the convertible debentures issued on July 2nd, 2015 and all accrued interest on these convertible debentures. In addition, the Company repaid a capital amount of \$8,717,000 on their long-term debt and reduced the balance of the accounts payable in the amount of \$2,248,000. In addition, the Company also obtained two bank loans from Malian banks amounting to \$15,000,000 in order to restructure part of the remaining debt.

16. CONTRACTUAL OBLIGATIONS

Asset Retirement Obligations

The Company's operations are subject to various laws and regulations relating to provisions for environmental restoration and closure for which the Company estimates future costs. The Company establishes a provision based on the best estimate of the future costs for the reclamation of mine sites and associated production facilities on an up-to-date basis.

As at December 31, 2018, the provision for the subsequent dismantling of facilities under construction on the Nampala site was of \$469,000 (\$254,000 as at December 31, 2017).

Government royalties

In Mali, the rate of mining royalties on volumes shipped is 3%. For the year ended December 31, 2018, mining royalties of \$1,941,000 (\$1,215,000 in 2017) were registered as expenses.

Net Smelter Royalty ("NSR")

We are subject to NSR royalties ranging from 1% to 2% on our different exploration properties. NSR royalties will only come into effect when we obtain an operating license on these properties.

For the operating license for gold and minerals on a portion of the Mininko property, NSR royalties of \$641,000 were recorded as expenses for the year ended December 31, 2018 (\$404,000 in 2017).

Purchase Obligations

As at December 31, 2018, the Company has engaged with various unrelated suppliers for purchases of equipment and supplies totalling \$4,665,000 (\$1,087,000 as at December 31, 2017).

Payments for the Maintenance of Mineral Rights

In the normal course of business, in order to obtain and retain all of the benefits associated with the holding of our mining licences, we must commit ourselves to invest a predetermined amount in the exploration and development of the lands covered by the permits that we hold over the period of validity of these licences. In addition, we are required to make annual payments to retain certain property titles. As at December 31, 2018, we respect all of the obligations arising from the holding of our licences in all their significant respects.

17. RELATED PARTY TRANSACTIONS

Transactions between related parties are disclosed in note 29 to our financial statements.

18. TRADING HOUSE: STRATEGY RELATING TO THE SALE OF GOLD

On June 5, 2014, the Company announced that it had finalized the implementation of the corporate structure related to the Trading House (defined hereunder) together with its marketing strategy related to the sale of the gold produced at the gold mine in Nampala, Mali (the "Mine"). This operation was carried out with the sole objective of increasing the Company's return on its previous significant investments made in the Mine. The operation of the Trading House constitutes one of the bases of the Company's marketing strategy relating to the sale outside of Mali of gold produced at the Mine; one of the goals of this strategy is to directly supply certain value-added segments of the market, including the high-end jewelers and mints, with a differentiated product and a trade mark providing additional value.

As such, as indicated in the Material Change Report of May 8, 2014, on March 27, 2014, the Company incorporated a new affiliate, African Peak Trading House Limited (the "Trading House"), a corporation governed by laws of the Isle of Man. This transaction has been subject to an application for approval by the TSX Venture Exchange and is subject to the rules for the protection of minority shareholders.

In order to complete the capitalization of the Trading House, the Company subscribed for common shares and Class B Shares of the Trading House in an aggregate amount of \$15,000,000. Under the terms of a subscription agreement, the Company, subject to the satisfaction of certain conditions, subscribed for 1,000 common shares at \$1.00 per share of the Trading House (the "Common Shares") and 15,000,000 Class B Shares of the Trading House (the "Class B Shares") at \$1.00 per Class B Share. The Class B Shares are non-voting shares and will entitle the Company to receive a preferential dividend over the Common Shares. The legal control of the Trading House will rest in a trust formed under the laws of Gibraltar, the Golden International Income Trust (the "Trust"), of which the sole beneficiary is the Company. The Trust is also controlled by a protector, who is acting pursuant to the terms of a supervision and control policy (the "Supervision and Control Policy") under which the protector must report annually at the Company's annual shareholders' meeting. The Supervision and Control Policy was implemented by the Board of Directors of the Company.

The Trading House will use the subscription proceeds from the Company to establish, in favor of Nampala S.A., the Company's subsidiary in Mali exploiting the Mine, a senior non-revolving credit facility entitled the Senior Gold Stream Credit Agreement (the "Loan") and a gold supply agreement (the "Gold Supply Agreement") which provides for the supply of gold to the Trading House in the normal course of business for a period of three years and is based on the same price as set forth for the Loan.

The proceeds from the Gold Loan were used by Nampala S.A. to pay back certain advances previously made by the Company for an amount of \$15,000,000. In practice, the Company substituted \$15,000,000 of advances owed to it by Nampala S.A. with a private placement in the Trading House for the same amount.

Under the Gold Loan, Nampala S.A. must deliver possession to the Trading House of all of the doré bars extracted from the Mine, over a five-year period, in repayment of the capital and interest owed under the Gold Loan by Nampala S.A. to the Trading House. The Trading House will manage the refining of the gold by contracting with refiners located in Europe, in order to subsequently sell the refined gold directly to the international market. This follows the example of the major mining corporations. The Trading House will distribute the profits to the Company by way of intercompany dividends. Following the repayment of the Loan, the Trading House will benefit from the Gold Supply Agreement, pursuant to the same terms and conditions as the Loan. Nampala S.A. will distribute the profits from the sale of the doré bars to the Company by way of repayment of the advances and intercompany dividends, profits representing the difference between the prices set forth in the Loan and the production costs.

18. TRADING HOUSE: STRATEGY RELATING TO THE SALE OF GOLD - (CONTINUED)

On December 6, 2018, an agreement was reached between the Trading House and Nampala S.A. giving rise to a new loan of 7,622,451 euros (\$11.6 million Canadian dollars), through a gold stream credit agreement ("Gold Loan"). This financing, the Gold Loan, similar to the financing of the 2014 Gold Loan, allowed Nampala S.A. to complete its financing structure with a favorable interest rate on this financing at 5% (compared to 11% in 2014). This transaction also includes the increase in the capitalization of the Trading House of a total amount of 7,622,451 euros, paid by the Company on December 6, 2018. As part of this loan, Nampala S.A. will deliver to the Trading House all gold bullion extracted from the mine over a period of seven years, in payment of the capital and interest due under the Gold Loan.

In summary, the Trading House is a specialized company that will market the gold received from Nampala S.A. outside of Mali by identifying the favorable markets and eventually by developing new niche markets. The Trading House will sell the physical gold on the international market and will distribute all the profits from the sales of said gold to the Company through inter-company dividends. In doing so, the Company anticipates that the additional profits generated from the gold marketing strategy, based on the business model of the Trading House targeting value-added segments of the market, will be significant and that this endeavor will be beneficial for the Company.

19. MINING PROPERTIES: FOUR EXPLORATION PERMITS

ROBEX currently holds four exploration permits, all located in Mali, in West Africa, but two permits have expired at the beginning of the year 2019 and therefore are being reassigned by the Malian State (Mininko and Sanoula). Mali is currently Africa's third most important gold-producing country. Two of Robex's permits are situated in southern Mali (Mininko and Kamasso), while the two others are located in the western area of the country (Sanoula and Kolomba). ROBEX is actively working towards developing its permits, all of which indicate favorable geology for the discovery of gold deposits.



19. MINING PROPERTIES: FOUR EXPLORATION PERMITS - (CONTINUED)

Mininko Permit

The project includes the Mininko exploration permits covering 62 km². Robex owns 100% of the permit and a 1% NSR is liable. It is on this property that the Nampala mine is located. It is located around 57 km to the southwest of the town of Sikasso and 21 km south of Niéna village, which is accessible via the trail from the Nampala mine. Geologically, it is located in the South Mali window, in the inferior Proterozoic age Birrimian bedrock, where the Syama, Morilla, and Nampala gold deposits were found. The project includes the operation permit of the Nampala deposit, and is located 35 km north-northeast of the Syama deposit and 92 km southwest of the Morilla deposit.

The region of the permit has been explored in detail since 1980, and soil geochemistry, geology, geophysics, and surveys revealed potential areas for exploration. The work has defined several gold targets, one of which became the Nampala deposit. Geochemical and geophysical studies have been planned on this property to determine drilling sites conducive to discoveries that may lead to future exploitation.

Kamasso Permit

The project includes the Kamasso exploration permits covering 100 km². Robex owns 100% of the permit and a 1% NSR is liable. It is located about 74 km southwest of Sikasso and 35 km south of Niéna village, which is accessible via the Nampala mine trail. In the prospecting Sikoro area, the geochemical anomaly is combined with an induced polarization anomaly. This gold anomaly is located on the southern extension of the stratigraphic and structural sequence where the Nampala deposit is. In 2009, 700 meters of drilling were completed and show a rooting under the surface of the soil anomaly.

The Kamasso permit offers very interesting prospects. It is located on the southern extension of the stratigraphic and structural sequence in which the Nampala deposit (Mininko) is located. It is located a few kilometers from Nampala. Exploration work previously carried out had helped to identify several geochemical anomalies in soils including the Sikoro, as well as those of Kadjila and Sirakoroni confirmed by wells and short-destructive surveys. The completion of a geological map using aerial and satellite images and an airborne geophysical survey of the Sysmine project in the territory of the Kamasso permit had also showed the continuation of large structures of the Nampala anomaly (Mininko permit) defined by faulting and fracture networks. Geochemical and geophysical studies have been planned on this property to determine drilling sites conducive to discoveries that may lead to future exploitation.

Sanoula Permit

The project includes the Sanoula exploration permit covering 31.5 km². Robex owns 100% of the permit and a 1% NSR is liable. It is located around 58 km north-northwest of the town of Kenieba and 120 km south of the city of Kaye, which is accessible by trails. Geologically, it is located in the northern part of the Kédougou Kéniéba window, in the inferior Proterozoic age Birrimian bedrock, which can be found in the central and northern part of the gold deposits of Sadiola, Loulo and Tabakoto. The project is located on the Senegalese-Malian Accident (ASM), which marks the boundary between the Kofi Formation to the east and the Kéniébandi Formation to the west, and is located between the Sadiola, 56 km north-northwest, and Loulo, 26 km south-southeast, deposits.

The region of the permit has been explored in detail since 2000, and soil geochemistry, geophysics, geology, and surveys have found a linear gold mineralized area. The area was drilled in 2006 and 2007 following the discovery of a geochemical anomaly associated with a resistivity anomaly. A total of 966 meters was drilled; the mineralization intersection is contained in a highly distorted sedimentary tourmaline formation. Gold occurs mainly in strongly dipped pyritized quartz veins, in moderately silicified tourmaline-enclosed rock. This type of gold mineralization characterizes the Loulo deposit.

19. MINING PROPERTIES: FOUR EXPLORATION PERMITS - (CONTINUED)

Kolomba Permit

The project includes the Kolomba exploration permit covering 64 km². Robex owns 100% of the permit. It is located about 12 km south of Kenieba and 1 km northeast of Dabia village. The road linking Bamako Kenieba passes through the center of the permit. Geologically, it is located in the southeast sector of the Kédougou Kéniéba window in the inferior Proterozoic age Birrimian bedrock, which can be found in the central and northern part of the gold deposits of Sadiola, Loulo and Tabakoto. The project is located 21 km northeast and 25 km south of the Fekola and Tabakoto gold deposits respectively.

The region of the permit has been explored in detail since the 1990s, and soil geochemistry, geology, geophysics, and surveys revealed potential areas for gold exploration. These studies have yielded poor results in general. They are consistent with geological landscapes where saprolite is dominant, with scatterings of small quartz stock work and, at times, higher amounts of gold mineralization, but the latter are sporadic and have no real continuity. The results obtained on the target MM-5A show that the central area of this target could be prospective. The drilling on anomalies MM-2, MM-3 and Bilali Santos highlighted valid intersections worthy of follow-ups to establish continuity. Consistent gold values were also revealed in trenches dug in a targeted area of 40 meters by 50 meters.

20. RISKS AND UNCERTAINTIES

As a mining company, we face the financial and operational risks inherent to the nature of our activities. These risks may affect our financial condition and results of operation. As a result, an investment in our common shares should be considered speculative. Prospective purchasers or holders of our common shares should give careful consideration to all of our risk factors.

Financial Risks

Fluctuation in Gold Prices

The profitability of our operations will be significantly affected by changes in the market price of gold. Gold production from mining and the willingness of third parties, such as central banks, to sell and lease gold have an impact on the Golden supply.

The demand for gold can be influenced by economic conditions, the attractiveness of gold as an investment vehicle and the strength of the US dollar. Other factors include interest and exchange rates, inflation and political stability. The overall incidence of these factors is impossible to predict accurately.

In addition, the price of gold has, on some occasions, been subject to very rapid short-term variations due to speculative activities. Fluctuations in gold prices can have a significant adverse impact on our financial situation and on our operating income.

Fluctuation in Petroleum Prices

Because we use petroleum fuel to power our mining equipment and to generate electrical energy to power our mining operations, our financial condition and results of operation may be materially adversely affected by rising petroleum prices.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Exchange Rate Fluctuations

Our operations in Mali are subject to currency fluctuations that may materially adversely affect our financial condition and results of operation. Gold is currently sold in euros, and the majority of our costs are calculated in FCFA. The exchange rate between the Euro and the FCFA is set by the European Central Bank and has remained unchanged for the last ten years at a rate of FCFA 655.957 for 1 euro. However, some of our costs are incurred in other currencies, such as the US dollar and the Canadian dollar. The appreciation of other currencies against the Euro can increase the cost of exploration and production in Canadian dollar terms, which could materially adversely affect our financial condition and results of operation.

Interest Rate Fluctuations

All of the Company's financial instruments and their lines of credit and long-term debt bear interest at a fixed rate and are therefore not exposed to interest rate risk.

Access to Debt Financing

The Company's activities depend on its ability to continue to have the necessary financing through borrowing. While management has been successful in securing funding in the past, there is no guarantee of future success, and there can be no assurance that these funding sources or initiatives will be available to the Company or available on terms acceptable to the Company.

Operational Risks

Uncertainty of Reserve and Resource Estimates

Reserves and resources are estimates based on limited information acquired through drilling and various sampling methods. No assurance can be given that anticipated tonnages and grades will be achieved or that level of recovery will be realized. The ore grade actually recovered may differ from the estimated grades of the reserves and resources. Such figures have been determined based upon assumed gold prices and operating costs.

Future production could differ dramatically from what is foreseen in the reserve estimates, particularly for the following reasons:

- mineralization or formations could differ from those predicted by drilling, sampling and similar examinations;
- increases in operating mining costs and processing costs could materially adversely affect reserves;
- the grade of the reserves may vary significantly from time to time and there is no assurance that any particular level of gold may be recovered from the reserves; and
- a decline in the market price of gold may render the mining of some or all of the reserves uneconomic.

Any of these factors may translate into increased costs or a reduction in our estimated reserves. Short-term factors, such as the need for the additional development of a deposit or the processing of new or different grades, may impair our profitability. Should the market price of gold fall, we could be required to materially write down our investment in mining properties or delay or discontinue production or the development of new projects.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Production and Cost Estimates

No assurance can be given that the intended or expected production schedules or the estimated cash costs and capital expenditures will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on our future cash flows, profitability, results of operations and financial condition. Many factors may cause delays or cost increases, including labor issues, disruptions in power, transportation or supplies, and mechanical failure. In addition, short-term operating factors, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular period. Furthermore, our activities may be subject to prolonged disruptions due to weather conditions. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material.

Our cost to produce an ounce of gold is further dependent on a number of factors, including the grade of the reserves, recovery and processing capacity, the cost of raw materials, inflationary pressures in general, and exchange rates. Our future performance may therefore differ materially from the estimated return. Since these factors are beyond our control, there can be no assurance that our cost will be similar from year to year.

Nature of Mineral Exploration and Mining

Our profitability is significantly affected by our exploration and development programs. The exploration and development of mineral deposits involves significant risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a gold-bearing structure may result in substantial rewards, few properties explored are ultimately developed into mines. Major expenses may be required to establish and replace reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that our current or proposed exploration programs will result in profitable commercial mining operations.

Whether a gold deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to taxes, royalties, infrastructure, land use, import and export of gold, revenue repatriation and environmental protection. The effects of these factors cannot be accurately predicted, but the combination of these factors may preclude us from receiving an adequate return on invested capital. Our operations are, and will continue to be, subject to all of the hazards and risks normally associated with the exploration, development and production of gold, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage.

Risk Related to External Contractors

Under mining services contracts, pit operations are carried out by external contractors. As a result, our operations are subject to risks, some of which are beyond our control, including:

- Inability to replace the contractor and its operating equipment in the event that either party terminates the agreement;
- Reduced control over certain aspects of the operations that are the responsibility of the contractor;
- Failure by the contractor to fulfil its obligation under the mining services contract;
- An interruption of operations in the event that the contractor ceases to operate due to insolvency or other circumstances;
- The contractor's failure to comply with the applicable legal and regulatory requirements under its responsibility; and
- The entrepreneur's problems in managing his workforce, a labour dispute or other related to his employees.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Risk Related to External Contractors – (continued)

In addition, we may incur liability to third parties as a result of the actions of a contractor. Although the mining contractors involved in these projects are well established and reputable, the occurrence of one or more of these risks could have a significant adverse impact on our financial situation and our result the operating.

Limited Property Portfolio

Currently, our only mineral property in operation is our Nampala mine in Mali. If we do not acquire or develop new mineral properties, any adverse development affecting our Nampala property could have a material adverse effect on our financial condition and results of operations.

Depletion of our Mineral Reserves

We must continually replace mining reserves depleted by production to maintain production levels over the long term. This is done by expanding known mineral reserves or by locating or acquiring new mineral deposits. There is, however, a risk that depletion of reserves will not be offset by future discoveries. Exploration for minerals is highly speculative in nature and involves many risks. Many, if not most, gold projects are unsuccessful, and there are no assurances that current or future exploration programs will be successful. In addition, significant costs are incurred to build up mineral reserves, to open new pits and to construct mining and treatment facilities.

Water Supply

The mining operations we exercise at the Nampala mine in our installations require significant quantities of water for mining, ore processing and related support facilities. Continuous production at our mines is dependent on our ability to access an adequate water supply. An insufficient water supply, as a result of new regulations or otherwise, could materially adversely affect our financial condition and results of operations.

Fluctuation in the Price of Energy and Other Commodities

The profitability of our mining operations activities is affected by the market price and availability of commodities that are consumed or otherwise used in connection with our operations such as diesel, fuel, steel, concrete and chemical products (including cyanide). Prices of such commodities are affected by factors that are beyond our control. An increase in the cost or decrease in the availability of needed commodities may materially adversely affect our financial condition and results of operations.

Licenses and Permits

We require licenses and permits from various governmental authorities. We believe that we hold all necessary licenses and permits under applicable laws and regulations in respect of our properties and that we presently comply in all material respects with the terms of such licenses and permits. Such licenses and permits, however, are subject to change in various circumstances. There can be no guarantee that we will be able to obtain or maintain all necessary licenses and permits that may be required to continue to operate our current undertakings to explore and develop properties or commence construction or operation of mining facilities and properties under exploration or development. Failure to obtain new licenses and permits or successfully maintain current ones may materially adversely affect our financial condition and results of operations.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Political Risk

While the Government of Mali has supported the development of its natural resources by foreign companies, there is no assurance that the government will not in the future adopt different policies or new interpretations respecting foreign ownership of mineral resources, rates of exchange, environmental protection, labor relations, and repatriation of income or return of capital. Any limitation on transfer of cash or other assets between Robex and our subsidiaries could restrict our ability to fund our operations, or it could materially adversely affect our financial condition and results of operations.

Moreover, mining tax regimes in foreign jurisdictions are subject to differing interpretations and constant changes and may not include fiscal stability provisions. Our interpretation of taxation law, including fiscal stability provisions, as applied to our transactions and activities may not coincide with that of the tax authorities. As a result, taxes may increase and transactions may be challenged by tax authorities and our operations may be assessed, which could result in significant taxes, penalties and interest. We may also encounter difficulties in obtaining reimbursement of refundable tax from tax authorities. We may also find it difficult to recover the amounts of taxes and refundable taxes on the part of the tax authorities.

The possibility that the government may adopt substantially different policies or interpretations, which might extend to the expropriation of assets, cannot be ruled out. Political risk also includes the possibility of civil disturbances and political instability in our or neighboring countries as well as threats to the security of our mines and workforce due to political unrest, civil wars or terrorist attacks. Any such activity may disrupt our operations, limit our ability to hire and keep qualified personnel as well as restrict our access to capital.

It should be noted that the situation in Mali is deteriorating, as well as in neighbouring Burkina Faso and more generally in the Sub-Saharan arc. The degradation is of several natures, in particular with a destabilisation of the Centre of the country approaching Bamako, including social instability and political difficulties of all kinds. The country saw the emergence of ethnic conflicts that did not exist and the presence of armed banditry because of the presence of numerous weapons and militias.

Compliance, Fraud and Security Issues

The Company must ensure that fraud-related risks are adequately managed by the nature of its activities and its environment of extreme poverty and instabilities. A daily struggle is being fought on these aspects in another with the help of a mining safety specialist with experience in Africa.

More, the Company undertook a policy of consolidation of compliance, in particular by setting up a policy called AFP (anti-fraud procedure) based on the COSO 2013 benchmark.

A Gendarmerie is installed at the entrance of the mine. The site is monitored by several dozen digital cameras and patrol by several dozen guards. Nevertheless, the Company must adapt constantly and nothing guarantees the perfect effectiveness of the actions carried out.

Title Matters

Title to mineral projects and exploration and exploitation rights involves certain inherent risks due to the potential for problems arising from the ambiguous historical characteristics of mining projects. While we have no reason to believe that the existence and extent of any mining property in which we have an interest is in doubt, title to mining properties is subject to potential claims by third parties, and no guarantees can be provided that there are no unregistered agreements, claims or defects which may result in our titles being challenged.

In addition, the failure to comply with all applicable laws and regulations, including failure to pay taxes and carry out and file assessment work within applicable time periods, may invalidate title to all or portions of the properties covered by our permits and licenses.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Suppliers Risk

We are dependent on various services, equipment, supplies and parts to carry out our operations. The shortage of any needed good, part or service may cause cost increases or delays in delivery time, thereby materially adversely affecting our production schedules as well as financial condition and results of operations.

In addition, we may incur liability to third parties as a result of the actions of a contractor. The occurrence of one or more of these risks could have a material adverse effect on our financial condition and results of operations.

Competition

The mineral exploration and mining business is competitive in all of its phases. We compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties, equipment and human resources. There is no assurance that we will continue to be able to compete successfully with our competitors.

Qualified and Key Personnel

In order to operate successfully, we must find and retain qualified employees with strong knowledge and expertise in the mining environment. ROBEX and other companies in the mining industry compete for qualified and key personnel, and if we are unable to attract and retain qualified personnel or fail to establish adequate succession planning strategies, our financial condition and results of operations could be materially adversely affected.

Labor Relations

We are dependent on our workforce to extract and process minerals. Our relations with our employees may be impacted by changes in labor relations which may be introduced by, among others, employee groups, unions and governmental authorities. Furthermore, some of our employees are represented by labor unions under collective labor agreements. We may not be able to satisfactorily renegotiate our collective labor agreements upon their expiration. In addition, existing labor agreements may not prevent a strike or work stoppage at our facilities in the future. Labor disruptions could have a material adverse impact on our financial condition and results of operations.

Environmental Risks, Hazards and Costs

All phases of our operations are subject to environmental regulation. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Environmental hazards which are unknown to us at present and which have been caused by previous or existing owners or operations of the properties may exist on our properties. Failure to comply with applicable environmental laws and regulations may result in enforcement actions and may include corrective measures that require capital expenditures or remedial actions. There is no assurance that future changes in environmental laws and regulations and permits governing operations and activities of mining companies, if any, will not materially adversely affect our financial condition and results of operations.

Mining production involves the use of sodium cyanide, which is a toxic material. Should sodium cyanide leak or otherwise be discharged from the containment system, we may become subject to liability for clean-up work that may not be insured. While all steps have been taken to prevent discharges of pollutants into ground water and the environment, we may become subject to liability for hazards that may also not be insured.

In addition, natural resource companies are required to conduct their operations and rehabilitate the lands that they mine in accordance with applicable environmental regulations. Our estimates of the total ultimate closure and rehabilitation costs may be materially different from these actual costs. Any underestimated or unanticipated rehabilitation cost could materially adversely affect our financial condition and results of operations.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Insufficient Insurance

While we may obtain insurance against certain risks in such amounts as we consider adequate, available insurance may not cover all the potential risks associated with a mining company operations. We may also be unable to maintain insurance to cover insurable risks at economically feasible premiums, and insurance coverage may not be available in the future or may not be adequate to cover any resulting loss. Moreover, insurance that covers risks such as mill sites, environmental pollution, waste disposal or other hazards as a result of exploration and production is not generally available to gold mining companies on acceptable terms. The potential costs which may be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, materially adversely affecting our financial condition and results of operations.

Resource Nationalism

As African governments continue to struggle with deficits and depressed economies, the gold mining sector has been targeted to raise revenues. Governments are continually assessing the terms for a mining company to exploit resources in their countries. If translated into applicable law, the trend in resource nationalism could materially adversely affect our financial condition and results of operations. Many projects and new texts create concerns.

Relations with Surrounding Communities

Natural resources companies increasingly face public scrutiny of their activities. We are under pressure to demonstrate that, as we seek to generate satisfactory returns for our shareholders, other stakeholders including local governments and the communities surrounding our mine in Mali.

The potential consequences of these pressures include reputational damage, lawsuits, increasing social investment obligations and pressure to increase taxes and royalties payable to local governments and surrounding communities. These pressures may also impair our ability to successfully obtain the permits and approvals required for our operations.

In addition, our properties in Mali may be subject to the rights or asserted rights of various community stakeholders. Moreover, artisanal miners may make use of some or all of our properties, which would interfere with exploration and development activities on such properties.

Reliance on Information Technology Systems

Our operations are dependent upon information technology systems. These systems are subject to disruption, damage or failure from a variety of sources. Failures in our information technology systems could translate into production downtimes, operational delays, compromising of confidential information or destruction or corruption of data. Accordingly, any failure in our information technology systems could materially adversely affect our financial condition and results of operations. Information technology systems failures could also materially adversely affect the effectiveness of our internal controls over financial reporting. An action has been carried out for several years to reduce the risk of data loss, but there is no guarantee that this action will be fully effective.

20. RISKS AND UNCERTAINTIES - (CONTINUED)

Cybersecurity Threats

Our operations depend, in part, on how well we and our suppliers protect networks, technology systems and software against damage from a number of threats, including viruses, security breaches and cyberattacks. Cybersecurity threats include attempts to gain unauthorized access to data or to automated network systems and the manipulation or improper use of information technology systems. The failure of any part of our information technology systems could, depending on the nature of any such failure, materially adversely impact our reputation, financial condition and results of operations. Although we have not to date experienced any material losses relating to cyberattacks or other information security breaches, there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any system vulnerabilities.

Litigation

All industries, including the mining industry, are subject to legal claims with and without merit. We have in the past been, currently are, and may in the future be involved in various legal proceedings. While we believe it is unlikely that the final outcome of these legal proceedings will have an adverse material effect on our financial condition and results of operations, defense costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on our financial condition and results of operations.

Anti-Corruption Laws

We operate in jurisdictions that have experienced governmental and private sector corruption to some degree. We are required to comply with the Corruption of Foreign Public Officials Act (Canada), which has recently seen an increase in both the frequency of enforcement and severity of penalties. Although we adopted a formal anti-corruption policy and our Code of Conduct mandates compliance with anti-corruption laws, there can be no assurance that our internal control policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts. Violation or alleged violation of anti-corruption laws could lead to civil and criminal fines and penalties, reputational damage and other consequences that may materially adversely affect our financial condition and results of operations.

21. SHARE CAPITAL

As at April 25, 2019, our share capital consisted of 579,509,566 common shares issued and outstanding.

Also, 14,050,000 stock options were granted at an exercise price of \$0.09, \$0.115 and \$0.16, expiring respectively on July 16, 2022, September 23, 2023 and June 12, 2019. Each option entitles the holder to acquire one common share of the Company.

Shareholding of the Company

	Current position		Stock options ⁽¹⁾ Exercise effects		
	Shares Outstanding	%	Issued Shares	Total Shares Outstanding	% After Exercise
Cohen Group*	382,793,027	66.05%	5,000,000 ⁽²⁾	387,793,027	65.33%
Other Shareholders	196,716,539	33.95%	9,050,000	205,766,539	34.67%
Total	579,509,566	100%	14,050,000	593,559,566	100%

* Members of Cohen Group are: Georges Cohen, Julien Cohen, Benjamin Cohen, Johan Cohen, Émilie Cohen and Laetitia Cohen.

⁽¹⁾ 14,050,000 stock options with exercise prices of \$0.09, \$0.115 and \$0.16, expiring respectively on July 16, 2022, September 23, 2023, and June 12, 2019. Exercising these options would increase the Company's cash flow by \$1,352,000.

⁽²⁾ Stock options were awarded as follows: 3,000,000 to Georges Cohen, 1,250,000 to Benjamin Cohen and 750,000 to Julien Cohen.

22. DISCLOSURE CONTROLS AND PROCEDURES (DC&P) AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (ICFR)

Disclosure Controls and Procedures

We maintain appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, accurate, reliable and timely. The disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that information required to be disclosed in the annual filings, interim filings or other reports filed under securities legislation is recorded, processed, summarized and reported within the time periods specified by said legislation and include controls and procedures designed to ensure that material information required to be disclosed is accumulated and communicated to management, including its certifying officers, as appropriate, to allow timely decisions regarding required disclosure.

Our President, our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO) have evaluated, or caused the evaluation of, under their direct supervision, the design and operating effectiveness of our DC&P as defined in *Regulation 52-109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings* as at December 31, 2018, and have concluded that such DC&P were designed and operating effectively.

Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has evaluated the design and operating effectiveness of its ICFR as defined in *Regulation 52-109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings*. This evaluation was performed by the President, the CEO and the CFO with the assistance of other management and staff to the extent deemed necessary.

Based on this evaluation, the president, the CEO and the CFO and the concluded that, as at December 31, 2018, the ICFR were appropriately designed, effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Limitations of Controls and Procedures

In spite of its evaluation, our management, including the CEO and CFO, believes that any controls and procedures no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives. Accordingly, because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

23. FOURTH QUARTER FINANCIAL AND OPERATING RESULTS

In the fourth quarter of 2018, gold sales amounted to \$18,613,000 compared to \$14,754,000 for the same period in 2017. The increase in gold sales is mainly attributable to the increase in the quantity of gold ounces sold. For the fourth quarter of 2018, the company sold 10,939 ounces of gold compared to 9,069 for the same period in 2017.

The net loss attributable to shareholders in the fourth quarter of 2018 was \$4,897,000 or -\$0.008 per share compared to a net result of \$3,812,000 or \$0.007 per share for the same period in 2017. This decrease is mainly due to the higher depreciation of tangible and intangible assets, or \$7,686,000 for the fourth quarter of 2018 compared to \$2,173,000 for the same period in 2017. This increase is partly due to the fact that the majority of property, plant and equipment is amortized on the basis of the ounces of gold sold for the period concerned. In addition, the Company filed in 2018 a technical report NC 43-101 concerning the mineral resource estimate of Nampala. These new data, as well as a better knowledge of our industrial tool, have resulted in prospectively refining several methods of calculating capital depreciation, thus more accurately representing the reality economy of the current mine. Finally, a deferred tax expense in the amount of \$3,611,000 was recorded in the fourth quarter of 2018 to consider the temporal differences arising primarily from capital expenditures that are deductible earlier for tax purposes.

In the fourth quarter of 2018, our total cash cost and all-in sustaining cost were \$765 and \$1,148, respectively. The significant increase in the all-in sustaining cost in the fourth quarter of 2018 compared to the previous quarters is mainly attributable to the exploration work carried out in the 2018-2019 campaign which began at the end of the third quarter of 2018.

24. QUARTERLY RESULTS

	2018					2017				
	Q4	Q3	Q2	Q1	Year	Q4	Q3	Q2	Q1	Year
<i>(in thousands of dollars, except for amounts per share)</i>										
Results										
Revenue – Gold sales	18,613	19,820	19,376	20,573	78,382	14,754	14,786	15,207	12,405	57,152
Net income	-5,484	5,125	5,242	6,406	11,289	4,062	711	2,851	3,792	11,416
Attributable to										
- Shareholders	(4,897)	4,598	4,796	5,883	10,380	3,812	381	2,828	3,824	10,845
- Non-controlling interest	(587)	527	446	523	909	251	330	22	(32)	571
Basic earnings per share	(0.008)	0.008	0.008	0.010	0.018	0.007	0.001	0.005	0.007	0.019
Diluted earnings per share	(0.008)	0.008	0.008	0.010	0.018	0.007	0.001	0.005	0.007	0.019
Cash flows from operating activities ¹	1,219	7,782	8,310	9,603	26,914	5,490	5,722	6,907	5,090	23,209
NAMPALA										
Operating Data										
Ore mined (tonnes)	491,734	365,759	448,974	491,342	1,797,809	479,198	325,524	376,054	270,721	1,451,497
Ore processed (tonnes)	481,603	432,538	436,224	445,226	1,795,591	470,010	404,038	381,973	359,945	1,615,966
Head grade (g/t)	0.91	0.97	0.94	0.93	0.94	0.89	0.80	0.77	0.93	0.85
Recovery (%)	84.9%	87.3%	86.3%	83.9%	85.6%	82.4%	83.5%	85.9%	85.9%	83.9%
Gold ounces produced	10,665	12,772	11,716	9,793	44,946	11,099	9,163	8,965	7,771	36,997
Gold ounces sold	10,939	12,733	11,481	11,989	47,142	9,069	9,197	8,987	7,548	34,801
Statistics (in Canadian dollars)										
Average realized selling price (per ounce)	1,701	1,557	1,688	1,716	1,663	1,627	1,608	1,692	1,643	1,642
Cash operating cost (per tonne processed) ²	17	15	14	14	15	15	13	11	14	13
Total cash cost (per ounce sold) ²	765	586	597	638	643	706	585	590	664	635
All-in sustaining cost (per ounce sold) ²	1,148	827	921	1,019	973	1,105	774	872	945	923
Administrative expenses (per ounce sold)	101	134	137	129	126	139	130	165	108	136
Depreciation of property, plant and equipment (per ounce sold)	702	249	254	242	354	239	217	216	212	221

¹ Cash flows from operating activities exclude net change in non-cash working capital items.

² Cash operating cost, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this document, on page 40.

25. NON-IFRS FINANCIAL PERFORMANCE MEASURES

Some of the indicators used to analyze and evaluate our results represent non-IFRS financial performance measures. We provide non-IFRS financial performance measures, as they may be used by some investors to evaluate our financial performance. Since the non-IFRS performance measures do not have any standardized definition prescribed by IFRS, they may not be comparable to similar measures presented by other companies. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. For the non-IFRS financial performance measures not already reconciled within the present document, we have defined the IFRS financial performance measures below and reconciled them to reported IFRS measures.

Cash Operating Cost

The table below presents reconciliation between the cash operating cost calculated in accordance with the Gold Institute¹ standards and operating expenses. The Company follows the recommendations of the Gold Institute on standard production costs.

	2018	2017
Per tonne processed		
Tonnes of ore processed	1,795,591	1,615,966
(in dollars)		
Mining operation expenses (relating to ounces sold)	30,326,794	22,093,273
Mining royalties	(2,582,376)	(1,619,111)
Effects of inventory adjustments (<i>doré</i> bars, gold in circuit and ore stockpiles)	(566,725)	1,047,644
Operating costs (relating to tonnes processed)	27,177,693	21,521,806
Cash operating cost (per tonne processed)	15	13

Total Cash Cost

	2018	2017
Per ounce sold		
Gold ounces sold	47,142	34,801
(in dollars)		
Mining operation expenses	30,326,794	22,093,273
Total cash cost (per ounce sold)	643	635

¹ The Gold Institute, which ceased operations in 2002, was a non-regulated organization representing a global group of gold producers. The cost standard of production developed by the Gold Institute remains the generally accepted standard for the recording of costs disbursed by gold mining companies.

25. NON-IFRS FINANCIAL PERFORMANCE MEASURES - (CONTINUED)

All-in Sustaining Cost

All-in sustaining cost represents the total cash cost plus sustainable capital expenditures and the stripping costs per ounce.

	2018	2017
Gold ounces sold	47,142	34,801
(in dollars)		
Sustaining capital expenditures	15,547,638	10,010,501
Sustaining capital expenditures (per ounce sold)	330	288
Total cash cost (per ounce sold)	643	635
All-in sustaining cost (per ounce sold)	973	923

Operating Cash Flows per Share

	2018	2017
Cash flows from operating activities ¹ (in dollars)	26,914,198	23,208,689
Weighted average number of outstanding common shares - basic	579,509,566	579,509,566
Operating cash flows per share (in dollars)	0.046	0.040

Adjusted Accounting Measures

	2018	2017
(in dollars)		
Net income attributable to equity shareholders as per IFRS	10,379,848	10,844,504
Stock-based compensation expense	51,936	807,398
Foreign exchange gain	(271,460)	(220,888)
Change in fair value of financial liabilities	(1,776,623)	(1,213,667)
Gain on disposal of property, plant and equipment	(366,005)	---
Write-off of mining properties	---	873,863
Adjusted net income attributable to equity shareholders	8,017,696	11,091,210
Weighted average number of outstanding shares	579,509,566	579,509,566
Adjusted basic earnings per share	0.014	0.019

¹ Cash flows from operating activities exclude net change in non-cash working capital items.

26. ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A has been prepared as at April 25, 2019. We present additional information on us through regular filings of press releases, financial statements and our Annual Information Form on SEDAR (sedar.com). These documents and other sources of information about the Company may also be found on our website at robexgold.com.

27. FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and, accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. These forward-looking statements include statements regarding our expectations as to the market price of gold, production targets, timetables, mining operation expenses, capital expenditures and mineral reserve and resource estimates. Forward-looking statements include words or expressions such as "pursuing", "growth", "opportunities", "anticipated", "outlook", "strategy", "will", "estimated", "expected", "in order to", "should", "target", "objective", "intend", and other similar words or expressions. Factors that could cause actual results and events to differ materially from expectations expressed or implied by the forward-looking statements include, among others, the ability to achieve our objective of producing at least 45,000 ounces of gold at the Nampala mine in 2019 at a total cash cost (per ounce sold) less than \$650 and an all-in sustaining cost (per ounce sold) less than \$900, the ability to maintain a level of administrative burdens similar to that of the year 2018, the ability to achieve our strategic focus, fluctuations in the price of gold, currencies and operating costs, risks related to the mining industry, uncertainty as to calculation of mineral reserves and resources, delays, political and social stability in Africa (including our ability to maintain or renew licenses and permits), and other risks described in Robex's documents filed with Canadian securities regulatory authorities. ROBEX disclaims any obligation to update or revise any forward-looking statements, unless required to do so by law.

CORPORATE INFORMATION

SHARE LISTING

TSX Venture Exchange
Trading symbol: RBX

HEAD OFFICE

437 Grande-Allée Est, suite 100
Québec (Quebec)
Canada G1R 2J5
Tel. : (581) 741-7421
Fax : (581) 742-7241
info@robexgold.com

MALI OFFICE

Rue 50, porte 901 Badalabougou
B.P. 1939
Bamako, Mali, Afrique
011 223 20 23 24 80
011 223 76 41 20 21
a.kader@robexgold.com

BOARD OF DIRECTORS

Chairman:

Georges Cohen

Vice-chairman:

Richard R. Faucher

Other members:

Benjamin Cohen, Christian Marti, Claude Goulet, Julien Cohen, Michel Doyon

AUDIT BOARD

President:

Claude Goulet

Other members:

Julien Cohen, Michel Doyon

DIRECTION

President:

Georges Cohen

CEO:

Benjamin Cohen

CFO and COO:

Augustin Rousselet

AUDITORS

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
Québec (Quebec)

LEGAL COUNSEL

Norton Rose Fulbright Canada S.E.N.C.R.L., s.r.l.
Québec (Quebec)

QUALIFIED PERSON (NI 43-101)

Alain Carrier, M.Sc., P.Geo

TRANSFER AGENT

Computershare Trust Company of Canada, Montréal (Quebec)
579,509,566 shares issued as at April 25, 2019

INVESTOR RELATIONS

Augustin Rousselet
Tel. : 581-741-7421
info@robexgold.com