# MANAGEMENT'S DISCUSSION AND ANALYSIS
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**
(Containing information through May 27, 2019 unless otherwise noted)

## BACKGROUND

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to African Gold Group, Inc. ("we", "our", "us", "African Gold" or the "Company") as of May 27, 2019 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results with those of the previous periods and should be read in conjunction with our condensed interim consolidated financial statement for the three months ended March 31, 2019 and 2018 as well as with our annual consolidated financial statements for the years ended December 31, 2018 and 2017. The condensed interim consolidated financial statements and related notes of African Gold have been prepared in accordance with International Financial Reporting Standards ("IFRS") and do not reflect the adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

Please refer to the notes of the December 31, 2018 annual consolidated financial statements for disclosure of the Company's significant accounting policies. Unless otherwise noted, all references to currency in this MD&A refer to United States dollars. References to CDN$ refer to the Canadian dollar.

Additional information, including our press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com. Additional information relating to the Company can be found on the African Gold website at www.africangoldgroup.com.

Andrew Cheatle, P.Geo, is a Qualified Person under National Instrument 43-101, has reviewed and approved the scientific and technical information in this MD&A.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to African Gold, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking information includes, without limitation, statements with respect to: possible events, the future price of gold, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words "anticipates", ''plans'', ''expects'', "indicative", "intend", ''scheduled'', "timeline", ''estimates'', ''forecasts", "guidance", "opportunity", "outlook", "potential", "projected", "schedule", "seek", "strategy", "study" (including, without limitation, as may be qualified by "feasibility" and "pre-feasibility"), "targets", "models", or ''believes'', or variations of or similar such words and phrases or statements that certain actions, events or results ''may'', ''could'', ''would'', or ''should'', ''might'', or ''will be taken'', ''occur'' or ''be achieved'' and similar expressions identify forward-looking information. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by African Gold and its external professional advisors as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the ''Risk Factors'' section of this MD&A. These factors are not intended to represent a complete list of the factors that could affect African Gold. Economic analyses (including mineral reserve and mineral resource estimates) in technical reports are based on commodity prices, costs, sales, revenue and other assumptions and projections that can change significantly over short periods of time. As a result, economic information in a technical report can quickly become outdated. African Gold disclaims any intention or obligation to update or revise any forward-looking information or to explain any material difference between subsequent events and such forward-looking information, except to the extent required by applicable law and regulations.

**OVERVIEW**

African Gold is a Canadian exploration and development company with a focus on developing a gold platform in West Africa. The Company is focused on the development of the Kobada Gold Project ("Kobada") in Mali.

Highlights for the three months ended March 31, 2019 include:

- On March 5, 2019, the Company issued 266,666 common shares of the Company at a deemed price of $0.375 per common share in full and final settlement of the CDN$100,000 owing to the service provider. The common shares will be subject to a statutory hold period of four months and one day from the date of issuance.

- On March 26, 2019, Stephan Theron resigned as Chairman and Director of the Company.

**SUBSEQUENT EVENTS**

On April 4, 2019, the Company received a CDN$240,000 loan from 2227929 Ontario Inc.

On April 15, 2019, the Company received TSX Venture Exchange approval to consolidate its common shares. Each new common shares of the Company for up to every 7.5 existing common shares of the Company. The principal effects of the consolidation is that the number of shares of the Company issued and outstanding is reduced from 361,582,671 existing common shares as of the date hereof to 48,211,008 new common shares. The consolidation of common shares, options and warrants have been reflected retrospectively in the management discussion and analysis.

**SUMMARY OF QUARTERLY RESULTS**

Selected unaudited consolidated financial information for each of the last eight quarters:

| Quarter Ended | Revenue | Total assets | (Loss) income for the Period | Earnings(Loss) per Share * |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| March 31, 2019 | Nil | 23,698,156 | (920,913) | (0.02) |
| December 31, 2018 | Nil | 23,701,859 | (684,775) | (0.01) |
| September 30, 2018 | Nil | 25,546,947 | (878,701) | (0.01) |
| June 30, 2018 | Nil | 26,201,105 | 161,375 | 0.00 |
| March 31, 2018 | Nil | 26,393,328 | 450,501 | 0.00 |
| December 31, 2017 | Nil | 26,635,600 | (281,903) | (0.01) |
| September 30, 2017 | Nil | 27,061,173 | (1,702,006) | (0.05) |
| June 30, 2017 | Nil | 27,832,329 | (1,748,300) | (0.04) |

* Earnings (Loss) per share data is basic and diluted

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditure required to advance its projects.

## OVERALL PERFORMANCE

Assets decreased from $23,701,859 as at December 31, 2018 to $23,698,156 as at March 31, 2019 mainly due to the reduction of receivables from Canadian Harmonized Sales Tax. The decrease in assets was also caused by the normal expenditures of the business on general and administrative functions. There were some foreign exchange losses experienced in the first quarter of 2019 on US based loans caused by the strengthening of the Canada dollar versus the US dollar.

For a discussion of trends that are reasonably likely to affect the Company's business, see "Liquidity and Capital Resources – Trends" below.

## SELECTED FINANCIAL INFORMATION

The following information has been extracted from the Company's consolidated financial statements:

| | For the three months ended March 31, | |
|---|---|---|
| | **2019** | 2018 |
| **Operations** | | |
| Revenue | **-** | - |
| Net (loss)/income | **(920,913)** | 450,501 |
| Loss per share | **(0.02)** | 0.01 |
| **Balance Sheet** | | |
| Total assets | **23,698,156** | 26,393,328 |
| Working capital* | **(1,772,104)** | 506,910 |
| Cash dividends declared | **NIL** | NIL |

*Working capital is defined as current assets minus current liabilities. Working capital is a Non-IFRS figure without a standard meaning. Please see "Non-IFRS Measures" below for a reconciliation.

## RESULTS OF OPERATIONS

### Revenues

The exploration properties acquired by the Company are still in the exploration and evaluation stage. Until sufficient work has been completed to confirm the technical and commercial feasibility of any specific interest being placed into production, it is not anticipated that AGG will have any material revenue.

### Expenses

| | For the three months ended March 31, | |
|---|---|---|
| | **2019** | 2018 |
| **Expenses** | | |
| Administration and general | **$ 78,844** | $ 103,871 |
| Consulting and personnel costs | **272,442** | 201,994 |
| Foreign exchange loss/ (gain) | **569,627** | (756,366) |
| | **$ 920,913** | $ (405,501) |

**Consulting and personnel costs** – The increase in consulting and personnel cost for the three months ended March 31, 2019 compared to the same period last year was due to a one-time occurrence consulting arrangement of $74,930. These consulting fees were paid on March 5, 2019 with a settlement of 266,666 common shares of the Company.

**Foreign exchange loss –** The Canadian dollar continues to fluctuate in 2019. The Canadian dollar strengthened resulting in an unrealized loss on US based loans receivable for the three months ended March 31, 2019 in the Canadian entity that is reflected in the Statement of Operations and Comprehensive Loss. For the three months ended March 31, 2018, the Canadian dollar weakened against the US dollar resulting in foreign exchange gain on the US based loans receivable.

**Administrative and general expenses** – AGG's administrative and general expenses for the three months ended March 31, 2019 decreased $25,027 to $78,844 from $103,871 at March 31, 2018.

| | For the three months ended March 31, | | | |
|---|---|---|---|---|
| | | **2019** | | 2018 |
| Bank and interest charges | **$** | **216** | $ | 611 |
| Communication | | **1,017** | | 1,675 |
| Insurance | | **2,003** | | 1,419 |
| Investor relations | | **3,836** | | 12,802 |
| Office and general | | **6,767** | | 25,393 |
| Professional fees | | **27,242** | | 21,065 |
| Rent | | **30,507** | | 24,063 |
| Travel | | **7,256** | | 16,843 |
| | **$** | **78,844** | $ | 103,871 |

Within the administrative and general expenses seen above, professional fees increased in the three months ended March 31, 2019 compared to the previous year due to increased legal costs. Travel expenses decreased for the three months ended March 31, 2019 compared to the same period last year as there has been no travel to Kobada in 2019. Office and general expenses decreased during the three months ended March 31, 2019 in an effort to reduce costs. Investor relations expenses decreased for the three months ended March 31, 2019 compared to 2018 due to lower shareholder communication costs.

## LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital deficiency of $1,772,104 at March 31, 2019 (December 31, 2018 - $1,470,863) and cash and cash equivalents of $31,686 (December 31, 2018 - $31,191). Specific cash flow fluctuations can be evidenced in the March 31, 2019 condensed interim consolidated financial statements in the Condensed Interim Statement of Cash Flows.

At present, the Company has no producing properties and consequently no revenue generating assets or operations. The Company is dependent on the ability to access funds from certain shareholders or potential investors in order to ensure that it can continue to fund ongoing administrative expenses and explore, quantify and develop any potential assets. Management is confident that it will be able to raise sufficient capital to further explore and develop its properties and projects in future periods when additional funding is required.

Mineral exploration is a speculative venture. There is no certainty that the money spent on exploration and development of mineral projects will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be related to the success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled.

## NON-IFRS MEASURES

The Company has referred to working capital throughout this document. Working capital is a Non-IFRS performance measure. In the gold mining industry, it is common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following tables provide a reconciliation of working capital to the financial statements as at March 31, 2019 and December 31, 2018.

| | **March 31, 2019** | December 31, 2018 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **$ 31,686** | $ 31,191 |
| Receivables | **24,889** | 43,189 |
| Prepaid expenses | **1,461** | 3,403 |
| | **58,036** | 77,783 |
| **Current liabilities** | | |
| Accounts payable and accrued Liabilities | **$ 1,830,140** | $ 1,548,646 |
| | **1,830,140** | 1,548,646 |
| **Working capital (deficiency), current assets less current liabilities** | **$ (1,772,104)** | $ (1,470,863) |

## CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of issued share capital, share-based payment reserve, accumulated other comprehensive income and deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned engineering, test work, advancement and development of the mining projects, and pay for administrative costs, the Company will spend working capital and expects to raise additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes in the Company's approach to capital management during the three months ended March 31, 2019. The Company is not subject to externally imposed capital requirements.

## COMMITENTS

### Management Commitments

The Company is party to certain management contracts. These contracts require payments of approximately CDN$1,272,000 (December 31, 2018 – CDN$2,146,000) to be made upon the occurrence of a change of control to the officers of the Company. The Company is also committed to payments upon termination of approximately CDN$905,000 (December 31, 2018 - $1,368,000) pursuant to the terms of these contracts. As a triggering event has not taken place, these amounts have not been recorded in the condensed interim consolidated financial statements for the three months ended March 31, 2019 and 2018.

## MINERAL PROPERTY UPDATE

### KOBADA

Kobada is near-surface gold project that has a mineral resource base (all categories) of over 2.2Moz of gold. The project is located in Mali, Africa's 3rd largest gold producing nation, 125 km south of its capital, Bamako. Previous operators completed 1,108 holes and 126,335m of drilling on the property and completed 3 economic studies, the last one being a feasibility study released in February 2016. Although the economics were compelling, the new management of the project has decided to undertake internal scoping studies in order to gain a better understanding of the project with a goal to optimize the size of the envisioned mine and increase the confidence in the resource model. Salient features of the 2016 feasibility study included:

- Global resource of 2.2Moz in all categories
- Strong economic potential demonstrated in feasibility study
  - LOM cash costs of US$557/Oz
  - Initial capex of US$45.4M
  - Post-tax $NPV_{5\%}$ of US$86M and IRR of 43%
- Shallow mineralization with deep oxidation
  - Ore is largely free-digging enabling mining to be conducted with significantly less blasting than other more conventional ore bodies
  - Simple processing enables pre-concentration of ore resulting in lower processing costs
- Significant resource growth potential
  - The 2.2Moz resource stretches over 4km within a larger 12km strike length that has not been properly tested
  - An additional 30km of shear zone structures have been identified on the property and have yet to be explored

### Results, Plans and Development

The Company has approved a 10-hole, 1,120-metre diamond and reverse circulation drill program for the Kobada project. The drill program was designed and managed by Minxcon Pty. Ltd. On June 11, 2018, the Company commenced a Diamond Drill and RC Drill program. The Company has engaged the services of Geodrill, and drills were mobilized on site June 4th. The drill program was designed to confirm and expand knowledge of existing shallow mineral resources, as well as explore down dip and along strike from known mineralization. The Company is also pleased to announce the engagement of DRA Global on a feasibility study gap analysis and renewal of its exploration license adjacent to Kobada.

**Diamond Drilling Results**

500.4 metres in five (5) DD holes were completed in phase 1. Drilling focused on the northern limits of the historical and published NI 43-101 Mineral Resource in an area where previous drilling was orientated parallel to mineralization trend

**Significant Mineralized Zones**

| | Mineralized Zones | | | | Mineralized Intersections (inclusive) | | | |
|---|---|---|---|---|---|---|---|---|
| **BHID** | **From** | **To** | **Width (m)** | **Grade (g/t)** | **From** | **To** | **Width (m)** | **Grade (g/t)** |
| DDH2 | 29.75 | 33.60 | 3.85 | 3.09 | | | | |
| DDH2 | 38.50 | 42 | 3.50 | 1.48 | | | | |
| DDH2 | 53 | 67 | 14 | 1.15 | 53 | 55 | 2 | 4.06 |
| DDH2 | 71 | 74 | 3 | 3.22 | | | | |
| DDH2 | 76 | 85 | 9 | 1.25 | | | | |
| DDH3A | 11.72 | 19.82 | 8.10 | 0.48 | 11.72 | 12.62 | 0.90 | 1.90 |
| DDH3A | 61.22 | 86.19 | 24.97 | 1.05 | 82.19 | 86.19 | 4 | 3.415 |
| DDH4 | 16.70 | 31.3 | 14.6 | 0.77 | 25.40 | 26.30 | 0.90 | 2.10 |
| DDH4 | 61 | 67 | 6 | 0.68 | | | | |
| DDH4 | 76.70 | 80.80 | 4.10 | 0.60 | 76.70 | 77.70 | 1 | 1.29 |
| DDH5 | 22.04 | 23.04 | 1 | 8.95 | | | | |
| DDH5 | 39.20 | 43.20 | 4 | 1.59 | | | | |
| DDH5 | 57 | 58.12 | 1.12 | 1.28 | | | | |

*Metal grades uncut. Drill holes drilled to west at -55 degrees. Drill intersections are downhole widths.

Gold at Kobada is present in the laterite, saprolite and quartz veins that comprise the Project. There are also placer style deposits in the region, although these have largely been exploited by artisanal miners. Gold mineralisation was coeval with the hydrothermal events that introduced the regionally common quartz veins. The 20°NE structures are the only regional structures that have been identified on the property, the E-W and low angle features seem to be confined to the mineralised zone in-between discrete shear zones.

Mineralization at Kobada extends for a minimum strike of 4 km and is associated with narrow, irregular, high-angle quartz veins and with disseminated sulphides in the wall rock and vein selvages. Mineralisation occurs as free gold, sulphides present include arsenopyrite, pyrite and rare chalcopyrite. Visible gold is not common. Arsenopyrite (up to 5 mm) is localised near vein selvages and as fine-grained disseminated patches within the host rock. Pyrite occurs in finely disseminated patches within the host rocks and as euhedral crystals in the black shale, generally as trace to 3% by volume with up to 10% locally in the wall rock over centimetre scale intervals adjacent to quartz veins.

Veins have a milky white colour, are generally discordant with a thickness ranging from millimetric to sub metric. Mineralised veins are narrow, high-angle quartz veins, either cross-cutting another vein or the main fabric.

**Feasibility Study Gap Analysis**

DRA Global has completed a gap analysis between current management's goal of delivering a 100,000 ounces of gold per year project with the 2016 feasibility study of the Kobada Project in Mali, which contemplated a 50,000 ounces of gold per year processing plant. As such, the Company will now focus on upgrading the existing inferred mineral resource to the indicated category, exploration and alternative metallurgical processes.

The capitalized exploration and evaluation costs associated with the Kobada property at March 31, 2019 versus December 31, 2018 are as follows:

| **Kobada** | | **March 31, 2019** | | December 31, 2018 |
|---|---|---|---|---|
| Opening balance | **$** | **23,624,076** | $ | 22,767,183 |
| Drilling and feasibility study | | **-** | | 293,055 |
| Site maintenance | | **3,502** | | 65,034 |
| Camp | | **12,541** | | 145,660 |
| Assays and sampling | | **-** | | 60,765 |
| Technical report | | **-** | | 105,335 |
| Permits | | **-** | | 187,044 |
| Ending balance | **$** | **23,640,120** | $ | 23,624,076 |

## USE OF FINANCIAL INSTRUMENTS, OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance sheet arrangements that are likely to have a material effect or future effect on the Company's financial condition that have not been disclosed in the consolidated financial statements.

Additional disclosure concerning the Company's contractual obligations is provided in Note 5 and Note 8 in the condensed interim consolidated financial statements for the three months ended March 31, 2019 and 2018, copies of which are filed on the SEDAR website at www.sedar.com.

## RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and are recorded at the amount agreed to between the parties.

Stan Bharti, a director of the Company, is the Executive Chairman of Forbes & Manhattan, Inc. ("F&M"), a corporation that provides administrative and consulting services to the Company, including but not limited to strategic planning and business development. F&M charges a monthly consulting fee of CDN$25,000 totaling CDN$75,000 for the three months ended March 31, 2019 (March 31, 2018 - CDN$75,000). As of March 31, 2019, $125,000 (December 31, 2018 - $50,000) was owed to F&M.

As at March 31, 2019, consulting services of $30,000 (March 31, 2018 - $30,000) were provided to the Company by a company owned by a director. Unpaid fees of $200,000 (December 31, 2018 - $170,000) were included in accounts payable and accrued liabilities.

Included in accounts payables as at March 31, 2019 is $100,000 owed to Aberdeen International Inc. Stan Bharti and Ryan Ptolemy, a director and an officer of the Company, are also a director and officers of Aberdeen International Inc.

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key management of the Company was as follows for the three months ended March 31, 2019 and 2018.

| | **Three months ended March 31, 2019** | Three months ended March 31, 2018 |
|---|---|---|
| Remuneration | **$ 157,437** | $ 179,510 |

## DISCLOSURE OF OUTSTANDING SHARE DATA

The following is for disclosure of information relating to the outstanding securities of the Company:

As at the date of this MD&A the Company had 48,211,008 common shares issued and outstanding.

As at the date of this MD&A the Company had 9,976,958 warrants outstanding.

As at the date of this MD&A the Company had 1,860,000 stock options outstanding.

## RISK FACTORS

The Company's recorded value of its mineral properties is based on historical costs that expect to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through the mining operations or by sale. The Company is in an industry that is exposed to a number of risks and uncertainties, including:

### Fair value and foreign exchange risk

The carrying amount of cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximates their fair value because of the short-term maturities of these items. The Company has operations in Canada, Barbados and West Africa and as such, transactions are settled in local currencies or the United States Dollar. Given this scenario, AGG's operating businesses and financial reporting results and cash flows are exposed to risks associated with foreign currency fluctuations.

### Price Volatility

Any future earnings will be directly related to the price of precious and base metals. Such prices fluctuate over time and are affected by numerous factors beyond the control of the Company.

### Political and Economic Risk

The Company's operations in West Africa are affected by West Africa's unpredictable and potentially unstable political and economic environment. There is the risk that this situation could deteriorate further and adversely affect the Company's operations.

**Environmental**
Operations, development and exploration projects could potentially be affected by environmental laws and regulations of the country in which activities are undertaken. The environmental standards continue to change and the global trend is to a longer, more complex process. Although the Company continuously reviews environmental matters and undertakes to comply with changes as expeditiously as possible, there is no assurance that existing or future environmental regulations will not materially adversely affect AGG's financial conditions, liquidity or results of operations.

Certain environmental issues, such as storm events, storage seepage, dust and noise emissions, while having been assessed and strategies based on best practices have been adopted, there can be no assurance an unforeseen event will occur which could have a material effect on the viability of the Company's business and affairs.

**Licences and Permits, Laws and Regulations**
The Company's exploration activities, require permits and approvals from various government authorities, and are subject to extensive federal, state and local laws and regulations governing prospecting, development, production, transportation, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no assurance that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, commence construction or to operate its mining facilities.

The costs and potential delays associated with obtaining or maintaining the necessary authorizations and licences and complying with these authorizations, licences and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the exploration of its mineral properties. Any failure to comply with applicable laws, regulations, authorizations or licences, even if inadvertent, could result in interruption or termination of exploration, development or mining operations or logistics operations, or material fines, penalties or other liabilities that could have a material adverse effect on the Company's business, reputation, properties, results of operations, financial condition, prospects or community relations. Claims, lawsuits and injunctions may be brought by parties looking to prevent the Company from advancing its projects. The Company can make no assurance that it will be able to maintain or obtain all of the required mineral licences and authorizations on a timely basis, if at all.

**Illegal Miners**
The Company's mining concessions are held in remote areas of Mali and Burkina Faso where artisanal and illegal miners are present. As the Company further explores and advances mining projects towards production, the Governments must evict or negotiate with illegal miners operating on the Company's mining concessions illegally. There is risk that such illegal miners may oppose the Company's operations and efforts to evict them from the Company's mining concessions may result in violence, the destruction of the Company's property, the physical occupation of the Company's current mine or a disruption to the planned development and/or to mining and processing operations; all of which could have a material adverse effect on the Company**.**

**Mineral Resource and Mineral Reserve Estimates May be Inaccurate**
There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data

and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

**Title to Properties**

The acquisition of title to resource properties is a very detailed and time-consuming process. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

**Going Concern**

As is common with exploration companies, the Company's ability to continue its on-going and planned exploration activities and continue operations as a going concern, is dependent upon the recoverability of costs incurred to date on mineral properties, the existence of economically recoverable reserves, and the ability to obtain necessary equity financing from time to time.

**Competition**

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

**Dependence on Outside Parties**

The Company has relied upon consultants, engineers and others, and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

**Share Price Fluctuations**

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

**Conflicts of Interest**

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

**Interest Rate Risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. Sensitivity to a plus or minus 1% change in the interest rates could impact any renewals or extensions of term deposits which would have no significant impact on the net loss due to the immateriality of the interest earned.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

At March 31, 2019, AGG had a cash balance of $31,686 and current liabilities of $1,830,140. As outlined in Note 2 of the condensed interim consolidated financial statements for the three months ended March 31, 2019 and 2018, the Company may be required to obtain additional financing for working capital and continued exploration and development of its properties.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk in its cash and cash equivalents, short-term investments, and receivables. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. Concentration of credit risk exists with respect to the Company's cash and cash equivalents as substantially the entire amount is held at a single major Canadian financial institution. Credit risk on cash and cash equivalents and short-term investments is minimized by depositing with only reputable financial institutions. Management has reviewed the receivable balances and determined that the balances are collectible as they are Harmonized Sales Tax (HST) rebates from the Government of Canada; accordingly, there have been no allowance for doubtful accounts recorded.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management is often required to make judgments, assumptions and estimates in the application of generally accepted accounting principles that have a significant impact on the financial results of AGG. A comprehensive discussion of AGG's significant accounting policies is contained in note 3 to the annual consolidated financial statements.

As is common with exploration companies, the Company's ability to continue its on-going and planned exploration activities and continue operations as a going concern, is dependent upon the recoverability of costs incurred to date on mineral properties, the existence of economically recoverable reserves, and the ability to obtain necessary equity financing from time to time. Should the Company be unable to continue as a going concern, amounts realized from disposal of its assets (primarily its mining properties) on a liquidation basis may be significantly less than their carrying amounts.

Management continues to pursue various alternatives, including private placements, to raise capital. It is not possible to determine with certainty the success or adequacy of this or other initiatives.

The following is a discussion of the accounting estimates that are critical in determining AGG's financial results:

**Impairment**

Assets, including property and equipment, and deferred exploration expenditures, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts.

There are a few circumstances that would warrant a test for impairment of deferred exploration expenditures, which include: the expiry of the right to explore, substantive expenditure on further exploration is not planned, exploration for and evaluation of the mineral resources in the area have not led to discovery of commercially viable quantities, and/or sufficient data exists to show that the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale. If information becomes available suggesting impairment, the amount capitalized is written off in the consolidated statement of comprehensive income (loss) during the period the new information becomes available.

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

**Disclosure Controls and Procedures and Internal Controls over Financial Reporting**

There were no significant changes to the Company's internal control over its financial reporting for the three months ended March 31, 2019, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

As of March 31, 2019, the Company evaluated its disclosure controls and procedures and internal control over financial reporting. These evaluations were carried out under the supervision of the Company's chief executive officer and chief financial officer. Based on these evaluations, the chief executive officer and chief financial officer concluded that the design and operation of these internal controls and procedures and internal control over financial reporting was effective.

**Recent Accounting Pronouncements**

The International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committees ("IFRIC") have issued a number of new or revised standards or interpretations that have been adopted by the Company.

**IFRS 16, Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determined that at January 1, 2019 and March 31, 2019, the Company had no leases that were required to be accounted for under IFRS 16.

**IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.