



**SIGMA LITHIUM RESOURCES CORPORATION**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –  
QUARTERLY HIGHLIGHTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

**Registered Office:**

**745 Thurlow Street, Suite 2400  
Vancouver, British Columbia  
V6E 0C5**

## **Introduction**

The following interim management's discussion & analysis (this "Interim MD&A") of the financial condition and results of operations of Sigma Lithium Resources Corporation (the "Company") for the three and nine months ended September 30, 2019 has been prepared to provide material updates regarding the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the management's discussion & analysis for the year ended December 31, 2018 (the "Annual MD&A"). This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This discussion should be read in conjunction with the Annual MD&A, audited consolidated financial statements for the year ended December 31, 2018, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Information contained herein is presented as of November 29, 2019, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on the Company's website at [www.sigmalithiumresources.com](http://www.sigmalithiumresources.com).

Readers should refer to and carefully consider the sections below titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Information".

## **Company Business**

The Company is developing a leading lithium hard-rock deposit with exceptional mineralogy at its Grota do Cirilo project in Brazil.

The Company started to produce battery-grade lithium concentrate on a pilot scale in 2018, shipping high quality battery-grade lithium concentrate samples to potential customers. As previously reported, the Company's pilot production plant (the "Pilot Plant") was commissioned in August 2018. Based on its technical report titled "Grota do Cirilo Lithium Project, Araçuaí and Itinga Regions, Minas Gerais, Brazil, National Instrument 43-101 Technical Report on Feasibility Study Final Report", dated October 18, 2019 and with an effective date of September 16, 2019 (the "Feasibility Study Report"), a larger scale lithium concentration commercial production plant will have a capacity of 220,000 tonnes annually of battery-grade low cost lithium concentrate. Based on the Feasibility Study Report, the Company believes that it will be amongst the lowest cost producers of lithium concentrate globally.

The Company is on track to achieve commercial production in 2021 of its 6% battery grade lithium concentrate engineered with low impurities to the specifications of its customers in the fast-growing lithium-ion battery supply chain.

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In order to secure a leading position supplying the clean mobility and green energy storage value chain, the Company adheres to the highest standards in environmental stewardship as its core value. Its production process is powered by hydroelectricity and utilizes state of the art dry stacking tailings management and water recycling techniques in its beneficiation process.

## **Highlights**

Highlights from January 1, 2019 to the date of this Interim MD&A include:

1. The Brazilian Government committed to foster the development of the lithium value chain, through infrastructure development in the Jequitinhonha Valley, building on the Company's investments in the region. The Federal, State and Regional governments plan to create an industrial zone dedicated to the development of lithium processing in the Valley. Amongst the various initiatives discussed were the construction of a gas pipeline in a public-private partnership, a railway network connection and the creation of further business incentives, in addition to those available under the SUDENE initiative described below.
2. Commencement of metallurgical studies and pre-feasibility level test work for the Barreiro deposit to confirm that its lithium spodumene can be economically processed through the same dense medium separation ("DMS") processing circuit of the Company's lithium concentration commercial production plant (the "Commercial Production Plant") designed to process the spodumene of the Xuxa deposit.
3. Lithium spodumene concentrate samples validated by several large potential customers in the chemical and cathode industries. Their quality was exceptional, with high grades above 6% and very low impurities, specifically low levels of alkaline elements and iron, both well below 1% were returned for the bulk samples shipped. The Company has experienced robust demand for long-term offtake agreements to supply spodumene concentrate.
4. Certain tax incentives and exemptions were received under an economic development program administered by SUDENE, a Brazilian federal government agency. The main tax benefits under the SUDENE program include a 75% corporate income tax reduction for 10 years after the Company reaches more than 20% of its annual production capacity and incentivized accelerated depreciation of assets.
5. The definitive Water License for the construction of the Commercial Production Plant was granted by Agência Nacional de Águas, the Federal government water agency of Brazil. The water usage license is valid for 10 years. The Company will use advanced environmental equipment and techniques in the Commercial Production Plant, recirculating up to 90% of the water in the processing. As a result, the water license received is sufficient for the Company to process 1.5 million metric tonnes of spodumene per year, producing an expected 220,000 tonnes of 6% lithium concentrate as well as at a later stage, if confirmed by a feasibility study, double capacity to process 3 million metric tonnes of spodumene per year, producing an expected 440,000 tonnes of spodumene concentrate.
6. There has been unwavering public support from the community of Itinga in the Vale do Jequitinhonha, with the conclusion of the public consultation period of the environmental licenses without additional public hearings being requested by the community. Such support has been the result of intensive communication and interactions maintained with the community during the licensing process by proactively holding frequent public hearings.
7. The Company conducted, with SGS Canada Geostat, its Grota do Cirilo property resource estimate update, tripling the size of the measured and indicated mineral resource to 45.7 million tonnes, as discussed in the Company's press release dated January 10, 2019. The two deposits that will support the Company's future production profile, Xuxa and Barreiro, were increased to a combined measured and indicated

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resource of 37.9 million tonnes with an average grade of 1.48%, amongst the highest in the world. The technical report including the updated estimates was filed on February 25, 2019 at [www.sedar.com](http://www.sedar.com).

8. A binding heads of agreement (“HoA”), establishing the general terms and conditions of a strategic alliance with Mitsui & Co. Ltd. (“Mitsui”), including a production pre-payment (“Pre-Payment”), offtake rights and a strategic collaboration, as discussed in the Company’s press release dated April 5, 2019. On the terms and subject to the conditions set forth in the HoA, Mitsui would provide a US\$30,000,000 pre-payment facility for a portion of the funding required to advance the construction of the Company’s Commercial Production Plant, in exchange for offtake rights to purchase of up to 55,000 tonnes annually over six years, extendable for another five years at the option of Mitsui. The initial tranche payment of US\$3,000,000 was received by the Company on April 4, 2019, while the disbursements of the remaining tranches are subject to certain conditions, such as the approval of a feasibility study report by Mitsui, senior debt commitment, receiving the environmental licenses (the latter of which was obtained on May 31, 2019), negotiations and execution of definitive agreements. As part of the total Pre-Payment amount, for the Company to meet its construction timetable, an amount of up to US\$7,000,000 will be made available that will be used for the deposits required to purchase long lead items for the construction of the commercial production plant. Such payments are subject to Mitsui’s approval and will be credited against the overall Pre-Payment amount. The Company did not request or receive any funds during the 3rd quarter of 2019.

9. On June 11, 2019, the Company announced it has obtained the required environmental licenses for both construction (“LP”) and installation (“LI”) of its Commercial Production Plant from the environmental authority of the State of Minas Gerais, the Council of Environmental Policy (“Conselho Estadual de Política Ambiental – COPAM”) in Brazil. COPAM has issued Sigma’s Dual LP and LI Certificate for a period of six years expiring on May 31, 2025.

Based on the design considered by the Feasibility Study Report, the Commercial Production Plant will have the capacity to process 1.5 million metric tonnes of spodumene ore per year from its Grota do Cirilo property. The lithium process design is proprietary and includes DMS technology. The Commercial Production Plant design is projected to produce 220,000 tonnes of high quality battery-grade 6% lithium oxide concentrate per annum, with one of the lowest levels of impurities in the world. At a later stage the Company has the option to double the Commercial Production Plant capacity to process 3 million metric tonnes of spodumene ore per year, producing an expected 440,000 tonnes of high quality battery-grade 6% lithium oxide concentrate, subject to completion of all related studies and assessments.

The LP will permit the Company to initiate construction of the Commercial Production Plant, following the conclusion of the detailed engineering. The LI will permit the Company to conduct transport, trial mining, and testing of the DMS beneficiation process of spodumene ore from the Xuxa into battery grade lithium concentrate.

10. On November 6, 2019, the Company filed the Feasibility Study Report at [www.sedar.com](http://www.sedar.com). The Feasibility Study Report was prepared by leading mining consultancies and professional services firms Primero Group Americas Inc. (a subsidiary of Primero Group Ltd), SGS Geological Services, Worley Parsons and GE21 Consultoria Mineral.

11. On November 29, 2019 the Company entered into an agreement with A10 Serviços Especializados de Avaliação de Empresas Ltda. (a company owned by certain directors of the Company) providing for a Cad\$6.6 million (US\$5 million) revolving credit facility, bearing interest at 11% per annum, calculated in US Dollars from the day funds are drawn. This facility has a one-year term, which is the maturity day for all funds drawn, if any.

## **Trends**

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the lithium price will increase and is confident about the quality of the Company's assets and work completed so far. The Company is following closely other macro economic, political and social changes that will affect the Company. Currently, access to capital to fund small companies, such as the Company, is difficult to obtain.

Apart from these and the risk factors referenced under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## **Lithium properties**

The Company's budget from October 2019 to December 31, 2020 is CAD \$9.6 million. The construction budget is estimated in CAD\$117.3 million for 2020, according to the Feasibility Study Report.

### **NEXT STEPS FOR SIGMA DURING THE FOURTH QUARTER OF 2019**

- Select an engineering contractor to complete the detailed engineering for its Commercial Production Plant. The Company has invited global engineering firms to submit proposals based on the Commercial Production Plant design prepared by Primero at the feasibility study stage.
- Continue the ongoing pre-feasibility study for the Barreiro deposit, potentially doubling the production capacity of high-quality battery-grade 6% lithium oxide concentrate to 440,000 tonnes per year, subject to completion of all related feasibility studies and assessments.
- Continue the financing package for the construction of the Commercial Production Plant and continue discussions with financing institutions and strategic partners, including companies from the lithium, mining, chemicals, battery and automotive sectors.
- Continue ongoing discussions with offtake customers, in order to enter into binding off-take agreements.
- Continue the capital raising projected activities for detailed engineering, prefeasibility at Barreiro and G&A expenses.

See "Risk Factors".

## **Financial Performance**

### **Nine months ended September 30, 2019 compared to the nine months ended September 30, 2018**

The Company's net loss totaled \$4,855,397 for the nine months ended September 30, 2019, with basic and diluted loss per share of \$0.07. This compares with a net loss of \$11,327,686 with basic and diluted loss per share of \$0.27 for the nine months ended September 30, 2018. The decrease in net loss of \$6,472,289 was principally because:

- Share-based payments decreased by \$2,084,814 for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. The decrease is due to restricted share

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unit (“RSU”) forfeitures which resulted in a reduction in expenses in prior and current periods. The Company expenses both its stock options and RSUs in accordance with their vesting terms.

- General and administrative expenses amounted to \$2,860,813 for the nine months ended September 30, 2019 (comparative period - \$3,120,798). These amounts exclude stock-based compensation. The decrease of \$259,985 is mainly attributable to fluctuations in corporate support costs, personnel and activities in Brazil. The Company continues to assess these costs to ensure that cost-effective choices are being made.
- Foreign exchange loss amounted to \$803,457 (comparative period – foreign exchange loss of \$440,167). The increase in loss of \$363,290 is mainly attributable to various accounts payable indexed to foreign currencies and fluctuations in the Brazilian Reais.
- Accretion and interest amounted to \$289,681 for the nine months ended September 30, 2019 (comparative period - \$389,732). This amount was primarily due to the effective interest method being used on the note payable.

Three months ended September 30, 2019 compared to the three months ended September 30, 2018

The Company's net loss totaled \$1,993,757 for the three months ended September 30, 2019, with basic and diluted loss per share of \$0.03. This compares with a net loss of \$3,162,824 with basic and diluted loss per share of \$0.04 for the three months ended September 30, 2018. The decrease in net loss of \$1,169,067 was principally because:

- Share-based payments decreased by \$552,941 for the three months ended September 30, 2019 compared to the three months ended September 30, 2018. The decrease is due to RSU forfeitures which resulted in a reduction in expenses in prior and current periods. The Company expenses both its stock options and RSUs in accordance with their vesting terms.
- General and administrative expenses amounted to \$679,995 for the three months ended September 30, 2019 (comparative period - \$1,445,742). These amounts exclude stock-based compensation. The decrease of \$765,747 is mainly attributable to fluctuations in corporate support costs, personnel and activities in Brazil. The Company continues to assess these costs to ensure that cost-effective choices are being made.
- Foreign exchange loss amounted to \$881,233 (comparative period – foreign exchange loss of \$736,046). The increase in loss of \$145,187 is mainly attributable to indexed accounts payable to foreign currencies and fluctuations in the Brazilian Reais.
- Accretion and interest amounted to \$89,149 for the three months ended September 30, 2019 (comparative period - \$95,225). This amount was primarily due to the effective interest method being used on the note payable.

On September 30, 2019, the Company's total assets amounted to \$20,244,718 (December 31, 2018 - \$19,076,656). Excluding receivables and other assets, which at September 30, 2019 totalled \$507,139 (December 31, 2018 - \$463,626), total assets are mostly composed of cash and cash equivalents, which at September 30, 2019, totalled \$1,503,303 (December 31, 2018 - \$4,160,792), and lithium properties, which at September 30, 2019 totalled \$17,435,233 (December 31, 2018 - \$13,822,524). The Company's total assets also included the amount of \$542,760 related to property and equipment (December 31, 2018 - \$629,714) and right-of-use assets of \$256,283 (December 31, 2018 - \$nil).

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Cash flow

At September 30, 2019, the Company had cash and cash equivalents of \$1,503,303, compared to \$4,160,792 at December 31, 2018. The decrease in cash of \$2,657,489 from December 31, 2018 was as a result of cash inflows in operating activities of \$1,016,520, cash outflows from investing activities of \$3,894,863, cash inflows from financing activities of \$76,583, and the effect of exchange rate fluctuations on cash held in foreign currency of \$144,271. Operating activities were affected by adjustments of depreciation of \$47,895, accretion and interest of \$289,681, stock-based compensation of \$853,551, unrealized foreign exchange gain of \$634,655, prepaid lease depreciation expense of \$37,319, shares for services in the amount of \$57,600, an increase in deferred revenue from Mitsui in the amount of \$4,007,100 (US\$3,000,000) and net increase in non-cash working capital balances of \$1,213,426 because of an increase in receivables and other assets of \$43,513, an increase in amounts payable and other liabilities of \$1,230,927, a decrease in provision in the amount of \$687 and a increase in payroll taxes and other taxes of \$26,699. Investing activities included addition to lithium properties in the amount of \$2,619,536, the repayment of note payable of \$1,255,536 and the purchase of property and equipment in the amount of \$19,791. Financing activities included the proceeds from the exercise of warrants in the amount of \$137,695 and lease payments of \$61,112.

Liquidity and Capital Resources

The Company does not generate cash from mining operations. In order to fund its exploration work and administrative activities, the Company is dependent upon financing through the issuance of shares or debt sources. During the nine months ended September 30, 2019, the Company had a Pre-Payment received from Mitsui in the amount of \$4,007,100 (US\$3,000,000). In addition, warrants were exercised providing cash proceeds of \$137,695.

The Company's aggregate operating, investing and financing activities during the nine months ended September 30, 2019 resulted in a net cash and cash equivalents position of \$1,503,303 and a negative working capital of \$4,214,713. In total, the Company's shareholders' equity at September 30, 2019, was \$8,690,494, mainly as a result of share capital of \$36,190,313, contributed surplus of \$4,019,108, accumulated other comprehensive loss of \$60,296 offset by deficit of \$31,458,631.

The Company will continue to monitor its cash outflows. The Company will continue to minimize all operating costs, to the extent possible. The Company's use of cash is currently, and is expected to continue to be, focused on funding of its general corporate expenditures and the exploration and development of its lithium properties. The Company's total current liabilities at September 30, 2019 include accounts payable to suppliers and other liabilities of \$3,620,741, payroll and other taxes of \$281,593, the current portion of lease liability of \$6,342, and the current portion of note payable in the amount of \$2,186,183. The Company believes that it will have sufficient working capital, which includes cash and cash equivalents of \$1,503,303 and current liabilities of \$6,094,859, and other funds to be raised to fund its planned expenditures for the next 12 months. Mitsui will also support the Company in meeting its construction timetable by providing up to US\$7,000,000 that will be used for the deposits required to purchase long lead items for the construction of the commercial production plant. Such payments are subject to Mitsui's approval and will be credited towards the overall Pre-Payment amount. However, further financings will be required to develop the Company's properties, to meet ongoing obligations and discharge its liabilities in the normal course of business. There is some flexibility in terms of the pace and timing of project costs and how expenditures have been, or may be adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The CAD\$6.6 million (US\$5 million) revolving credit facility with A10 Serviços Especializados de Avaliação de Empresas Ltda. provides additional support for the Company's needs. The Company will continue to manage its expenditures essential to the viability of the lithium properties. There is no assurance that additional funds can be raised upon terms acceptable to the Company or at all, and funding for small companies remains challenging. See "Risk Factors".

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**Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the condensed interim consolidated financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim consolidated financial statements; and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

**Related Party Transactions**

(a) For the three and nine months ended September 30, 2019, the Company paid for shared office maintenance costs, support personnel and secretarial administrative personnel to A10 Investimentos Ltda. (a company owned by certain Directors of the Company) through a Cost Sharing Agreement in the amounts of \$42,086 and \$65,008, respectively (three and nine months ended September 30, 2018 - \$43,983 and \$98,414, respectively). The amounts were recognized at the exchange amount.

(b) As of September 30, 2019, the Company had prepaid land leases to Miazga Participações S.A. (a land administration company owned by certain Directors of the Company) ("Miazga") for an amount of \$109,943 (December 31, 2018 - \$176,758) and to Arqueana Empreendimentos e Participações S.A. ("Arqueana") in the amount of \$16,190 (December 31, 2018 - \$nil). The amounts were recognized at the exchange amount.

(c) During the three and nine months ended September 30, 2019, the Company incurred lease expenses with Miazga of \$14,412 and \$54,009, respectively (three and nine months ended September 30, 2018 - \$15,912 and \$48,760, respectively) and Arqueana \$8,439 and \$25,141, respectively (three and nine months ended September 30, 2018 - \$7,956 and \$24,380, respectively) for its lithium properties, and expenses with Rix Mineração e Consultoria S.A. (a company owned by certain Directors of the Company) ("Rix") of \$nil and \$3,484 (three and nine months ended months ended September 30, 2018



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- \$1,985 and \$6,367, respectively) for a car rental. The amounts were recognized at the exchange amount.

(d) On June 1, 2019, the Company purchased, at exchange amount, in 12 installments, a car from Rix. The Company paid \$1,997 and \$2,680, respectively for the three and nine ended September 30, 2019, towards this car purchase.

(e) For the three and nine months ended September 30, 2019, the Company paid travel advances of \$nil and \$29,111, respectively (three and nine months ended September 30, 2018 - \$4,470 and \$59,748, respectively) to its management. These advances were incurred in the normal course of operations for the Company and are to be offset by expense reports. The amounts were recognized at the exchange amount.

(f) At September 30, 2019, the Company owed McCarthy Tétraut LLP, a law firm where one of the Company's directors is a partner and another of the Company's directors is legal counsel, \$533,937 (December 31, 2018 \$300,526) in legal fees. The amounts were recognized at the exchange amount.

(g) On November 29, 2019, the Company entered into the revolving credit facility agreement described below under "Events after the reporting period".

### **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section titled "Risk Factors" in the Annual MD&A dated May 2, 2019 available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Events after the reporting period**

(a) On November 6, 2019, the Company filed the Feasibility Study Report at [www.sedar.com](http://www.sedar.com).

(b) On November 20, 2019, the Company and Arqueana signed the 4th Amendment to the SMSA Stock Purchase Agreement, where the \$1,420,990 (4,159,309 Reais) installment originally due on July 31, 2020 was postponed to December 31, 2020.

(c) On November 29, 2019 the Company entered into an agreement with A10 Serviços Especializados de Avaliação de Empresas Ltda. (a company owned by certain directors of the Company) providing for a \$6.6 million (US\$5 million), bearing interest at 11% per annum, calculated in US Dollars from the day funds are drawn. This credit line has a one year term, which is the maturity day for all funds drawn, if any. The revolving credit facility was obtained to fund the Company's ongoing working capital for approved uses. As of November 29, 2019, the date of this report, no funds of the revolving credit facility have been drawn.

### **Cautionary Note Regarding Forward-Looking Information**

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or

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“believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company will be able to continue its business activities.	The operating, exploration and development activities of the Company for the year ending December 31, 2019, and the costs associated therewith, will be consistent with the Company’s current expectations; and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; changes in operating and exploration activities; changes in equipment prices; changes in economic conditions; timing of expenditures; equity and debt markets generally, and specific to the sector, geographic and other circumstances of the Company.
The Company’s properties may contain economic deposits of minerals.	The actual results of the Company’s exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company’s expectations; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of applicable commodities and applicable interest and exchange rates will be favourable to the Company; no title disputes exist or will arise with respect to the Company’s properties; and the Company has or will obtain adequate property rights to support its exploration and development activities.	Commodity price volatility; uncertainties involved in interpreting geological data; inability to secure necessary property rights; the possibility that future exploration results will not be consistent with the Company’s expectations; increases in costs; environmental compliance and changes in environmental and other applicable legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions.
The Company’s anticipated business plans, including costs and timing for future exploration and development of its property in Brazil.	The exploration activities of the Company and the costs associated therewith, will be consistent with the Company’s current expectations; equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company; financing will be available for the Company’s exploration and development activities on favourable terms; the	Commodity price volatility; changes in the condition of debt and equity markets; timing and availability of external financing on acceptable terms may not be as anticipated; the uncertainties involved in interpreting geological data; inability to secure necessary property rights; the possibility that future exploration, development

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	Company's operating, development and production costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; the price of applicable commodities will be favourable to the Company; no title disputes exist or will arise with respect to the Company's properties; and the Company has or will obtain adequate property rights to support its exploration and development activities.	and production results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other applicable legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company may be unable to retain and attract skilled staff; receipt of applicable permits is subject to governmental and/or regulatory approvals; the Company does not have control over the actions of its joint venture partners and/or other counterparties.
Asset values for the period then ended are recorded at the proper values	Management believes that no write-down is required for its plant and equipment and mineral properties.	If the results of the Company's exploration and development programs do not prove positive, a decline in asset values could be deemed to be other than temporary, resulting in impairment losses.
Management's outlook regarding future trends and exploration programs	Financing will be available for the Company's exploration, development and operating activities; the price of applicable commodities will be favourable to the Company; foreign exchange rates against the Canadian dollar and prices of equity investments will not be subject to changes in excess of plus or minus 15%; the actual results of the Company's exploration and development activities will be favourable; management is aware of all applicable environmental obligations.	Commodity price volatility; changes in the condition of debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; the possibility that future exploration results will not be consistent with the Company's expectations; changes in environmental and other applicable legislation and regulation.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section above. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.