Kilo Goldmines Ltd.

Management Discussion and Analysis
of the Annual Consolidated Financial Statements

For the year ended September 30, 2019

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KILO GOLDMINES LTD.
MANAGEMENT DISCUSSION & ANALYSIS
For the year ended September 30, 2019

This Management Discussion and Analysis ("MD&A") of Kilo Goldmines Ltd. ("Kilo" or the "Company") is prepared as at January 23, 2020 and provides an analysis of the Company's performance and financial condition for the year ended September 30, 2019 ("the Period").

This MD&A should be read in conjunction with the Company's audited Annual Consolidated Financial Statements for the year ended September 30, 2019, including the related note disclosure. The financial statements are presented for the period October 1, 2018 to September 26, 2019 on a consolidated basis with its wholly owned subsidiaries Kilo Goldmines Inc. ("Kilo Inc.") and Kilo Isiro Atlantic Ltd. and the 71.25% subsidiary KGL Somituri SARL, and its 49% equity interest in Isiro (Jersey) Limited and KGL Isiro SARL, and as a single entity subsequent to disposition of the subsidiaries on September 27, 2019 to September 30, 2019. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following discussion and analysis are quoted in the functional currency of Canadian dollars unless otherwise specified. Additional information relevant to the Company's activities can be found on SEDAR at ***www.sedar.com*** *or the Company's website at* ***www.kilogoldmines.com*** *.*

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance, and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below. Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Executive Summary

Kilo Goldmines Ltd. ("Kilo", "the Company") is a junior resource company which until September 27, 2019 held gold exploration properties in the Democratic Republic of the Congo ("DRC").

In August 2018, the Company entered into a secured credit facility with its major shareholder, Resolute (Treasury) Pty Ltd ("Resolute"), from which A$750,000 was drawn down. Under the terms of the credit facility, the principal plus accrued interest was repayable on March 14, 2019. Neither the principal nor any of the interest was repaid, and discussions with Resolute to settle the debt were unsuccessful. The board of directors of Kilo investigated alternatives for funding the repayment and settlement of the Resolute loan and the funding of the Somituri property licence fees and general working capital. These alternatives included debt and equity financing, asset sales and divestitures, mergers and joint ventures. The board of directors was not successful in consummating a suitable transaction, and on September 12, 2019 the Company entered into an agreement of consensual realization against the secured assets. Pursuant to the agreement, all rights of Resolute under the delinquent credit facility provided to Kilo and Kilo Goldmines Inc. and related security were assigned from Resolute to Loncor Resources Ltd. ("Loncor") On September 27, 2019 Loncor realized on the security solely against all shares of former subsidiary Kilo Inc. in full satisfaction of all amounts owing under the credit facility. Following the transaction, Kilo has ceased to own any mineral property interests or other assets in the Democratic Republic of Congo.

In consideration for Kilo cooperating and assisting Loncor in the security realization process, Kilo received a cash payment of C$130,000 from Loncor. Kilo has also received unsecured loans for working capital purposes from Loncor and an arm's length third party in the amount of C$65,000 each

(C$130,000 in the aggregate) bearing interest at 8% per annum and repayable 12 months from the date of the loan. Subject to receipt of all required regulatory approvals, Kilo will have the option on maturity to convert all or any part of the outstanding principal amount and accrued and unpaid interest thereon into common shares of Kilo based on the then current market price.

Kilo intends to initiate a search for suitable assets or businesses to merge with or acquire to maximize value for shareholders.

Principal Business and Corporate History

Kilo Goldmines Ltd. is an Ontario corporation which commenced operations on March 20, 2009. A predecessor corporation, Kilo Goldmines Inc. ("Old Kilo"), commenced operations in January 2006. Prior to March 20, 2009, Kilo Goldmines Ltd. was known as Blue Ribbon Capital Corporation ("Blue Ribbon"), a Capital Pool Company as defined by the TSX Venture Exchange.

To date, the Company has not generated revenues.

Amalgamation

On September 27, 2007, Old Kilo announced that it had entered into a Letter Agreement (the "Agreement") with Blue Ribbon, a public corporation formed as a capital pool company. Pursuant to the Agreement, Blue Ribbon was able to acquire all of the issued and outstanding shares of Old Kilo (the "Going Public Transaction").

On March 20, 2009, pursuant to the Agreement, Old Kilo amalgamated with Blue Ribbon's wholly-owned subsidiary. Completion of the transaction constituted Blue Ribbon's qualifying transaction. The shareholders of Old Kilo held the majority of the outstanding shares of the Company following the transaction, and accordingly, the transaction has been accounted for as a reverse takeover. Since Blue Ribbon's operations do not constitute an economic unit, the transaction has been accounted for as a capital transaction.

On April 21, 2009, the common shares of the Company began trading on the TSX Venture Exchange under the symbol "KGL".

At the Interim and Special Meeting of the Company held on March 6, 2014, shareholders approved a resolution providing for the consolidation of issued and outstanding shares on the basis of one (1) post-consolidation common share for up to every ten (10) pre-consolidated common shares, with the ratio to be determined and implemented by the Company's Board of directors. The Board effected a one for ten (1:10) share consolidation on March 28, 2014 and the Company's shares commenced trading on December 31, 2014 on a consolidated basis under the new CUSIP number 49427Y503. The Company continues trading under the KGL symbol.

Overall Performance

Prior to the agreement of consensual realization against the Company's assets, the Company had been in care and maintenance mode. A total cost of $937,487 was incurred relating to the exploration properties in the year ended September 30, 2019 (2018: $1,604,185), which is charged to operations as incurred. The comprehensive loss for the year ended September 30, 2019 was $709,800 compared to a loss of $2,283,431 for the comparable period in 2018.

Capital Stock and Financing

On August 7, 2018 the Company announced that it and its direct subsidiary, Kilo Goldmines Inc., had entered into a loan agreement for an A$750,000 secured term credit facility from major shareholder Resolute (Treasury) Pty Ltd ("Resolute"), a subsidiary of ASX-listed Resolute Mining Limited which is headquartered in Perth, Australia.

The credit facility was secured against all assets and undertaking of the Borrowers, including a pledge of the shares of Kilo Inc. to Resolute. Draws under the credit facility were subject to interest at the rate of 10% per annum (subject to reduction at the discretion of Resolute), with an initial repayment date of December 14, 2018 (subject to the right of the Borrowers to extend repayment for a period of 30 days in certain circumstances). A$500,000 of the credit facility was drawn down upon the satisfaction of all the loan conditions during August 2018. A further A$250,000 was advanced in December 2018 at which time repayment of the full loan was extended for a period of three months to March 14, 2019, with a subsequent request for a further 30 day extension.

On September 12, 2019 the Company entered into an agreement of consensual realization against the secured assets. Pursuant to the agreement, all rights of Resolute under the delinquent credit facility provided to Kilo and Kilo Goldmines Inc. and related security were assigned from Resolute to Loncor Resources Ltd. ("Loncor") On September 27, 2019 Loncor realized on the security solely against all shares of former subsidiary Kilo Inc. in full satisfaction of all amounts owing under the credit facility, resulting in the disposition of Kilo Goldmines Inc. and its subsidiaries.

No other financing activity was conducted in the year ended September 30, 2019. The most recent prior financing activity occurred during the year ended September 30, 2016.

EXPLORATION AND OPERATIONS

The Company's Somituri and Isiro exploration properties were disposed of in September 2019 under the agreement of consensual realization of assets, and the Company holds no exploration assets at present.

Exploration and evaluation expenditures incurred to maintain the properties in care and maintenance prior to disposition amounted to $937,487 for the year ended September 30, 2019 (2018 – $1,604,185)

RESULTS OF OPERATIONS

The Company does not generate revenues from operations. Costs related to the acquisition and exploration and evaluation of mineral properties incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred, as are regulatory and other expenditures incurred to maintain the administrative infrastructure required to operate in Canada. The Company recorded a gain of $830,331 upon loss of control of its subsidiaries.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the preceding eight quarters:

Financial Year:	2019				2018			
$'000	Sept 2019	June 2019	Mar 2019	Dec 2018	Sept 2018	June 2018	Mar 2018	Dec 2017
Net revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gain/(Loss) before other items	676	(227)	(727)	(344)	(444)	(434)	(960)	(465)
Currency translation adjustment	(95)	(8)	(9)	23	(20)	18	12	10
Comprehensive Gain/(Loss)	581	(235)	(735)	(321)	(464)	(416)	(948)	(455)
Loss per share basic and diluted	-	-	-	-	-	-	(0.01)	-

Factors Affecting Quarterly Results

Quarterly fluctuations mainly reflect the level of exploration activity, the expensing of stock based compensation, foreign exchange fluctuations arising from movements of the CAD exchange rate against the Unites States dollar, and in the September 2019 quarter the gain recorded on loss of control of subsidiaries. Other administrative cost variations are generally not significant.

The operating loss for the year ended September 30, 2019 together with the prior year comparatives are detailed in the table which follows:

	Years ended	
	30-Sep-19	**30-Sep-18**
Amortization	28,354	29,838
Disposal of assets	-	(1,220)
Foreign exchange	(48,117)	(64,677)
Office and miscellaneous	28,601	126,040
Management and consulting fees	144,000	128,500
Professional fees	108,017	144,031
Directors' fees	115,000	190,000
Shareholder communication	3,548	54,558
Transfer agent and regulatory fees	39,390	36,782
Travel and promotion	21,925	44,344
Exploration expenses : licence fees	54,977	328,744
: other	882,510	1,275,441
Banking fees and interest charges	73,865	11,382
Interest income	-	(658)
Gain/(Loss) for the period	(1,452,070)	(2,303,105)
Gain on loss of control of subsidiaries	830,331	-
Reclassification of foreign currency translation to net income on disposition of subsidiary	(99,196)	-
Currency translation adjustment	11,135	19,674
Total Comprehensive Gain/(Loss) for the Period	(709,800)	(2,283,431)

Liquidity and Capital Resources

As September 30, 2019, the Company had cash of $318,645 compared to $350,886 at September 30, 2018. The Company had a working capital deficit of $321,488 compared to a deficit of $382,003 as at September 30, 2018. (Refer Going Concern note page 10).

As a mineral exploration and evaluation company with no production or revenue from mining operations, the Company's cash flows have consisted of cash outflows for exploration and evaluation, administrative expenses, salaries, property acquisition, and expenditures for depreciable equipment. Financing activities, such as share issuances and shareholder loans, are the sources of cash inflows to the Company. Since its inception, the Company has relied on capital markets (and in particular, equity markets) to fund its exploration and evaluation activities as well as its investments in machinery and equipment. The Company is dependent on obtaining future financing for any new projects.

The longer term continuation of the Company as a going concern necessitates the creation of a revenue stream from its mineral assets.

CAPITAL DISCLOSURES

Canadian Institute of Chartered Accountants ("CICA") Handbook, requires disclosure of an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and, if it has not complied, the consequences of such non-compliance. The Company's capital is composed of shareholders' equity. The Company's objective is to raise sufficient capital to execute its exploration plan. The Company does not use any capital-based metrics. The Company does not have any externally imposed capital requirements.

Treasury Summary

The Company had the following outstanding as at September 30, 2019:

Shares	169,699,855
Warrants	Nil
Options	8,600,000

Full details of share issuances as well as warrant and option transactions are provided in notes 9, 10 and 11 to the consolidated annual financial statements for the period ended September 30, 2019.

COURSE OF BUSINESS TRANSACTIONS

Transactions with Related Parties

During the year ended September 30, 2019, transactions with related parties were:

	2019	2018
Directors fees paid or accrued*	$ 172,500	$ 190,000
Management and consulting fees paid or accrued to CEO and CFO	$ 144,000	$ 144,000
	$ 316,500	334,000

* Since January 1, 2018 payment of directors' fees has been accrued but not paid. During the year ended September 30, 2019, directors' fees in the amount of $57,500 were forgiven. As at September 30, 2019 accounts payable and accrued liabilities included $374,920 (September 30, 2018 - $165,000) due to various parties disclosed above.

No stock options were granted during the year.

During the year ended September 30, 2018 the Company entered into an interest-bearing secured credit facility with a significant shareholder, Resolute (Treasury) Pty Ltd. As at September 26, 2019, AUD$750,000 was due to Resolute, and interest amounting to AUD$76,263 had been accrued. The full amount of the loan and interest was extinguished on September 27, 2019. Refer Executive Summary (page 1 above). The managing director and CEO of Resolute served as a director of the Company until March 2019.

Off-Balance Sheet Transactions

The Company has not entered into any off-balance sheet arrangements.

Proposed Transactions

The Company continues to review property and industry information in search of future opportunities in terms of new property acquisitions, business partnerships, mergers and acquisitions.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the consolidated financial statements in conformity with IFRS requires that the Company's management make critical judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Recoverability of Property, Plant and Equipment

The Company assesses all property, plant and equipment at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long term commodity prices, discount rates, foreign exchange rates, future capital requirements, exploration potential and operating performance.

Property, Plant and Equipment - Estimated Useful Lives

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed where applicable in note 10 of the Annual Consolidated Financial Statements for the year ended September 30, 2019.

Warrants

Management uses judgement to determine the inputs to the Black-Scholes option pricing model including the expected life of the warrant, volatility, and dividend yield and making assumptions about them. The assumptions used for estimating the fair value of warrants are disclosed where applicable in Note 9 of the Annual Consolidated Financial Statements.

Determination of control of subsidiaries and joint arrangements

Judgement is required to determine when the Company has control of subsidiaries or joint control of joint arrangements. This requires an assessment of the relevant activities of the investee, being those activities that significantly affect the investee's returns, including operating and capital expenditure decision-making, financing of the investee, and the appointment, remuneration and termination of key management personnel; and when the decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Judgement is also required when determining the classification of a joint arrangement as a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement. Changes to the Company's access to those rights and obligations may change the classification of that joint arrangement.

Following the disposition of Kilo Goldmines Inc. on September 27, 2019 the Company has no subsidiaries or joint venture arrangements.

Determination of tax assets

Management applies judgement in the determination of tax assets where applicable.

International Financial Reporting Standards ("IFRS")

Note 3 to the annual consolidated financial statements for the year ended September 30, 2019 sets out significant accounting policies in accordance with IFRS.

BASIS OF PRESENTATION

The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC").

The significant accounting policies have been applied consistently to all periods unless otherwise stated, and should be read in conjunction with the Company's annual consolidated financial statements. These policies are based on IFRS effective as of September 30, 2019. The Board of Directors approved the statements on January 23, 2020.

Consolidated financial statements have been prepared on the historical cost basis and are presented in Canadian Dollars. The functional currency of the Company and Kilo Inc. is the Canadian Dollar. The functional currency of KGL Somituri SARL, Isiro (Jersey) Limited, KGL Isiro SARL and Kilo Isiro Atlantic Ltd. is the United States Dollar.

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. During the year ended September 30, 2019, the Company reflected an operating loss of $621,739 which included a gain of $830,331 recorded on loss of control of subsidiaries (2018: Loss $2,303,105), and as of that date, the Company's deficit was $87,335,022 (September 30, 2018 - $86,713,283). The Company intends to raise financing in order to fund future operating activities and engage in new projects. Whilst the Company has been successful in the past in raising funds, there is no assurance it will be able to do so in the future.

FINANCIAL INSTRUMENTS

IFRS 7 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1	quoted prices in active markets for identical assets or liabilities;
Level 2	inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices) and;
Level 3	inputs for the asset or liability that are not based upon observable market data

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Fair Values

Except as disclosed elsewhere in the consolidated financial statements, the carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items. Reclamation bonds, which are long term, are valued at amortized cost which approximates their fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is not exposed to any significant credit risk as at September 30, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. As at September 30, 2019, the liquidity risk is high as the Company has a working capital deficiency of $321,488 (September 30, 2018 - $388,312). All of the Company's current financial liabilities and receivables have contractual maturities of less than 120 days and are subject to normal trade terms.

Market risk

(i) Interest rate risk

The Company has limited cash and cash equivalents balances. The Company's current policy is to invest its excess cash in highly liquid money market investments such as interest bearing deposit accounts and guaranteed investment certificates. These short term money market investments are subject to interest rate fluctuations.

(ii) Foreign currency risk

The Company's functional currency is primarily the Canadian dollar. The majority of the Company's operating expenses are transacted in Canadian dollars, and the majority of the Company's resource property costs are transacted in United States dollars ("USD $"). As at September 30, 2019, the Company had cash of $45,823 denominated in United States dollars. As at September 30, 2019, the Company also had accounts payable of 35,787 United Kingdom Pounds Sterling.

(iii) Price risk

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

Future Accounting Changes

IFRS 16 Leases was issued in January 2016 and replaces IAS 17 Leases. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

The Company has determined that adoption of this standard will have no impact on the Company's reporting.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("ICFR") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO / CFO has evaluated whether there were changes to the ICFR during the year ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company's internal control over financial reporting during the year ended September 30, 2019, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

OTHER MD&A REQUIREMENTS

As at January 23, 2020 the Company had 169,699,855 common shares outstanding. If the Company were to issue 8,600,000 common shares upon conversion of all its outstanding options it would raise $839,200.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.